

File No. 111010

Committee Item No. 3
Board Item No. 16

COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: October 5, 2011

Board of Supervisors Meeting

Date 10/18/11

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | **Escrow Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | **Official Notice of Sale |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Notice of Intention to Sell |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | **Refunding General Obligation Bonds Series 2011-R1 Purchase Contract |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | **Preliminary Official Statement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | **Appendix A |
| <input type="checkbox"/> | <input type="checkbox"/> | |

Completed by: Victor Young

Date: September 30, 2011

Completed by: Victor Young

Date: 10-13-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [General Obligation Refunding Bonds - Series 2011-R1- Not to Exceed \$1,355,991,219]

2 Resolution authorizing the issuance from time to time, in one or more series, of not to
3 exceed \$1,355,991,219 aggregate principal amount of the City and County of San
4 Francisco General Obligation Refunding Bonds, including the initial series or series of
5 such bond to be designated as "City and County of San Francisco General Obligation
6 Refunding Bonds, Series 2011-R1", to refund certain outstanding General Obligation
7 Bonds; approving the form and terms of said bonds; authorizing the execution,
8 authentication and registration of said bonds; providing for the appointment of
9 depositories, verification agents and other agents for said bonds; approving the form
10 and authorizing the execution and delivery of escrow agreements relating to the
11 refunded bonds; approving and directing the tax levy for repayment of said bonds;
12 approving procedures for competitive or negotiated sales including approving forms of
13 official notice of sale and notice of intention to sell said bonds and authorizing the
14 selection of underwriters and the execution and delivery of bond purchase
15 agreements; approving the form and authorizing the execution and delivery of
16 continuing disclosure certificates; approving the form and authorizing the distribution
17 of the preliminary official statement and authorizing the execution, delivery and
18 distribution of the official statement for the Series 2011 R1 Bonds; authorizing payment
19 of costs of issuance of said bonds; approving modifications to documents; ratifying
20 actions previously taken; and granting general authority to City officials to take
21 necessary actions in connection with the authorization, issuance, sale and delivery of
22 the bonds and the refunding of certain outstanding General Obligation Bonds.
23
24
25

1 WHEREAS, the Board of Supervisors (the "Board") of the City and County of San
2 Francisco (the "City") has, pursuant to the applicable laws of the State of California (the
3 "State"), the Charter of the City (the "Charter"), and previous resolutions duly adopted and
4 proceedings duly conducted by the Board, previously authorized the issuance, sale and
5 delivery of the City's outstanding general obligation bonds (the "Prior Bonds") listed in Exhibit
6 A attached hereto (a copy of which is on file with the Clerk of Board of Supervisors and which
7 is hereby declared to be a part of this Resolution as if fully set forth herein) to assist in the
8 financing, or refinancing, of the acquisition, construction, and improvement of certain
9 municipal facilities or programs; and

10 WHEREAS, the Board desires to issue and sell, from time to time, the City's General
11 Obligation Refunding Bonds (referred to herein as the "Bonds") in the aggregate principal
12 amount not to exceed \$1,355,991,219, pursuant to this Resolution of the Board (the
13 "Resolution"), the laws of the State of California including Title 5, Division 2, Part 1, Chapter 3,
14 Article 9 of the California Government Code, the Charter, the Administrative Code of the City
15 (the "Administrative Code") and any ordinance now or hereinafter in effect, in order to reduce
16 the amount of debt service payments on the Prior Bonds by refunding and setting aside funds
17 to retire all or a portion of the Prior Bonds and to pay the costs of issuance of the Bonds.

18 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City, as
19 follows:

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

21 Section 2. Conditions Precedent. All conditions, things and acts required by law to
22 exist, to happen and to be performed precedent to the adoption of this Resolution exist, have
23 happened and have been performed in due time, form and manner in accordance with
24 applicable law, and the City is now authorized pursuant to the Charter and applicable law to
25 issue the Bonds and incur indebtedness in the manner and form provided in this Resolution.

1 Section 3. Documents. The documents presented to the Board and on file with the
2 Clerk of the Board of Supervisors or his or her designee (the "Clerk of the Board of
3 Supervisors") are contained in File No. 111010.

4 Section 4. Authorization of Issuance of the Bonds. (a) The Board hereby authorized
5 the issuance, from time to time and in one or more series and on a parity basis (each a
6 "Series"), of the City's General Obligation Refunding Bonds in an aggregate amount not to
7 exceed \$1,355,991,219. The Bonds shall be designated generally as "City and County of San
8 Francisco General Obligation Refunding Bonds, Series ____-R__," or such other designation
9 as the Director of Public Finance (as defined below) shall determine, with each Series of
10 Bonds to bear such additional designation as may be necessary or appropriate to distinguish
11 such Series from every other Series of Bonds, as provided in Section 5 hereof.

12 Each Series of Bonds shall be issued in accordance with this Resolution, the applicable
13 laws of the State, the Charter, the Administrative Code and any ordinance now or hereinafter
14 in effect.

15 (b) The initial Series of such Bonds shall be designated the "City and County of San
16 Francisco General Obligation Refunding Bonds, Series 2011-R1" (and if issued in more than
17 one series, then "Series 2011-R2"), and will be issued in accordance with the provisions of
18 this Resolution.

19 (c) The Director of Public Finance, or such other officer carrying out such duties on
20 behalf of the City, or his or her designee (the "Director of Public Finance"), is hereby
21 authorized and directed to determine which issues (or maturities within any issue) of the Prior
22 Bonds shall be refunded from proceeds of any Series of Bonds and to provide for the sale of
23 any Series of Bonds by public or private sale as herein provided, subject to the following
24 terms and conditions applicable to each Series of Bonds:

1 (i) The (A) total present value of the aggregated debt service to maturity on each
2 Series of Bonds to be issued at any time, shall not exceed (B) the total present value of the
3 aggregated debt service to maturity on the Prior Bonds to be refunded by such Series,
4 calculated as of the date of the issuance of such Series of Bonds and using an assumed rate
5 of interest equal to the yield (as to defined below) on such Series; provided, however, that the
6 present value of (B) less (A) must be at least 3% of outstanding principal amount of the Prior
7 Bonds to be refunded by such Series. As used herein, "yield" shall mean the yield on the
8 applicable Series of Bonds as calculated pursuant to the provisions of the Internal Revenue
9 Code of 1986, as amended from time to time. The Controller shall determine compliance with
10 the requirements of this Section 4(c)(i) in a written certificate.

11 (ii) The Series of Bonds shall not have a true interest cost in excess of twelve
12 percent (12%) (for purposes of this paragraph, true interest cost means that nominal annual
13 interest rate which, when compounded semiannually and used to discount all payments of
14 principal and interest payable on such Series of Bonds to the dated date of such Series of
15 Bonds, results in an amount equal to the principal amount of such Series of Bonds plus the
16 amount of any premium offered (disregarding for the purposes of the calculation the accrued
17 interest, if any, to the date of delivery of the Series of Bonds));

18 (iii) The Series of Bonds shall not have a final maturity date later than the final
19 maturity date of all of the Prior Bonds to be refunded;

20 (iv) Costs of issuance with respect to the Series of Bonds (excluding underwriter's
21 discount and any cost of credit enhancement) shall not exceed two percent (2%) of the
22 principal amount of such Series of Bonds;

23 (v) The purchase price of the Series of Bonds shall not be less than the par amount
24 of such Series of Bonds;
25

1 (vi) In the event of a private (negotiated) sale of the Series of Bonds as provided
2 under Section 19 hereof, underwriter's discount shall not exceed one percent (1%);

3 (vii) In the event the Director of Public Finance determines to sell any Series of
4 Bonds (or portion thereof) with credit enhancement, such as a municipal bond insurance
5 policy or a letter of credit, the present value savings, as calculated by the Financial Advisors
6 to the City, resulting from the purchase of such credit enhancement shall equal or exceed the
7 cost thereof; and

8 (viii) No Series of Bonds shall be issued or sold after December 31, 2016, as such
9 date may be extended by resolution of the Board.

10 (d) For the avoidance of any doubt, subject to compliance with the limitation of
11 Section 4(c)(i) hereof, the principal amount of any Series of Bonds may be more than, less
12 than or the same as, the principal amount of the Prior Bonds to be refunded by such Series.

13 (e) The Director of Public Finance is hereby authorized to determine for each Series
14 of Bonds: the sale date, the interest rates, the definitive principal amount thereof (provided
15 that the aggregate principal amount for all Bonds shall not exceed \$1,355,991,219), the
16 maturity dates and the redemption dates, if any, and the terms of any optional or mandatory
17 redemption thereof, subject to the provisions of this Resolution.

18 (f) In connection with the issuance of each Series of Bonds, the Controller shall
19 determine which Prior Bonds, or portions thereof, shall be redeemed with the proceeds
20 thereof and specify the date or dates upon which such redemption shall occur, and the
21 Controller shall set forth such determinations in the Bond Award (as defined in Section 17
22 hereof) or the Bond Purchase Agreement (as identified in Section 19 hereof), applicable to
23 such Series of Bonds.

24 Section 5. Form, Execution, Authentication and Registration of the Bonds. Each
25 Series of Bonds shall be in fully registered form without coupons in denominations of \$5,000

1 or any integral multiple thereof. The officers of the City are hereby directed to cause each
2 Series of Bonds to be prepared in sufficient quantity for delivery to or for the account of the
3 purchaser thereof, and the Controller is hereby directed to cause the blanks therein to be
4 completed in accordance with this Resolution, to procure their execution by the Mayor of the
5 City and countersigned by the Clerk of the Board of Supervisors (including by facsimile
6 signature, if necessary or convenient), and to deliver each Series of Bonds when so executed
7 to said purchaser in exchange for the purchase price thereof, all in accordance with this
8 Resolution.

9 The form of each Series of Bonds and the Certificate of Authentication and registration,
10 to be manually executed by the Treasurer of the City or his or her designee (the "City
11 Treasurer"), shall be substantially in the form attached hereto as Exhibit B (a copy of which is
12 on file with the Clerk of the Board of Supervisors and which is hereby declared to be a part of
13 this Resolution as if fully set forth herein), with such necessary or appropriate variations,
14 omissions and insertions as permitted or required by this Resolution and made in accordance
15 with Section 24 hereof.

16 Only those Bonds as shall bear thereon a Certificate of Authentication and Registration
17 in the form in Exhibit B, manually executed by the City Treasurer, shall be valid or obligatory
18 for any purpose or entitled to the benefits of this Resolution, and such Certificate of the City
19 Treasurer, executed as herein provided, shall be conclusive evidence that those Bonds so
20 authenticated have been duly authenticated and delivered hereunder and are entitled to the
21 benefits of this Resolution.

22 The Controller shall assign a distinctive letter, or number, or letter and number to each
23 Series of Bonds authenticated and registered by the City Treasurer and shall maintain a
24 record thereof which shall be available for inspection.

1 Section 6. Registration Books for the Bonds. The City Treasurer shall keep or cause
2 to be kept, at the office of the City Treasurer, or at the designated office of any bond registrar
3 appointed by the City Treasurer, separate and sufficient books for the registration and transfer
4 of each Series of Bonds, which bond registration books shall at all times be open to
5 inspection, and upon presentation for such purpose, the City Treasurer shall, under such
6 reasonable regulations as he or she may prescribe, register or transfer or cause to be
7 registered or transferred, on said books each Series of Bonds, as herein provided. The City
8 and the City Treasurer may treat the registered owners of each Series of Bonds shown in
9 such registration books (the "Registered Owners") as the absolute owners thereof for all
10 purposes, and the City and the City Treasurer shall not be affected by any notice to the
11 contrary.

12 Section 7. Transfer or Exchange of the Bonds. Any Bond may, in accordance with its
13 terms, be transferred upon the bond registration books required to be kept pursuant to the
14 provisions of Section 6 hereof, by the person in whose name it is registered, in person or by
15 the duly authorized attorney of such person in writing, upon surrender of such Bond for
16 cancellation, accompanied by delivery of a duly executed written instrument of transfer in a
17 form approved by the City Treasurer.

18 Any Bond may be exchanged at the office of the City Treasurer for a like aggregate
19 principal amount of other authorized denominations of the same Series, interest rate and
20 maturity.

21 Whenever any Bond shall be surrendered for transfer or exchange, the designated City
22 officials shall execute (as provided in Section 5 hereof) and the City Treasurer shall
23 authenticate and deliver a new Bond of the same Series, interest rate and maturity in a like
24 aggregate principal amount. The City Treasurer shall require the payment by any Registered
25

1 Owner requesting any such transfer of any tax or other governmental charge required to be
2 paid with respect to such transfer or exchange.

3 No transfer or exchange of a Bond shall be required to be made by the City Treasurer
4 during the period from the Record Date (as defined in Section 8 hereof) next preceding each
5 interest payment date to such interest payment date or after a notice of redemption shall have
6 been mailed with respect to such Bond.

7 Section 8. General Terms of the Bonds; Redemption Provisions. (a) General Terms.
8 Each Series of Bonds shall be dated the date of their delivery or such other date (the "Dated
9 Date") as specified in the applicable Bond Award (as defined in Section 17 hereof) or in the
10 applicable Bond Purchase Agreement (as defined in Section 19 hereof). Each Series of
11 Bonds shall bear interest at rates to be determined upon the sale of such Series of Bonds,
12 calculated on the basis of a 360 day year comprised of twelve 30-day months, payable on the
13 first interest payment date designated in the applicable Bond Award or the applicable Bond
14 Purchase Agreement, and semiannually thereafter on December 15 and June 15 of each
15 year.

16 The principal of each Bonds shall be payable in lawful money of the United States of
17 America to the Registered Owner thereof, upon the surrender thereof at maturity or earlier
18 redemption at the office of the City Treasurer. The interest on each Bonds shall be payable in
19 like lawful money to the Registered Owner whose name appears on the applicable bond
20 registration books of the City Treasurer as the Registered Owner thereof as of the close of
21 business on the last day of the month immediately preceding an interest payment date (the
22 "Record Date"), whether or not such day is a Business Day (as defined below).

23 Each Series of Bonds shall bear interest from the interest payment date next preceding
24 the date of authentication thereof unless it is authenticated: (i) as of a day during the period
25 from the Record Date next preceding any interest payment date to the interest payment date,

1 inclusive, in which event it shall bear interest from such interest payment date; or (ii) on or
2 before the first Record Date, in which event it shall bear interest from the Dated Date;
3 provided, however, that if, at the time of authentication of any Bond, interest is in default on
4 such Bond; such Bond shall bear interest from the interest payment date to which interest has
5 previously been paid or made available for payment on such Bond or from the Dated Date if
6 the first interest payment is not made. Except as may be otherwise provided in connection
7 with any book-entry only system applicable to a Series of Bonds, payment of the interest on
8 any Series of Bonds shall be made by check mailed on the interest payment date to its
9 Registered Owner at such Owner's address as it appears on the applicable registration books
10 as of the Record Date; provided, however, if any interest payment date occurs on a day that
11 banks in California or New York are closed for business or the New York Stock Exchange is
12 closed for business, then such payment shall be made on the next succeeding day that banks
13 in both California and New York are open for business and the New York Stock Exchange is
14 open for business (each, a "Business Day"); and provided, further, that the Registered Owner
15 of an aggregate principal amount of at least \$1,000,000 of a Series of Bonds may submit a
16 written request to the City Treasurer on or before a Record Date preceding an interest
17 payment date for payment of interest by wire transfer to a commercial bank located within the
18 United States of America. For so long as any Series of Bonds are held in book-entry form by
19 a securities depository selected by the City pursuant to Section 15(b) hereof, payment shall
20 be made to the Registered Owner of the Series of Bonds designated by such securities
21 depository by wire transfer of immediately available funds.

22 (b) Optional Redemption. Each Series of Bonds shall be subject to optional
23 redemption prior to maturity as provided in the applicable Official Notice of Sale or the
24 applicable Bond Award or the applicable Bond Purchase Agreement.

1 (c) Sinking Fund Redemption. Each Series of Bonds shall be subject to mandatory
2 redemption at par, by lot, in any year for which the purchaser thereof has designated that the
3 principal amount payable with respect to that year shall constitute a mandatory sinking fund
4 payment, as and to the extent permitted by the applicable Official Notice of Sale or provided in
5 the applicable Bond Purchase Agreement. Any Series of Bonds subject to mandatory
6 redemption shall be designated as such in the applicable Official Notice of Sale or the
7 applicable Bond Award or the applicable Bond Purchase Agreement.

8 The principal of and interest on each Series of Bonds subject to mandatory redemption
9 shall be paid from the Bond Fund for such Series (as defined in Section 10 hereof), pursuant
10 to Section 10 hereof. In lieu of any such mandatory redemption for any Series of Bonds, at
11 any time prior to the selection of such Series of Bonds for mandatory redemption, the City
12 may apply such amounts on deposit in the Bond Fund for such Series to purchase such
13 Series of Bonds subject to such redemption at public or private sale, as and when and at such
14 prices not in excess of the principal amount thereof (including sales commission and other
15 charges but excluding accrued interest), as the City may determine.

16 (d) Redemption - Selection. Whenever less than all of the Outstanding Bonds (as
17 defined in Section 8(i) hereof) of a Series maturing on any one date are called for redemption
18 on any one date, the City Treasurer will select the Bonds of such Series or portions thereof, in
19 denominations of \$5,000 or any integral multiple thereof, to be redeemed from the
20 Outstanding Bonds of such Series maturing on such date not previously selected for
21 redemption, by lot in any manner which the City Treasurer deems fair.

22 The date on which the Bonds of a Series that are called for redemption are to be
23 presented for redemption is herein called the "Redemption Date."

24 (e) Redemption - Notice. The City Treasurer shall mail, or cause to be mailed,
25 notice of any redemption of each Series of Bonds, postage prepaid, to the respective

1 Registered Owner thereof at the addresses appearing on the applicable bond registration
2 books not less than twenty (20) days prior to the Redemption Date. The notice of redemption
3 shall: (i) state the Redemption Date; (ii) state the redemption price; (iii) state the maturity
4 dates of such Series of Bonds and, if less than all of any such maturity is called for
5 redemption, the distinctive numbers of such Series of such maturity to be redeemed, and in
6 the case of any Series of Bonds redeemed in part only, the respective portions of the principal
7 amount thereof to be redeemed; (iv) state the CUSIP number, if any, of each Series of Bonds
8 to be redeemed; (v) require that such Series of Bonds be surrendered by the Registered
9 Owner at the office of the City Treasurer or his or her agent; and (vi) give notice that interest
10 on such Series of Bonds will cease to accrue after the designated Redemption Date. Such
11 notice of redemption may be conditional as provided in Section 8(g).

12 Notice of such redemption also shall be given, or caused to be given, by the City
13 Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile
14 transmission or (iii) overnight delivery service, to (A) all organizations registered with the
15 Securities and Exchange Commission as securities depositories and (B) such other services
16 or organizations as may be required in accordance with the Continuing Disclosure Certificate
17 described in Section 22 hereof.

18 The notice or notices required for redemption shall be given by the City Treasurer, or
19 any agent appointed by the City. A certificate of the City Treasurer or such other appointed
20 agent of the City that notice of redemption has been given to the Registered Owner of any
21 Bond and any organization identified in (A) in prior paragraph in accordance with this
22 Resolution shall be conclusive against all parties.

23 Provided, however, the actual receipt by the Registered Owner of any Series of Bonds,
24 or by any organization identified in (A) in the second preceding paragraph, of notice of such
25 redemption shall not be a condition precedent to redemption, and failure to receive such

1 notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings
2 for the redemption of such Series of Bonds or the cessation of accrual of interest on such
3 Series of Bonds on the Redemption Date.

4 (f) Payment for Optional Redemption; Redemption Account. At the time the City
5 Treasurer or the Controller of the City, or his or her designee (the "Controller"), determines to
6 optionally call and redeem any Series of Bonds, the City Treasurer or his or her agent shall
7 establish a redemption account to be described or known as the "General Obligation
8 Refunding Bonds, Series ____-R__ Redemption Account" (the "Series ____-R__ Redemption
9 Account"), and prior to or on the Redemption Date there must be set aside in the Redemption
10 Account for such Series moneys available for the purpose and sufficient to redeem, as
11 provided in this Resolution, the Series of Bonds designated in said notice of redemption,
12 subject to rescission as hereinafter provided. Said moneys must be set aside in the
13 Redemption Account for such Series solely for the purpose of, and shall be applied on or after
14 the Redemption Date to, payment of the redemption price of such Series of Bonds to be
15 redeemed upon presentation and surrender of such Series of Bonds. Any interest due on or
16 prior to the Redemption Date may be paid from the Bond Fund for such Series as provided in
17 Section 10 hereof or from the Redemption Account for such Series. Subject to the provisions
18 of Section 13 hereof, moneys held from time to time in any Redemption Account may be
19 invested by the City Treasurer pursuant to the City's policies and guidelines for investment of
20 moneys in the General Fund of the City. If, after all of the Bonds of a Series have been
21 redeemed and canceled or paid and canceled, there are moneys remaining in the
22 Redemption Account for such Series, said moneys shall be transferred to the Bond Fund of
23 the City established in Section 10 hereof.

24 When notice of optional redemption has been given, substantially as provided herein,
25 and when the amount necessary for the redemption of any Series of Bonds called for

1 redemption (principal, premium, if any, and accrued interest to such Redemption Date) is set
2 aside for that purpose in the Redemption Account for said Series of Bonds, as provided
3 herein, the Bonds of such Series designated for redemption shall become due and payable on
4 the Redemption Date therefor, and upon presentation and surrender of said Series of Bonds
5 at the place specified in the notice of redemption, said Series of Bonds shall be redeemed and
6 paid at said redemption price out of the Redemption Account for said Series; provided no
7 interest will accrue on said Series of Bonds called for redemption after the Redemption Date
8 and the Registered Owner of such Bonds shall look for payment of such Bonds only to the
9 Redemption Account for such Series of Bonds. All Series of Bonds redeemed shall be
10 canceled forthwith by the City Treasurer and shall not be reissued.

11 (g) Conditional Notice of Optional Redemption. Any notice of optional redemption
12 given as provided in Section 8(e) may provide that such redemption is conditioned upon: (i)
13 deposit in the Redemption Account of the applicable Series of Bonds of sufficient moneys to
14 redeem such Bonds called for redemption on the anticipated Redemption Date, or (ii) any
15 other event specified in the notice of redemption. In the event that (A) such conditional notice
16 of optional redemption has been given, substantially as provided herein and (B) on the
17 scheduled Redemption Date (I) sufficient moneys to redeem the applicable Series of Bonds
18 have not been deposited in the Redemption Account for such Series of Bonds, or (II) any
19 other even specified in the notice of redemption did not occur, then such Series of Bonds for
20 which notice of conditional optional redemption was given shall not be redeemed and shall
21 remain Outstanding for all purposes of this Resolution and the redemption not occurring shall
22 not constitute an event of default under this Resolution.

23 (h) Rescission of Optional Redemption. The City may also rescind any optional
24 redemption and notice thereof for any reason on any date prior to any Redemption Date by
25 causing written notice of the rescission to be given to the Registered Owner of all Series of

1 Bonds so called for redemption. Notice of such rescission of redemption shall be given in the
2 same manner notice of redemption was originally given. The actual receipt by the Registered
3 Owner of any Series of Bonds of notice of such rescission shall not be a condition precedent
4 to rescission, and failure to receive such notice or any defect in such notice so mailed shall
5 not affect the validity of the rescission.

6 (i) Definition of "Outstanding". As used herein, the term "Outstanding" means all
7 Bonds except:

8 (i) Bonds theretofore canceled by the City and the Treasurer or surrendered to the
9 Treasurer for cancellation;

10 (ii) Bonds paid or deemed to have been paid within the meaning of Section 13; and

11 (iii) Bonds in lieu of or in substitution for which other Bonds shall have been
12 executed, issued and delivered by the City and the Treasurer pursuant hereto.

13 Section 9. Tax Levy. For the purpose of paying the principal of and interest on each
14 Series of Bonds, the City at the time of fixing the general tax levy shall continue to fix, and in
15 the manner provided for such general tax levy, levy and collect taxes annually each year until
16 all Outstanding Bonds of each Series have been paid, or provision for their payment has been
17 made in accordance with Section 13 hereof; provided, however, that if the Board expects to
18 sell any Series of Bonds at such time that the principal of or interest on such Series of Bonds
19 will become due before the proceeds of a tax levied after such sale would be available to pay
20 such principal or interest, the City, at the time of fixing the annual tax levy, may levy a tax in
21 an amount sufficient to pay that portion of the principal of and interest on such Series of
22 Bonds which it expects will become due before the proceeds of the next succeeding tax levy
23 will be available.

24 Said tax shall be in addition to all other taxes levied for City purposes and shall be
25 collected at the same time and in the same manner as other taxes of the City are collected.

1 Pursuant to the terms of this Resolution, the City hereby pledges as security for each
2 Series of Bonds and the interest thereon, and the Treasurer is hereby directed to deposit the
3 proceeds of the aforementioned tax into the Bond Fund for such Series established under
4 Section 10. Such fund or funds shall be kept separate and apart from all other funds. So long
5 as any Bonds of a Series are Outstanding, moneys in the related Bond Fund shall be used
6 solely for the purpose of paying the principal of and interest on such Series of Bonds as such
7 principal and interest shall become due and payable; provided, however, that when all of the
8 principal and interest on all such Series of Bonds has been paid or provided for, any balance
9 of money then remaining in said Bond Fund shall be transferred to the General Fund of the
10 City.

11 Section 10. Establishment and Application of the Bond Fund for Each Series. (a)
12 There is hereby established in trust for each Series of Bonds a special fund designated
13 "General Obligation Refunding Bonds, Series ____-R__ Bond Fund" (the "Series ____-R__
14 Bond Fund"), which will be held by the Treasurer and shall be kept separate and apart from all
15 other funds and accounts held hereunder.

16 All taxes levied pursuant to this Resolution for payment of a Series of Bonds shall be
17 deposited upon collection by the City into the Bond Fund for such Series of Bonds, and used
18 for the payment of the principal of, premium, if any, and interest on, such Series of Bonds
19 (collectively, the "Debt Service"). On or prior to the date on which any Debt Service on each
20 Series of Bonds is due, including by mandatory redemption on said date, the City Treasurer
21 shall transfer from the Bond Fund for such Series the amount necessary to pay the Debt
22 Service on the applicable Series of Bonds on such date.

23 (b) On or prior to the date on which any Series of Bonds are to be redeemed at the
24 option of the City pursuant to this Resolution, the City Treasurer shall allocate to and deposit
25 in the Redemption Account for such Series, from amounts held in the Bond Fund, an amount

1 which, when added to any available moneys contained in such Redemption Account, is
2 sufficient to pay Debt Service with respect to such Series of Bonds on such redemption date.

3 The City Treasurer may make such other provisions for the payment of Debt Service
4 on any Series of Bonds as is necessary or convenient to permit payment, including the
5 optional redemption, of any Series of Bonds.

6 (c) Amounts in any Bond Fund may be invested in any investment of the City in
7 which moneys in the General Fund of the City are invested. The City Treasurer may
8 commingle any of the moneys held in the any Bond Fund with other City moneys for
9 investment purposes only; provided, however, that all of the moneys held in each Bond Fund
10 established hereunder shall be accounted for separately notwithstanding any such
11 commingling by the City Treasurer.

12 (d) Any amounts on deposit in any Bond Fund when there are no longer any related
13 Series of Bonds Outstanding shall be transferred to the General Fund, subject to any
14 conditions set forth in the tax certificate for such Series.

15 (e) If at any time it is deemed necessary or desirable by the City, the Treasurer may
16 establish additional funds under this Resolution and/or accounts within any of the funds or
17 accounts established hereunder.

18 Section 11. Establishment and Application of the Rebate Fund for Each Series. There
19 is hereby established in trust for each Series of Bonds a special fund designated "General
20 Obligation Refunding Bonds, Series ____-R__ Rebate Fund" (the "Series __ R__ Rebate
21 Fund"), which shall be held by the Treasurer and which shall be kept separate and apart from
22 all other funds and accounts held hereunder. The Treasurer shall deposit moneys into each
23 Rebate Fund in accordance with the provisions of the tax certificate for the related Series of
24 Bonds. Amounts on deposit in the Rebate Fund shall only be applied to payments made to
25

1 the United States or otherwise transferred to other accounts or funds established hereunder,
2 in accordance with the tax certificate for the related Series of Bonds.

3 Section 12. Establishment and Application of Costs of Issuance Fund for Each Series.

4 There is hereby established in trust for each Series of Bonds a special fund designated
5 "General Obligation Refunding Bonds, Series ____-R____ Costs of Issuance Fund" (the
6 "Series ____-R____ Costs of Issuance Fund"), to be maintained by the Treasurer and which
7 shall be kept separate and apart from all other funds and accounts held hereunder.

8 The portion of the proceeds of the sale of each Series of Bonds, which is so specified
9 by the Controller, shall be deposited by the Treasurer to the credit of the Costs of Issuance
10 Fund for each Series of Bonds.

11 The City Treasurer is hereby authorized to pay or cause to be paid from the Cost of
12 Issuance Fund for each Series, on behalf of the City, the costs of issuance associated with
13 such Series of Bonds. Costs of issuance of any Series of Bonds shall include, without
14 limitation: bond and financial printing expenses, mailing and publication expenses, rating
15 agency fees, the fees and expenses of paying agents, registrars, financial consultants, escrow
16 agents, verification agents, all expenses incident to the calling, retiring or paying of the Prior
17 Bonds to be refunded by such Series, disclosure counsel and co-bond counsel and the
18 reimbursement of departmental expenses in connection with the issuance of such Series of
19 Bonds.

20 All moneys on deposit in the Costs of Issuance Fund twelve months after issuance of
21 the applicable Series of Bonds shall be transferred to the applicable Bond Fund and applied to
22 pay interest on the applicable Series of Bonds; provided that the Treasurer first shall receive a
23 certificate of the Director of Public Finance consenting to such transfer.

24 Section 13. Defeasance Provisions for Each Series. (a) Payment of all or any portion
25 of each Series of Bonds may be provided for prior to such Series of Bonds' respective stated

1 maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust
2 company designated by the City Treasurer to act as escrow agent with respect thereto):

3 (i) An amount of cash equal to the principal amount of all of such Series of Bonds
4 or a portion thereof, and all unpaid interest thereon to maturity, provided that in the case of the
5 portion of a Series of Bonds that are to be redeemed prior to such Series of Bonds' respective
6 stated maturities and for which notice of such redemption shall have been given as provided
7 in Section 8 hereof or an irrevocable election to give such notice shall have been made by the
8 City, the amount to be deposited shall be the principal amount thereof, all unpaid interest
9 thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or

10 (ii) Defeasance Securities (as defined in (b) below) not subject to call, except as
11 provided below in the definition thereof, maturing and paying interest at such times and in
12 such amounts, together with interest earnings and cash, if any, as will, without reinvestment,
13 as certified by an independent certified public accountant to be sufficient to pay the principal
14 and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and
15 premium, if any, due on the portion of the Series of Bonds to be paid or redeemed, as such
16 principal, premium, if any, and interest come due; provided, that, in the case of a Series of
17 Bonds that are to be redeemed prior to maturity, notice of such redemption shall be given as
18 provided in Section 8 hereof or an irrevocable election to give such notice shall have been
19 made by the City.

20 Upon the deposit described in (i) or (ii), all obligations of the City with respect to said
21 Series of Bonds shall cease and terminate, except only the obligation of the City to pay or
22 cause to be paid from the funds deposited pursuant to paragraphs (i) or (ii) of this Section 13
23 to the Registered Owners of such Series of Bonds all sums due with respect thereto and the
24 obligations of the City pursuant to Section 21 hereof; provided, that the City shall have
25

1 received an opinion of nationally recognized bond counsel that provision for the payment of
2 such Series of Bonds has been made in accordance with this Section 13.

3 (b) For purposes of this Section 13, "Defeasance Securities" shall mean any of the
4 following that at the time are legal investments under the laws of the State of California for the
5 moneys proposed to be invested therein:

6 (i) United States Obligations (as defined below); and

7 (ii) Pre-refunded fixed interest rate municipal obligations meeting the following
8 conditions: (A) the municipal obligations are not subject to redemption prior to maturity, or the
9 trustee or paying agent thereof has been given irrevocable instructions concerning their
10 calling and redemption and the issuer has covenanted not to redeem such obligations other
11 than as set forth in such instructions; (B) the municipal obligations are secured by cash or
12 United States Obligations; (C) the principal of and interest on the United States Obligations
13 (plus any cash) in the escrow fund for such municipal obligation are sufficient to meet the
14 liabilities of the municipal obligations; (D) the United States Obligations serving as security for
15 the municipal obligations are held by a trustee or other escrow agent; (E) the United States
16 Obligations are not available to satisfy any other claims, including those against the trustee or
17 escrow agent; and (F) the municipal obligations are rated (without regard to any numerical
18 modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow
19 fund for the Prior Bonds to be refunded, by any two Rating Agencies (as defined below) not
20 lower than the rating then maintained by the respective Rating Agency on such United States
21 Obligations.

22 For purposes of this Section 13, "United States Obligations" shall mean (i) direct and
23 general obligations of the United States of America, or obligations that are unconditionally
24 guaranteed as to principal and interest by the United States of America, including without
25 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that

1 have been stripped by request to the Federal Reserve Bank of New York in book-entry form,
2 or (ii) any security issued by an agency or instrumentality of the United States of America
3 which is selected by the Director of Public Finance and which is rated (without regard to any
4 numerical modifier, plus or minus sign or other modifier), at the time of initial deposit to the
5 escrow fund for the Prior Bonds to be refunded, and upon any substitution or subsequent
6 deposit to such escrow fund, by any two Rating Agencies not lower than the rating then
7 maintained by the respective Rating Agency on United States Obligations described in (i) of
8 this definition.

9 For purposes of this Section 13, "Rating Agencies" shall mean Moody's Investors
10 Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, a division of The
11 McGraw-Hill Companies, Inc., or any other nationally recognized bond rating agency that is
12 the successor to any of the foregoing rating agencies or that is otherwise established after the
13 date hereof.

14 Section 14. Escrow Agreement for Refunded Prior Bonds. The form of Escrow
15 Agreement (the "Escrow Agreement"), in substantially the form presented to this Board,
16 copies of which are on file with the Clerk of the Board and by this reference incorporated
17 herein, is hereby approved. The Controller or the Director of Public Finance is hereby
18 authorized and directed to execute and deliver an Escrow Agreement(s) for each Series or
19 multiple Series of Bonds in substantially such form, with such changes, additions,
20 amendments or modifications made in accordance with Section 24 hereof.

21 A portion of the proceeds of the sale of each Series of Bonds, which is so specified by
22 the Controller, shall be deposited by the Treasurer to the credit of the Escrow Agreement(s)
23 for each Series of Bonds to be applied to the redemption of the Prior Bonds to be redeemed
24 by such Series. Such money so deposited shall constitute the "refunding fund" within the
25 meaning of Section 53555 of the California Government Code.

1 The Controller or Director of Public Finance is hereby authorized and directed,
2 pursuant to the Escrow Agreement applicable to the Prior Bonds being refunded, to provide
3 for the investment of the funds deposited under the Escrow Agreement, which deposits shall
4 be secured in accordance to the law applicable to the investment of City funds.

5 Section 15. Appointment of Verification Agents, Securities Depositories, Paying
6 Agents and Other Agents. (a) The Director of Public Finance is hereby authorized and
7 directed to appoint and compensate, from time to time, one or more verification agents as he
8 or she may deem necessary or desirable to certify that the proceeds of a Series of Bonds are
9 sufficient to satisfy the requirements of Section 53558 of the California Government Code with
10 respect to the Prior Bonds to be redeemed by such Series of Bonds. Such verification agents
11 shall serve under such terms and conditions as the Director of Public Finance shall determine.
12 The Director of Public Finance may remove or replace verification agents appointed pursuant
13 to this Section at any time.

14 (b) The Depository Trust Company ("DTC") is hereby appointed as securities
15 depository for each Series of Bonds. Each Series of Bonds shall be initially issued only in
16 book-entry form. Upon initial issuance, the ownership of each Series of Bonds shall be
17 registered in the bond registration books in the name of Cede & Co., or such other nominee
18 as DTC may in writing direct the Treasurer. So long as each Series of Bonds is registered in
19 book-entry form, each such Series of Bonds shall be registered in the name of Cede & Co. or
20 such other nominee as DTC may direct in writing. The City will not have any responsibility or
21 obligation to any purchaser of a beneficial ownership interest in any Series of Bonds or to any
22 participants in DTC, or to any successor securities depository appointed by the City, with
23 respect to: (i) the accuracy of any records maintained by such securities depository or any
24 participant therein; (ii) any notice that is permitted or required to be given to the Registered
25 Owner of such Series of Bonds under this Resolution; (iii) the selection by such securities

1 depository or any participant therein of any person to receive payment in the event of a partial
2 redemption of such Series of Bonds; (iv) the payment by such securities depository or any
3 participant therein of any amount with respect to the principal or redemption premium, if any,
4 or interest due with respect to such Series of Bonds; (v) any consent given or other action
5 taken by such securities depository as the Registered Owner of such Series of Bonds; or (vi)
6 any other matter.

7 (c) The City Treasurer is hereby also authorized to appoint one or more agents, as
8 he or she may deem necessary or desirable. To the extent permitted by applicable law and
9 under the supervision of the City Treasurer, such agents may serve as paying agent, fiscal
10 agent, rebate calculation agent, escrow agent or registrar for any Series of Bonds, or may
11 assist the City Treasurer in performing any or all of such functions and such other duties as
12 the City Treasurer shall determine. If the City Treasurer appoints one or more paying agents
13 or registrars, the procedures set forth in Section 8 hereof relating to registration of ownership
14 of each Series of Bonds and payments and redemption notices to Registered Owner of each
15 Series of Bonds may be modified to comply with the policies and procedures of such paying
16 agent or registrar. Such agents shall serve under such terms and conditions as the City
17 Treasurer shall determine. The City Treasurer may remove or replace agents appointed
18 pursuant to this Section at any time.

19 Section 16. Competitive Sale and Award of Bonds. In the event the Director of Public
20 Finance determines to sell any Series of Bonds by public (competitive) sale, (a) the Director of
21 Public Finance is hereby authorized and directed (i) to determine a date for such sale, and (ii)
22 on behalf of the Controller, to receive bids for the purchase of such Series of Bonds, and (b)
23 the Controller is hereby authorized and directed to award such Series of Bonds as provided in
24 Section 17 hereof.

1 Section 17. Official Notices of Sale. The form of proposed Official Notice of Sale
2 inviting public (competitive) bids for the purchase of a Series of Bonds (the "Official Notice of
3 Sale"), in substantially the form presented to this Board, copies of which are on file with the
4 Clerk of the Board and by this reference incorporated herein, is hereby approved and adopted
5 as the Official Notice of Sale inviting bids for the purchase of Series of Bonds, with such
6 changes, additions and modifications as may be made in accordance with Section 24 hereof.

7 In the event of a public sale of any Series of Bonds, bids shall be received on the date
8 designated by the Director of Public Finance pursuant to the applicable Official Notice of Sale.
9 The Director of Public Finance is hereby authorized and directed to cause to be mailed or
10 otherwise circulated to prospective bidders for each Series of Bonds copies of the applicable
11 Official Notice of Sale, subject to such corrections, revisions or additions as may be
12 acceptable to the Director of Public Finance.

13 The Controller is hereby authorized to award each Series of Bonds to the bidder whose
14 bid represents the lowest true interest cost to the City, all in accordance with the procedures
15 described in the applicable Official Notice of Sale, which award shall be set forth in a
16 certificate signed by the Controller setting forth the terms of the applicable Series of Bonds
17 and the original purchaser thereof (each, a "Bond Award"). The Controller shall provide a
18 copy of each Bond Award as soon as practicable to the Clerk of the Board of Supervisors and
19 the Director of Public Finance; provided, however, that failure to provide such copies shall not
20 affect the validity of any Bond Award.

21 Section 18. Publication of Notice of Intention to Sell Bonds. The form of proposed
22 Notice of Intention to Sell a Series of Bonds (the "Notice of Intention to Sell Bonds"), in
23 substantially the form presented to this Board, copies of which are on file with the Clerk of the
24 Board and by this reference incorporated herein, is hereby approved and adopted as the
25 Notice of Intention to Sell. The Director of Public Finance is hereby authorized and directed to

1 cause the Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions
2 as may be made in accordance with Section 24 hereof, to be published once in The Bond
3 Buyer at least 10 days before the date of such public sale (or by such other deadline as may
4 be specified by applicable law) and in a newspaper of general circulation within the City.

5 Section 19. Negotiated Sale of Bonds; Approval of Purchase Contract; Selection of
6 Underwriters. In the event the Director of Public Finance determines to sell any Series of
7 Bonds by private (negotiated) sale, the Director of Public Finance is hereby authorized and
8 directed to sell such Series of Bonds by private (negotiated) sale pursuant to one or more
9 purchase contracts (each, a "Purchase Contract") by and between the City and the
10 underwriter named therein. The form of such Purchase Contract as presented to this Board, a
11 copy of which is on file with the Clerk, is hereby approved. The Controller is hereby
12 authorized to execute the Purchase Contract with such charges, additions and modifications
13 as the Controller may make or approve in accordance with Section 24 hereof.

14 Section 20. Official Statements. (a) The form of proposed Preliminary Official
15 Statement describing the Series 2011-R1 Bonds including all appendices (the "Preliminary
16 Official Statement") submitted to the Board, in substantially the form presented to this Board,
17 copies of which are on file with the Clerk of the Board and by this reference incorporated
18 herein, is hereby approved and adopted as the Preliminary Official Statement for the Series
19 2011-R1 Bonds, with such additions, corrections and revisions as may be determined by the
20 Controller to be necessary or desirable. The Controller is hereby authorized to deem final the
21 Preliminary Official Statement for purposes of Securities and Exchange Commission Rule
22 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"),
23 and to sign a certificate to that effect. The Director of Public Finance is hereby authorized and
24 directed to cause to be printed and mailed or electronically distributed to prospective bidders
25 for the Series 2011-R1 Bonds copies of the Preliminary Official Statement deemed final by the

1 Controller. The Controller is authorized and directed to approve, execute, and deliver the final
2 Official Statement with respect to the Series 2011-R1 Bonds, which final Official Statement
3 shall be in the form of the deemed final Preliminary Official Statement, with such additions,
4 corrections and revisions as may be determined to be necessary or desirable made in
5 accordance with Section 24 hereof and as are permitted under the Rule. The Director of
6 Public Finance is hereby authorized and directed to cause to be printed and mailed or
7 electronically distributed copies of the final Official Statement to all actual initial purchasers of
8 the Series 2011-R1 Bonds.

9 (b) The Controller is hereby authorized and directed, in consultation with the City
10 Attorney, to prepare a Preliminary Official Statement for each Series of Bonds issued
11 subsequent to the Series 2011-R1 Bonds. The Preliminary Official Statement and the final
12 Official Statement for such subsequent Series of Bonds shall be approved in accordance with
13 City procedures applicable at the time such Preliminary Official Statement and final Official
14 Statement are approved.

15 Section 21. Tax Covenants. (a) General. The City hereby covenants with the
16 Registered Owners of each Series of the Bonds that, notwithstanding any other provisions of
17 this Resolution, it shall not take any action, or fail to take any action, if any such action or
18 failure to take action would adversely affect the exclusion from gross income of interest on
19 such Series of Bonds under Section 103 of the Code, and the regulations of the United States
20 Department of the Treasury issued thereunder (the "Regulations"), as the same may be
21 amended from time to time, and any successor provisions of law. Reference to a particular
22 section of the Code shall be deemed to be a reference to any successor to any such section.
23 The City shall not, directly or indirectly, use or permit the use of proceeds of any Series of
24 Bonds or any of the property financed or refinanced with proceeds of any Series of Bonds or
25 any portion thereof, by any person other than a governmental unit (as such term is used in

1 Section 141 of the Code), in such manner or to such extent as would result in the loss of
2 exclusion of interest on any Series of Bonds from gross income for federal income tax
3 purposes.

4 (b) Use of Proceeds. The City shall not take any action, or fail to take any action, if
5 any such action or failure to take action would cause any Series of Bonds to be "private
6 activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof,
7 shall not make any use of the proceeds of any Series of Bonds or any of the property financed
8 or refinanced with proceeds of any Series of Bonds or any portion thereof, or any other funds
9 of the City, that would cause any Series of Bonds to be "private activity bonds" within the
10 meaning of Section 141 of the Code. To that end, so long as any Series of Bonds are unpaid,
11 the City, with respect to such proceeds and property and such other funds, will comply with
12 applicable requirements of the Code and all regulations of the United States Department of
13 the Treasury issued thereunder and under Section 103 of the Internal Revenue Code of 1954,
14 as amended (the "1954 Code"), to the extent such requirements are, at the time, applicable
15 and in effect. The City shall establish reasonable procedures necessary to ensure continued
16 compliance with Section 141 of the Code (or, if applicable, the 1954 Code) and the continued
17 qualification of each of the Series of Bonds as "governmental bonds."

18 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any
19 proceeds of any Series of Bonds, or of any property financed or refinanced thereby, or other
20 funds of the City, or take or omit to take any action, that would cause any Series of Bonds to
21 be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City
22 shall comply with all requirements of Section 148 of the Code and all Regulations to the extent
23 such requirements are, at the time, in effect and applicable to any Series of Bonds.

24 (d) Federal Guarantee. The City shall not make any use of the proceeds of any
25 Series of Bonds or any other funds of the City, or take or omit to take any other action, that

1 would cause any Series of Bonds to be "federally guaranteed" within the meaning of Section
2 149(b) of the Code.

3 (e) Information Reporting. The City shall take or cause to be taken all necessary
4 action to comply with the informational reporting requirement of Section 149(e) of the Code
5 with respect to each Series of Bonds.

6 (f) Hedge Bonds. The City shall not make any use of the proceeds of any Series of
7 Bonds or any other amounts or property, regardless of the source, or take any action or
8 refrain from taking any action, that would cause any Series of Bonds to be considered "hedge
9 bonds" within the meaning of Section 149(g) of the Code unless the City takes all necessary
10 action to assure compliance with the requirements of Section 149(g) of the Code.

11 (g) Compliance with Tax Certificates. In furtherance of the foregoing tax covenants
12 of this Section 21, the City covenants that it will comply with the provisions of each tax
13 certificate to be executed by the City with respect to each Series of Bonds, dated the date of
14 issuance of each Series of Bonds, as each such tax certificate may be amended from time to
15 time in accordance with its terms. This covenant shall survive payment in full or defeasance
16 of any Series of Bonds.

17 Section 22. Continuing Disclosure Certificate. The form of Continuing Disclosure
18 Certificate (the "Continuing Disclosure Certificate") to be signed by the City to permit the
19 original purchasers of each Series of Bonds to comply with the Rule, submitted to the Board,
20 in substantially the form presented to this Board, copies of which are on file with the Clerk of
21 the Board and by this reference incorporated herein, is hereby approved and adopted as the
22 Continuing Disclosure Certificate, with such additions, corrections and revisions as may be
23 determined to be necessary or desirable to be made in accordance with Section 24 hereof,
24 including, without limitation, the use of a separate Continuing Disclosure Certificate for each
25 Series of Bonds. The Controller is hereby authorized and directed to execute the Continuing

1 Disclosure Certificate on behalf of the City and deliver the Continuing Disclosure Certificate to
2 the original purchasers of each Series of Bonds.

3 Section 23. Moneys Held in Trust. All amounts held in any fund or account
4 established hereunder (other than the Costs of Issuance Fund and the Rebate Fund), subject
5 to the limitations set forth herein, (a) are held in trust for the benefit of the Registered Owners
6 of the Series of Bonds secured thereby as provided herein; (b) are hereby irrevocably pledged
7 to the payment of the interest and premium, if any, and principal of the Series of Bonds
8 secured thereby as provided herein; and (c) such amounts shall not be used for any other
9 purpose while any of the Bonds of such Series remain Outstanding; provided, however, that
10 out of such amounts, there may be applied such sums for such purposes as are permitted
11 hereunder. This pledge shall constitute a first pledge of and charge and lien upon all moneys
12 on deposit in the funds and accounts established hereunder (other than the Costs of Issuance
13 Fund and the Rebate Fund) for the payment of the interest on and principal of the applicable
14 Series of Bonds in accordance with the terms hereof and thereof.

15 Section 24. Modification to Documents. Any City official authorized by this Resolution
16 to execute any document is hereby further authorized, in consultation with the City Attorney,
17 to approve and make such changes, additions, amendments or modifications to the document
18 or documents such official is authorized to execute as may be necessary or advisable
19 (provided that such changes, additions, amendments or modifications shall not authorize an
20 aggregate principal amount of Bonds in excess of \$1,355,991,219 or conflict with the
21 provisions of Section 4 hereof). The approval of any change, addition, amendment or
22 modification to any of the aforementioned documents shall be evidenced conclusively by the
23 execution and delivery of the document in question.
24
25

1 Section 25. Ratification. All actions heretofore taken by officials, employees and
2 agents of the City with respect to the sale and issuance of any Series of Bonds are hereby
3 approved, confirmed and ratified.

4 Section 26. General Authority. The Clerk of the Board of Supervisors, the Mayor, the
5 City Treasurer, the Director of Public Finance, the City Attorney and the Controller are each
6 hereby authorized and directed in the name and on behalf of the City: (a) to take any and all
7 actions and steps, and to (b) issue, deliver or enter into any and all certificates, requisitions,
8 agreements, notices, consents, and other documents, in each case as may be necessary to
9 give effect to the provisions of this Resolution, including but not limited to letters of
10 representations to any depository or depositories, which they or any of them might deem
11 necessary or appropriate in order to consummate the lawful issuance, sale and delivery of any
12 Series of Bonds and the refunding of the Prior Bonds.

13
14
15 APPROVED AS TO FORM:

16
17 DENNIS J. HERRERA
City Attorney

18
19
20 By: _____

Kenneth David Roux
Kenneth David Roux
Deputy City Attorney

EXHIBIT A

LIST OF PRIOR BONDS

Description of Issue (Date of Authorization or Issuance)	Series	Original Principal Amount
Golden Gate Park Improvements (6/2/92)	2001A	\$17,060,000
Seismic Safety Loan Program (11/3/92)	2007A	25,995,228
Steinhart Aquarium Improvement (11/7/95)	2005F	29,245,000
Affordable Housing Bonds (11/5/96)	2001D	23,000,000
Educational Facilities – Unified School District (6/3/97)	2003B	29,480,000
Zoo Facilities Bonds (6/3/97)	2002A 2005H	6,210,000 7,505,000
Laguna Honda Hospital (11/2/99)	2005A 2005I	110,000,000 69,000,000
Neighborhood Recreation and Park (3/7/00)	2001B 2003A 2004A	14,060,000 20,960,000 68,800,000
California Academy of Sciences Improvement (3/7/00)	2004B 2005E	8,075,000 79,370,000
Clean & Safe Neighborhood Parks (2/5/08)	2008B 2010B 2010D	42,520,000 24,785,000 35,645,000
San Francisco General Hospital and Trauma Center (11/4/08)	2009A 2010A 2010C	131,650,000 120,890,000 173,805,000
Earthquake Safety and Emergency Response Bond (6/8/10)	2010E	79,520,000
General Obligation Refunding Bonds (issued 4/23/02)	2002-R1	118,945,000
General Obligation Refunding Bonds (issued 6/16/04)	2004-R1	21,930,000
General Obligation Refunding Bonds (issued 10/31/06)	2006-R1	90,690,000
General Obligation Refunding Bonds (issued 12/18/06)	2006-R2	66,565,000
General Obligation Refunding Bonds (issued 5/29/08)	2008-R1	232,075,000
General Obligation Refunding Bonds (issued 5/29/08)	2008-R2	39,320,000
General Obligation Refunding Bonds (issued 7/3/08)	2008-R3	118,130,000

1 **EXHIBIT B**

2 **FORM OF SERIES ____-R BOND**

3 Unless this Series ____-R Bond is presented by an authorized representative of The
4 Depository Trust Company, a New York corporation ("DTC"), to the City for registration of
5 transfer, exchange, or payment and any Series ____-R Bond issued is registered in the
6 name of Cede & Co. or in such other name as is requested by an authorized representative of
7 DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an
8 authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF
9 FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the
10 Registered Owner hereof, Cede & Co., has an interest herein.

11 Number UNITED STATES OF AMERICA Amount
12 STATE OF CALIFORNIA \$_____
13

14 CITY AND COUNTY OF SAN FRANCISCO
15 GENERAL OBLIGATION REFUNDING BONDS
16 SERIES ____-R____
17

18 Interest Rate Maturity Date Dated Date CUSIP Number
19

20 June 15, _____

21 REGISTERED OWNER: _____

22 PRINCIPAL AMOUNT: \$_____ (____ DOLLARS)

23 THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the "City"),
24 acknowledges itself indebted to and promises to pay the registered owner set forth above or
25

1 registered assigns (the "Registered Owner"), on the Maturity Date set forth above the
2 Principal Amount set forth above in lawful money of the United States of America, and to pay
3 interest thereon in like lawful money from the interest payment date next preceding the date of
4 authentication of this Bond (unless this Bond is authenticated as of the day during the period
5 from the last day of the month next preceding any Interest Payment Date (the "Record Date")
6 to such Interest Payment Date, inclusive, in which event it shall bear interest from such
7 Interest Payment Date, or unless this Bond is authenticated on or before _____,
8 _____ in which event it shall bear interest from its dated date), until payment of such Principal
9 Amount, at the Interest Rate per annum set forth above, calculated on the basis of a 360-day
10 year comprised of twelve 30-day months, payable on _____, _____, and
11 semiannually thereafter on _____ and _____ in each year (each an
12 "Interest Payment Date"); provided, however, if any Interest Payment Date occurs on a day
13 that banks in California or New York are closed for business or the New York Stock Exchange
14 is closed for business, then such payment shall be made on the next succeeding day that
15 banks in both California and New York are open for business and the New York Stock
16 Exchange is open for business (a "Business Day").

17 The principal hereof is payable to the Registered Owner hereof upon the surrender
18 hereof at the office of the Treasurer of the City (the "City Treasurer") in San Francisco,
19 California. The interest hereon is payable to the person whose name appears on the bond
20 registration books of the City Treasurer as the Registered Owner hereof as of the close of
21 business on the Record Date immediately preceding an Interest Payment Date, whether or
22 not such day is a Business Day, such interest to be paid by check mailed on the Interest
23 Payment Date to such Registered Owner at such Owner's address as it appears on such
24 registration books; provided, however, that the Registered Owner of Bonds in an aggregate
25 principal amount of at least \$1,000,000 may submit a written request to the City Treasurer, on

1 or before the Record Date preceding any Interest Payment Date, for payment of interest
2 hereon by wire transfer to a commercial bank located in the United States of America.

3 This Bond is one of a duly authorized issue of bonds of like tenor (except for such
4 variations, if any, as may be required to designate varying numbers, denominations, interest
5 rates and maturities), in the aggregate principal amount of \$_____ (the "Series _____-
6 R___ Bonds"), and is authorized, issued and sold by the City pursuant to and in strict
7 conformity with the provisions of the Constitution and laws of the State of California including
8 Title 5, Division 2, Part 1, Chapter 3, Article 9 of the California Government Code, the Charter
9 of the City and the Administrative Code of the City. The Board of Supervisors of the City (the
10 "Board of Supervisors") authorize the issuance of this Series of Bonds in Resolution No. ____
11 adopted by the Board of Supervisors on _____, 2011 and signed by the Mayor on
12 _____, 2011 (the "Resolution").

13 The Series _____-R___ Bonds are issuable as fully registered bonds without coupons
14 in the denominations of \$5,000 or any integral multiple thereof, provided that no Bond shall
15 have principal maturing on more than one principal maturity date. Subject to the limitations
16 and conditions and upon payment of the charges, if any, as provided in the Resolution, the
17 Series _____-R___ Bonds may be exchanged for a like aggregate principal amount of Bonds
18 of other authorized denominations of the same series, interest rate and maturity.

19 This Bond is transferable by the Registered Owner hereof, in person or by attorney
20 duly authorized in writing, at said office of the City Treasurer, but only in the manner, subject
21 to the limitations and upon payment of the charges provided in the Resolution, and upon
22 surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of
23 authorized denomination or denominations for the same series, interest rate and same
24 aggregate principal amount will be issued to the transferee in exchange herefor.

1 The Series ____-R__ Bonds maturing on or before June 15, 20__ are not subject
 2 to redemption prior to maturity. The Series ____-R__ Bonds maturing on or after June 15,
 3 20__ are subject to optional redemption prior to their respective maturities, at the option of
 4 the City, from any source of available funds, as a whole or in part on any date (with the
 5 maturities to be redeemed to be determined by the City and by lot within a maturity), on and
 6 after June 15, 20__, at redemption prices equal to _____% of the principal amount
 7 redeemed, together with accrued interest to the redemption date, without premium.

8 [The Series ____-R__ Bonds maturing on June 15, 20__, shall be subject to
 9 redemption prior to their respective maturity dates, in part, by lot, from mandatory sinking fund
 10 payments, on each June 15, as shown in the table below, at a redemption price equal to the
 11 principal amount thereof plus accrued interest thereon to the redemption date, without
 12 premium.

Mandatory Sinking Fund Redemption Date (June 15) _____	Mandatory Sinking Fund Payment _____
---	--

17
 18 20__
 19 20__
 20 20__
 21 20__*
 22 * Maturity]

1 Notice of redemption shall be given by mail not less than twenty (20) days prior to the
2 redemption date to the Registered Owner thereof, but neither failure to receive any such
3 notice or any defect in the notice so mailed shall affect the sufficiency of the proceedings for
4 redemption.

5 Any notice of optional redemption may provide that such redemption is conditional
6 upon occurrence of a specified event, as provided in the Resolution. In the event that such
7 conditional notice of optional redemption has been given, and on the scheduled Redemption
8 Date such condition has not been satisfied, the Series _____-R___ Bonds for which notice of
9 conditional optional redemption was given shall not be redeemed and shall remain
10 Outstanding for all purposes of the Resolution and the redemption not occurring shall not
11 constitute an event of default under the Resolution.

12 The City may also rescind any optional redemption and notice thereof for any reason
13 on any date prior to any Redemption Date by causing written notice of the rescission to be
14 given to the Registered Owner of all Series _____-R___ Bonds so called for redemption.
15 Notice of such rescission of redemption shall be given in the same manner notice of
16 redemption was originally given. The actual receipt by the Registered Owner of any Series
17 _____-R___ Bond of notice of such rescission shall not be a condition precedent to
18 rescission, and failure to receive such notice or any defect in such notice so mailed shall not
19 affect the validity of the rescission.

20 If this Series _____-R___ Bond is called for redemption and payment is duly provided
21 therefore, interest shall cease to accrue hereon from and after the date fixed for redemption.

22 The City and the City Treasurer may treat the Registered Owner of this Bond as the
23 absolute owner hereof for all purposes, and the City and the City Treasurer shall not be
24 affected by any notice to the contrary.

1 The City Treasurer may appoint agents to serve as bond registrar or paying agent, as
2 provided in the Resolution.

3 The Board of Supervisors hereby certifies and declares that: the total amount of
4 indebtedness of said City, including the amount of this Series _____-R___ Bond, is within the
5 limit provided by law; all acts, conditions and things required by the law to be done or
6 performed precedent to and in the issuance of this Series _____-R___ Bond have been done
7 and performed in strict conformity with the laws authorizing the issuance of this Series _____-
8 R___ Bond; this Series _____-R___ Bond is in the form prescribed by order of the Board of
9 Supervisors duly made and entered on its minutes; and the money for the payment of
10 principal of this Series _____-R___ Bond, and the payment of interest thereon, shall be raised
11 by taxation upon the taxable property of said City, as provided in the Resolution.

12 This Series _____-R___ Bond shall not be entitled to any benefit under the Resolution,
13 or become valid or obligatory for any purpose, until the Certificate of Authentication and
14 Registration hereon endorsed shall have been signed by the City Treasurer.

15 IN WITNESS WHEREOF the Board of Supervisors of the City and County of San
16 Francisco has caused this Series _____-R___ Bond to be executed by the Mayor of the City
17 and County of San Francisco, and to be countersigned by the Clerk of said Board, all as of
18 _____, 20__.

19
20 _____
21 Mayor of the City and
22 County of San Francisco

23
24 Countersigned:

25 _____
Clerk of the Board of Supervisors

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CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This is one of the Series _____-R____ Bonds described in the within-mentioned Resolution, which has been authenticated on the date set forth below.

Date of Authentication: _____, 20__.

TREASURER OF THE CITY AND
COUNTY OF SAN FRANCISCO

By: _____

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LEGAL OPINION OF BOND COUNSEL

The following is a true copy of the text of the separate opinions rendered to the City by _____, and by _____, Co-Bond Counsel to the City, in connection with the original issuance of the Series ____-R__ Bonds. These opinions are dated as of and premised on the transcript of proceedings examined and the law in effect on the date of such original delivery of such Bonds. Signed copies are on file in the office of the Treasurer.

TREASURER OF THE CITY AND COUNTY OF SAN FRANCISCO

[Specimen Signature]

[OPINION OF CO-BOND COUNSEL TO BE INSERTED HERE]

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ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

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(Name, Address, and Tax Identification or Social Security Number of Assignee)
the within-mentioned registered Bond and hereby irrevocably constitute(s) and
appoint(s) _____ attorney, to transfer the same on the books of the City
Treasurer with full power of substitution in the premises.

dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within Bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

_____ Tax ID Number: _____

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SANFRANCISCO/409953.3

Item 3
Files 11-1010

Department:
Controller's Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes the issuance "from time to time" of not to exceed \$1,355,991,219 of General Obligation (GO) Refunding Bonds and the specific parameters of the GO Refunding Bonds issuance(s), including (a) approving the form and terms, (b) authorizing the execution, authentication and registration, (c) approving the form and authorizing the execution and delivery of escrow agreements, (d) approving and directing the tax levy for repayment, (e) approving procedures for competitive or negotiated sales including approving forms of Official Notice of Sale and Notice of Intention to Sell, (f) authorizing the selection of underwriters and the execution and delivery of Bond purchase agreements, (g) approving the form and authorizing the execution and delivery of continuing disclosure certificates, and (h) authorizing the costs of issuance.

Key Points

- The proposed resolution authorizes the Director of Public Finance to determine (a) which prior GO Bonds would be refunded and (b) the sale dates, interest rates, maturity dates, redemption dates and the terms for such redemptions, such that the principal amounts do not exceed \$1,355,991,219.
- The proposed resolution would also approve the form and authorize the distribution of the Preliminary Official Statement and authorize the execution, delivery and distribution of the Official Statement for the initial series of approximately \$411,480,000 in GO Refunding Bonds to be issued on or around November 2011.

Fiscal Impact

- The proposed \$411,480,000 initial series GO Refunding Bonds issuance will have an estimated annual interest rate of 2.57 percent, through FY 2030-31 for a total debt service cost over 19 years of \$482,483,000 including (a) estimated total interest costs of \$71,350,000 and (b) estimated total principal costs of \$411,480,000.
- The City's proposed 2011 \$411,480,000 initial series GO Refunding Bond issuance would result in an estimated gross total savings to the City of approximately \$42,408,630. On a net present value basis, the estimated total savings would be approximately \$36,345,197 or 9.4 percent of the \$387,535,000 in outstanding GO Bonds as of September 12, 2011.

Policy Considerations

- The Budget and Legislative Analyst notes that the proposed resolution authorizing up to \$1,355,991,219 in GO Refunding Bonds from time to time at the discretion of the Controller's Office of Public Finance does not include a time limit, although the prior authorization included a five-year limitation. It is the Budget and Legislative Analyst's professional judgment that the proposed resolution should not provide open-ended authority for the Office of Public Finance to reissue GO Bonds, without any further review by the Board of Supervisors given the expectation that market conditions and the City's financial circumstances may change significantly over time.

Recommendations

- Amend the proposed resolution to limit the authorization issuance "from time to time" of not to exceed \$1,355,991,219 of G.O Refunding Bonds to five years.
- Approve the proposed resolution, as amended.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Section 9.106 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of any General Obligation Refunding Bonds in accordance with State law or local procedures adopted by ordinance without voter approval if the Refunding Bonds result in net debt service savings to the City and County on a present value basis.

Background

San Francisco's General Obligation (GO) Bonds are secured by a pledge to levy Property Taxes in an amount necessary to fully pay the debt service. According to the Controller's Office of Public Finance document, "Debt Policy of the City and County of San Francisco", the City generally issues GO Bonds to finance the acquisition, improvement, and/or construction of real property, including libraries, hospitals, parks, public safety facilities, cultural facilities, and educational facilities.

GO Refunding Bonds are issued to achieve debt service savings for the City by redeeming previously issued higher interest rate GO Bonds with new lower interest rate GO Refunding Bonds. According to the City's Debt Policy, GO Refunding Bond issuances must produce minimum net debt service savings of at least three percent, when compared to the debt service costs of the original GO Bonds.

Section 9.106 of the City Charter Imposes a Debt Limit on GO Bonds

Section 9.106 of the City Charter limits the amount of GO Bonds the City can have outstanding at any given time to three percent of the total assessed value of property in the City. According to Ms. Nadia Sesay, Director of the Controller's Office of Public Finance, as of September 12, 2011, the City had a total of \$1,355,991,219 in GO Bonds outstanding (See Attachment), or approximately .85 percent of the \$158,649,887,998 total assessed property value in the City. According to Mr. Anthony Ababon, Bond Associate for the Controller's Office of Public Finance, as shown in the Attachment, \$1,164,889,772 of GO Bonds remains authorized, but unissued. If all \$1,164,889,772 in authorized but unissued GO Bonds were issued, the total GO Bonds outstanding would be \$2,520,880,991 or 1.59 percent of the total net assessed value of property in the City. Mr. Ababon advises that the authorized but unissued GO Bonds will be issued as needed to fund the various projects authorized by the San Francisco voters, including the San Francisco General Hospital Rebuild, Earthquake Safety and Emergency Response, and Clean and Safe Neighborhood Parks, depending on the specific funding and timing needs of each project.

The Board of Supervisors Previously Approved GO Refunding Bonds to Be Issued at the Discretion of the Office of Public Finance

On May 11, 2004, the Board of Supervisors approved a resolution authorizing the issuance "from time to time" of not-to-exceed \$800,000,000 in GO Refunding Bonds (Resolution No. 0272-04). This previously approved resolution provided the discretion to the Office of Public Finance to issue up to \$800,000,000 of GO Refunding Bonds for five years, or through June 30, 2009, but

retained the Board of Supervisors' authority to approve the Preliminary Official Statements and Official Statements for each GO Refunding Bond issuance during that five-year period. According to Mr. Ababon, while the City's total outstanding GO Bond debt was \$910,865,000 at the time the May 11, 2004 resolution was approved, the \$800,000,000 not-to-exceed amount was determined to be sufficient to refund all of the \$910,865,000 in total outstanding GO Bond debt before June 30, 2009 and was therefore chosen as the not-to-exceed amount for this authorization. According to Mr. Ababon, the City subsequently issued GO Refunding Bonds in the total principal amount of \$568,710,000 resulting in total net present value debt service savings of approximately \$41,293,098.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution authorizes the issuance "from time to time" of not-to-exceed \$1,355,991,219 of G.O Refunding Bonds and the specific parameters for those GO Refunding Bonds issuance(s), including (a) approving the form and terms, (b) authorizing the execution, authentication and registration, (c) approving the form and authorizing the execution and delivery of escrow agreements, (d) approving and directing the Property Tax levy for repayments, (e) approving procedures for competitive or negotiated sales including approving forms of Official Notice of Sale and Notice of Intention to Sell, (f) authorizing the selection of underwriters and the execution and delivery of Bond purchase agreements, (g) approving the form and authorizing the execution and delivery of continuing disclosure certificates, and (h) authorizing the costs of issuance. Under the proposed resolution, the Board of Supervisors would still retain the authority to approve the Preliminary Official Statements and Official Statements for each issuance authorized under the proposed resolution.¹

The proposed resolution also authorizes the Director of Public Finance to determine (a) which series (or maturities within any series) of prior GO Bonds would be refunded, and (b) the sale dates, interest rates, maturity dates, redemption dates and the terms of any redemption of GO Bonds for a principal amount not-to-exceed \$1,355,991,219.

In addition, the proposed resolution authorizes the specific initial issuance (initial series) of \$411,480,000 in GO Refunding Bonds, including authorizing the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement.

The proposed resolution imposes the following terms and conditions on the sale of future GO Refunding Bonds:

- a) Total present value of the aggregated debt service to maturity on each GO Refunding Bond shall not exceed the total present value of the aggregated debt service to maturity on the prior GO Bonds to be refunded;

¹ According to Ms. Sesay, the Office of Public Finance would submit a proposed resolution to the Budget and Finance Committee to approve the Preliminary Official Statement and will also draft a summarizing memo. The Budget and Finance Committee would approve the Preliminary Official Statement and the Official Statement of each issuance based on the information provided in a summarizing memo which will confirm in detail that all essential criteria of issuance have been met for that issuance. Once the Budget and Finance Committee has approved the Preliminary Official Statement and Official Statement, approval will be subject to the full Board of Supervisors.

SAN FRANCISCO BOARD OF SUPERVISORS

- b) GO Refunding Bonds must achieve a minimum three percent net present value savings, including costs of issuance;
- c) True interest cost of the GO Refunding Bonds must not exceed 12 percent;
- d) GO Refunding Bonds must not have a final maturity date later than the maturity date of the GO Bonds to be refunded;
- e) Cost of issuance must not exceed two percent and the underwriter's discount² must not exceed one percent of the principal amount of the GO Refunding Bonds.

The proposed resolution authorizes the Preliminary Official Statement and authorizes the execution, delivery, and distribution of the Official Statement for the initial series of \$411,480,000 in GO Refunding Bonds.

The proposed resolution would approve the form and authorize the distribution of the Preliminary Official Statement and authorize the execution, delivery and distribution of the Official Statement for an initial issuance of an estimated initial series \$411,480,000 in GO Refunding Bonds. According to Ms. Sesay, this estimated initial series \$411,480,000 in GO Refunding Bonds would be issued around November, 2011 to refund (a) \$384,020,000 in outstanding tax-exempt GO Bonds and (b) \$3,515,000 in outstanding taxable GO Bonds. However, Ms. Sesay notes that the actual amount of this initial issuance of GO Refunding Bonds may be revised based on market conditions up to the day of the sale.

Based on an anticipated November, 2011 GO Refunding Bond issuance and redemption of the existing GO Bonds on December 2, 2011 and June 15, 2012, as shown in Table 2 below, the estimated cost of refunding the previously issued \$387,535,000 in GO Bonds is \$409,092,370, which is \$21,557,370 or 5.56 percent more than the current \$387,535,000 in outstanding principal on the previously issued GO Bonds. As shown in Table 1 below, this additional \$21,557,370 is due to (a) \$14,732,970 of interest expenses accruing on the existing GO Bonds from the last interest payment on June 15, 2011 until redemption of those GO Bonds on either December 2, 2011 or June 15, 2012, and (b) \$6,824,400 additional cost to redeem the GO Bonds being refunded at 100 to 102 percent of their existing principal.

² The underwriter's discount is the difference between the purchase price paid to the issuer for a new issue and the sum of the prices at which the bonds are initially offered to the investing public by the underwriter.

Table 1: Estimated Cost of Redeeming \$387,535,000 in Previously Issued GO Bonds						
	Principal Amount Remaining on GO Bonds to Be Refunded	Redemption Dates	Interest Expense from June 15, 2011 to Redemption Dates	Percentage of Principal Required to Redeem Tax-Exempt and Taxable Bonds	Redemption Premium in Dollars Over Principal Amount Required to Redeem Tax-Exempt and Taxable Bonds	Total Cost of Redeeming Bond Series
Taxable Bonds						
Total Taxable Bonds	\$3,515,000	12/2/2011	\$110,063	100%	0	\$3,625,063
Tax-Exempt Bonds						
	\$18,610,000	12/2/2011	\$335,682	100.5	\$93,050	\$19,038,732
	57,685,000	12/2/2011	1,054,043	101	576,850	59,315,893
	56,995,000	12/2/2011	1,169,838	102	1,139,900	59,304,738
	250,730,000	6/15/2012	12,063,344	102	5,014,600	267,807,944
Total Tax-Exempt Bonds	\$384,020,000		\$14,622,907		\$6,824,400	\$405,467,307
Total Estimated Cost to Redeem Previously Issued GO Bonds	\$387,535,000		\$14,732,970*		\$6,824,400*	\$409,092,370

*\$14,732,970 plus \$6,824,400 equals \$21,557,370

As shown in Table 1 above, because \$250,730,000 of the existing GO Bonds cannot be redeemed until June 15, 2012, Mr. Ababon estimates that approximately \$98,178 in interest will be earned from the new GO Refunding Bond issuance from November, 2011 through the June 15, 2012 redemption date. Therefore, as shown in Table 2 below, rather than \$409,092,370 being needed to redeem the bonds, costs would be reduced by \$98,178 from additional interest earnings, such that \$408,994,192 is estimated to be required to refund the subject bonds as of September 12, 2011.

Table 2: Estimated Net Cost of Redeeming Previously Issued GO Bonds	
Total Estimated Cost of Redeeming \$387,535,000 in GO Bonds	\$409,092,370
Interest Earned on \$141,283,268 Deposited in Escrow from November, 2011 through December 2, 2011	1,158*
Interest Earned on \$6,031,601 Deposited in Escrow from November, 2011 through December 15, 2011	70*
Interest Earned on \$261,679,322 Deposited in Escrow from November, 2011 through June 15, 2012	96,950*
Estimated Net Cost to Redeem Previously issued GO Bonds	\$408,994,192

*\$1,158 plus \$70 plus \$96,950 equals \$98,178

As summarized in Table 3 below, the total refunding cost from the initial series GO Refunding Bond issuance is estimated to be \$411,480,000, including (a) \$408,994,192 to redeem the outstanding \$387,535,000 from the previously issued \$384,020,000 in tax-exempt GO Bonds and \$3,515,000 in taxable GO Bonds, plus (b) \$2,485,808 in financing costs.

Net Cost to Redeem Previously issued GO Bonds (see Table 1 above)	\$408,994,192
Financing Costs	
Underwriter's Discount	2,057,400
Cost of Issuance	428,408
Subtotal	\$2,485,808
Total Refunding Costs	\$411,480,000

FISCAL IMPACTS

Proposed issuance of not-to-exceed \$1,355,991,219 of GO Refunding Bonds is Equal to the Amount of GO Bond Debt Held by the City

According to Mr. Ababon, the Office of Public Finance is requesting authorization to issue not-to-exceed \$1,355,991,219 in GO Refunding Bonds "from time to time" in order to access favorable market opportunities in the future and achieve maximum savings for the City without having to delay such an issuance which may result from requiring Board of Supervisors approval and risk losing any portion of the possible savings which could be achieved given the current state of the market. As previously discussed, the City has a current total of \$1,355,991,219 in GO Bonds outstanding (see Attachment), or approximately .85 percent of the \$158,649,887,998 total assessed property value in the City.

Anticipated Annual Debt Service and Total Costs of the \$411,480,000 GO Refunding Bond Issuance

Ms. Sesay anticipates that the proposed initial series \$411,480,000 in GO Refunding Bonds issuance will have an estimated annual interest rate of 2.57 percent over 19 years, or through FY 2030-31 for a total debt service cost of approximately \$482,483,000 including (a) estimated total interest costs of \$71,350,000 and (b) estimated total principal costs of \$411,480,000. The current interest rate on the GO Bonds proposed to be refunded is 4.65 percent, such that the proposed refunding will result in a savings of approximately 2.08 percent. The average annual debt service payment over the 19-year period would be approximately \$25,393,842.

The issuance of the initial series \$411,480,000 in GO Refunding Bonds will result in an increase in the ratio of debt versus total assessed value of property by 0.01 percent, from .85 percent to .86 percent resulting in the City holding 0.86 percent of the assessed value of property in debt. This is within the previously discussed three percent legal debt limit.

Given that the purpose of the proposed refunding is to achieve annual debt service savings, as shown in Table 5 below, Ms. Sesay estimates that the City's proposed 2011 initial series \$411,480,000 in GO Refunding Bonds would result in an estimated gross total savings to the City of approximately \$42,408,630. On a net present value basis, the estimated total savings would be approximately \$36,345,197 or 9.4 percent of the \$387,535,000 outstanding GO Bonds as of September 12, 2011.

Fiscal Year	Current Debt Service on GO Bonds to be Refunded	Estimated Debt Service if Proposed GO Refunding Bonds are Issued	Gross Estimated Savings
FY 2011-12	\$53,574,478	\$49,877,890	\$3,696,588
FY 2012-13	53,485,150	49,803,928	3,681,222
FY 2013-14	44,722,675	41,522,319	3,200,356
FY 2014-15	39,384,553	36,157,841	3,226,712
FY 2015-16	39,328,588	36,105,489	3,223,099
FY 2016-17	39,284,758	36,044,914	3,239,844
FY 2017-18	39,230,805	35,995,475	3,235,330
FY 2018-19	39,191,355	35,948,995	3,242,360
FY 2019-20	39,196,218	35,970,674	3,225,544
FY 2020-21	35,912,546	32,683,676	3,228,870
FY 2021-22	28,280,728	25,966,318	2,314,410
FY 2022-23	26,151,488	24,019,966	2,131,522
FY 2023-24	22,492,156	20,635,616	1,856,540
FY 2024-25	16,623,225	15,288,388	1,334,837
FY 2025-26	4,897,263	4,580,858	316,405
FY 2026-27	4,898,000	4,586,570	311,430
FY 2027-28	4,896,500	4,583,003	313,497
FY 2028-29	4,895,000	4,580,260	314,740
FY 2029-30	4,893,000	4,577,676	315,324
Total	\$541,338,486	\$498,929,856	\$42,408,630

There are no Additional Issuances Beyond the \$411,480,000 Issuance Anticipated at This Time

If the proposed resolution is approved and the anticipated initial series \$411,480,000 in GO Refunding Bonds are issued, refunding of the remaining \$944,511,219 (\$1,355,991,219 authorization less \$411,480,000 initial series refunding in November 2011) would not be subject to separate Board of Supervisors approval. However, the Budget and Legislative Analyst notes that, according to Mr. Ababon, there are no additional GO Refunding Bond issuances anticipated as of September 12, 2011, other than the above-noted initial series \$411,480,000 in GO Refunding Bonds to be issued on or around November of 2011.

POLICY CONSIDERATIONS

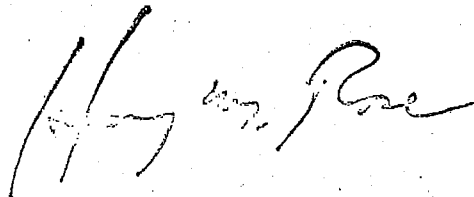
The Budget and Legislative Analyst notes that the proposed resolution authorizing up to \$1,355,991,219 in GO Refunding Bonds from time to time at the discretion of the Controller's Office of Public Finance does not include a time limit. A May 11, 2004 resolution, previously approved by the Board of Supervisors, which authorized up to \$800,000,000 in GO Refunding Bonds at the discretion of the Controller's Office of Public Finance, provided such refunding

authorization for a five-year specified time period, in contrast to authorization requested under the proposed resolution wherein there would be no time limit. It is the Budget and Legislative Analyst's professional judgment that the proposed resolution should not provide open-ended authority for the Office of Public Finance to issue GO Bonds, without any further review by the Board of Supervisors, given the expectation that market conditions and the City's financial circumstances may change significantly over time. Ms. Sesay advises that, if a five-year time limit is included, that the Office of Public Finance will likely not be able to refund all \$1,355,991,219 in GO Bonds within that period of time. The Budget and Legislative Analyst notes that the proposed resolution contains a not-to-exceed amount only and does not mandate that the entire \$1,355,991,219 in GO Bonds be refunded.

In the professional judgment of the Budget and Legislative Analyst, five years is a reasonable timeframe to allow the Controller's Office of Public Finance sufficient flexibility and time to issue a significant portion of the \$1,355,991,219 in proposed GO Refunding Bonds, dependent on market conditions while retaining the Board of Supervisors long-term oversight authority over debt issuances into the future as circumstances change. If it is favorable to the City for subsequent GO Refunding Bonds to be issued after that five-year time period, the Office of Public Finance should request Board of Supervisors approval for the proposed issuance at that time.

RECOMMENDATIONS

1. Amend the proposed resolution to limit the authorization issuance "from time to time" of not to exceed \$1,355,991,219 of GO Refunding Bonds to five years.
2. Approve the proposed resolution, as amended.



Harvey M. Rose

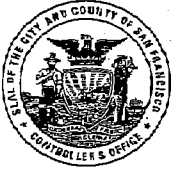
cc: Supervisor Chu
Supervisor Mirkarimi
Supervisor Kim
President Chiu
Supervisor Avalos
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Rick Wilson

CITY AND COUNTY OF SAN FRANCISCO				
General Obligation Bonds (as of September 1, 2011)				
Description of Issue (Date of Authorization)	Series	Issued	Outstanding ⁽¹⁾	Authorized & Unissued
Golden Gate Park Improvements (6/2/92)	2001A	\$17,060,000	\$0	\$289,004,772 ⁽²⁾
Seismic Safety Loan Program (11/3/92)	2007A	25,995,228	24,106,219	
Steinhart Aquarium Improvement (11/7/95)	2005F	29,245,000	22,840,000	
Affordable Housing Bonds (11/5/96)	2001D	23,000,000	3,515,000	
Educational Facilities - Unified School District (6/3/97)	2003B	29,480,000	19,970,000	
Zoo Facilities Bonds (6/3/97)	2002A	6,210,000	3,935,000	
	2005H	7,505,000	5,860,000	
Laguna Honda Hospital (11/2/99)	2005A	110,000,000	83,645,000	
	2005I	69,000,000	61,380,000	
Neighborhood Recreation and Park (3/7/00)	2001B	14,060,000	0	
	2003A	20,960,000	14,195,000	
	2004A	68,800,000	51,010,000	
California Academy of Sciences Improvement (3/7/00)	2004B	8,075,000	5,985,000	
	2005E	79,370,000	61,995,000	
Branch Library Facilities Improvement (11/7/00)	2002B	23,135,000	14,675,000	
	2005G	34,000,000	26,565,000	
	2008A	31,065,000	27,880,000	
Clean & Safe Neighborhood Parks (2/5/08)	2008B	42,520,000	38,370,000	
	2010B	24,785,000	17,870,000	
	2010D	35,645,000	35,645,000	82,050,000
San Francisco General Hospital and Trauma Center (11/4/08)	2009A	131,650,000	112,395,000	
	2010A	120,890,000	87,145,000	461,055,000
	2010C	173,805,000	173,805,000	332,780,000
Earthquake Safety and Emergency Response Bond (6/8/10)	2010E	79,520,000	77,845,000	
SUB TOTALS		\$1,205,775,228	\$970,631,219	\$1,164,889,772
General Obligation Refunding Bonds Series 2002-R1 issued 4/23/02		118,945,000	23,520,000	
General Obligation Refunding Bonds Series 2004-R1 issued 6/16/04		21,930,000	3,795,000	
General Obligation Refunding Bonds Series 2006-R1 issued 10/31/06		90,690,000	69,800,000	
General Obligation Refunding Bonds Series 2006-R2 issued 12/18/06		66,565,000	39,125,000	
General Obligation Refunding Bonds Series 2008-R1 issued 5/29/08		232,075,000	100,025,000	
General Obligation Refunding Bonds Series 2008-R2 issued 5/29/08		39,320,000	30,965,000	
General Obligation Refunding Bonds Series 2008-R3 issued 7/30/08		118,130,000	118,130,000	
TOTALS		\$1,893,430,228	\$1,355,991,219	\$1,164,889,772

⁽¹⁾ Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all real and personal assessment district indebtedness or any redevelopment agency indebtedness.

⁽²⁾ Of the \$35,000,000 authorized by the Board of Supervisors in February 2007, \$24,939,429 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds Authorized but Unissued."

Source: Office of Public Finance, City and County of San Francisco.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

RECEIVED
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2011 SEP 13 PM 4:38
RBC
Ben Rosenfield
Controller
Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance *NS*

SUBJECT: Resolution Providing for the Issuance of City and County of San Francisco General Obligation Refunding Bonds

DATE: September 12, 2011

Background

The proposed Resolution authorizes the issuance of not to exceed \$1,355,991,219 in City and County of San Francisco General Obligation Refunding Bonds, Series 2011-R1 (the "Refunding Bonds") from time to time. The Resolution also authorizes and directs the Director of Public Finance to determine which series of outstanding general obligation bonds would be refunded from proceeds of Refunding Bonds and to provide for the sale of any series of Refunding Bonds using the approved forms of such documents, subject to certain terms and conditions. The Resolution imposes, among others, the following terms and conditions:

- i) the refunding bonds must achieve 3% net present value savings;
- ii) the true interest cost of the refunding bonds must not exceed 12%;
- iii) the refunding bonds must not have a final maturity date later than the maturity date of the bonds to be refunded;
- iv) the costs of issuance must not exceed 2% and underwriter's discount must not exceed 1% of the principal amount of the refunding bonds; and
- v) any credit enhancement purchased in connection with refunding bonds must result in present value savings.

The Refunding Bonds will be the first series of bonds to be issued pursuant to the proposed Resolution. The remaining authorization will be issued subject to market conditions and the Board's approval of preliminary and final official statements for subsequent refunding bonds.

Current Plan of Finance

As of September 12, 2011, the City could issue \$411.48 million in tax-exempt Refunding Bonds to refund \$384.02 million of outstanding tax-exempt general obligation bonds and \$3.52 million of outstanding taxable general obligation bonds. The Refunding Bonds are estimated to result in gross savings to property taxpayers of about \$42.41 million. On a net present value basis, OPF estimates the debt service savings to be approximately \$36.37 million or 9.39% of the par amount of the bonds to be refunded. OPF will continue to monitor market conditions and may revise the par amount of the refunding up to the day before the sale. We anticipate the transaction to close and settle in November 2011. Table 1 outlines anticipated sources and uses for the Refunding Bonds.

Table 1: Anticipated Sources and Uses from the Refunding Bonds.

Sources		
Par Amount		\$ 411,480,000
Total Sources		\$ 411,480,000
Uses		
Refunding Escrow		\$ 408,994,192
Delivery Date Expenses		2,485,808
Other Underwriter's Discount	2,057,400	
Other Cost of Issuance	<u>428,408</u>	
Total Uses		\$ 411,480,000

In addition to funding the escrow, proceeds of the bonds would be used to pay costs of issuance of the bonds, underwriter's discount and bond insurance, if any. Bond insurance will be purchased at the option of the bidder based on the bidder's calculations as to what is most economic (i.e. the cost of the bond insurance is offset by the lower interest rates for insured bonds).

Based upon a conservative estimate of 2.57% true interest cost as defined in the proposed Resolution, OPF estimates that average fiscal year debt service on the Refunding Bonds is approximately \$25.41 million. The anticipated total par value of \$411.48 million is estimated to result in approximately \$71.35 million in interest payments over the life of the Refunding Bonds. The total principal and interest payment over the approximate 19 year life of the Refunding Bonds is approximately \$482.83 million.

Official Statement

The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of its Refunding Bonds. The Official Statement describes the Refunding Bonds, including sources and uses of funds; security for the Refunding Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Refunding Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Refunding Bonds and within seven days of the public offering of the Refunding Bonds, the *Final*

Official Statement (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the bonds.

The Board of Supervisors and the Mayor, in adopting and approving the proposed Resolution, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Refunding Bonds. In accordance with rule 15c2-12 of the Securities and Exchange Act of 1934, the Controller will certify, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Federal securities laws impose on the City the obligation to ensure that its offering documents are accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the disclosure documents as well as City staff charged with preparing the documents. The Official Statement is attached for your approval prior to its publication.

Method of Sale and Purchase Contract

The proposed Resolution delegates to the Director of Public Finance the authority to sell the Bonds by either a competitive or negotiated sale, subject to the Director of Public Finance's determination that a negotiated sale will result in the lowest borrowing cost to the City.

In April 2009, the City established through a competitive process a pool of qualified firms to provide underwriter and other investment banking services from which the City may select underwriters in connection with the City's issuance of various short- and long-term obligations. The Resolution authorizes the sale of the Bonds by negotiated sale pursuant to a Purchase Contract, if a negotiated sale is expected to provide the lower cost of borrowing as compared to a competitive sale method. If a negotiated sale method is pursued, one or more firms from the pool will be selected to serve as underwriter(s) for the Bonds.

Financing Timeline

Schedule milestones in connection with the financing may be summarized as follows:

<u>Milestone</u>	<u>Date*</u>
Introduction of authorizing resolution to the Board of Supervisors	September 13, 2011
Consideration by the Board of Supervisors Budget & Finance Committee	September 2011
Issuance and delivery of Refunding Bonds	November 2011

*Please note that dates are estimated unless otherwise noted.

Debt Limit

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. As of September 12, 2011, general obligation bonds totaling \$1,355,991,219 remain outstanding or approximately 0.85% of the net assessed value of property in the City. If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.59% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the

Refunding Bonds, the debt ratio would increase by 0.01% to 0.86% — within the 3.00% legal debt limit.

Additional Information

The proposed Resolution will be introduced at the Board of Supervisors meeting on Tuesday, September 13, 2011. The related forms of financing documents—including the Escrow Agreement, Notice of Intention to Sell, Official Notice of Sale, Purchase Contract, Official Statement, Appendix A and Continuing Disclosure Certificate and related documents—will also be submitted.

Escrow Agreement

The Resolution approves the form of Escrow Agreement, allowing for the creation of escrow funds to pay the principal, interest and any premium due on the Prior Bonds. The escrow agent will hold any escrow obligations pursuant to the Escrow Agreement in an irrevocable trust fund account for the City for the benefit of the owners of the Prior Bonds.

Official Notice of Sale and Notice of Intention to Sell

The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell City and County of San Francisco General Obligation Refunding Bonds. Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notice of Sale for the Refunding Bonds announces the date and time of the competitive bond sale, including the terms relating to the bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. Exhibit A-1 to the Official Notice of Sale is the form of the official bid for the purchase of the Refunding Bonds. Pursuant to the proposed Resolution, the Controller is authorized to award the Refunding Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Appendix A

The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management.

Continuing Disclosure Certificate

The City covenants 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 fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Refunding Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Your consideration of this matter is greatly appreciated. Please contact me at 554-5956 if you have any questions.

Cc (via email): Angela Calvillo, Clerk of the Board
Jason Elliott, Mayor's Office
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Rick Wilson, Mayor's Budget Director
Kenneth Roux, Deputy City Attorney

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *for* Mayor Edwin M. Lee *EL*
RE: General Obligation Refunding Bonds
DATE: September 13, 2011

RECEIVED
BOARD OF SUPERVISORS
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ABC

Attached for introduction to the Board of Supervisors is the resolution Authorizing the Issuance From Time to Time, in One or More Series, of Not to Exceed \$1,355,991,219 Aggregate Principal Amount of the City and County of San Francisco General Obligation Refunding Bonds, Including the Initial Series or Series of Such Bond To Be Designated as "City and County of San Francisco General Obligation Refunding Bonds, Series 2011-R1", to Refund Certain Outstanding General Obligation Bonds; Approving the Form and Terms of Said Bonds; Authorizing the Execution, Authentication and Registration of Said Bonds; Providing for the Appointment of Depositories, Verification Agents and Other Agents for Said Bonds; Approving the Form and Authorizing the Execution and Delivery of Escrow Agreements Relating To the Refunded Bonds; Approving and Directing the Tax Levy For Repayment of said Bonds; Approving Procedures For Competitive or Negotiated Sales Including Approving Forms of Official Notice of Sale and Notice of Intention to Sell Said Bonds and Authorizing the Selection of Underwriters and the Execution and Delivery of Bond Purchase Agreements; Approving the Form and Authorizing the Execution and Delivery of Continuing Disclosure Certificates; Approving the Form and Authorizing the Distribution of the Preliminary Official Statement and Authorizing the Execution, Delivery and Distribution of the Official Statement for the Series 2011 R1 Bonds; Authorizing Payment of Costs of Issuance of Said Bonds; Approving Modifications to Documents; Ratifying Actions Previously Taken; and Granting General Authority to City Officials to Take Necessary Actions in Connection with the Authorization, Issuance, Sale and Delivery of the Bonds and the Refunding of Certain Outstanding General Obligation Bonds.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

111010

ESCROW AGREEMENT

between
CITY AND COUNTY OF SAN FRANCISCO

and

BBB,
as Escrow Agent

Relating to
**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011-R1**

Dated as of October 1, 2011

RECEIVED SUPERVISORS
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BY *APC*

OFFICIAL NOTICE OF SALE

and

OFFICIAL BID FORMS

_____*

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011-R1**

The City and County of San Francisco will receive sealed bids and electronic bids for the above-referenced bonds at the place and up to the time specified below:

SALE DATE: October 19, 2011
(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

TIME: 8:30 a.m., California time

PLACE: 1 Dr. Carlton B. Goodlett Place, Room 336,
San Francisco, California 94102

DELIVERY DATE: November 2, 2011

* Preliminary, subject to change.

** Complete copy of document is located in

File No. 111010

NOTICE OF INTENTION TO SELL

[]^{*}
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011-R1

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (the "City") intends to offer for public sale on October 19, 2011, at 8:30 a.m. (California time) []^{*} aggregate principal amount of City and County of San Francisco General Obligation Refunding Bonds, Series 2011-R1 (the "Bonds") by sealed bids at the Controller's Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102 and by electronic bids through Ipreo LLC's BiDCOMPTM/PARITY[®] Systems ("Parity").

The City reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through the Bond Buyer Wire, Thomson Financial, Bloomberg Business News (collectively, the "News Services") and/or Parity. In the event that no bid is awarded for the Bonds, the City may reschedule the sale of the Bonds to another date or time by providing notification through Parity and/or the News Services.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale dated on or around October 11, 2011 (the "Official Notice of Sale") relating to the Bonds. Further information regarding the proposed sale of the Bonds, including copies of the Preliminary Official Statement dated on or around October 11, 2011 (the "Preliminary Official Statement") for the Bonds and the Official Notice of Sale, are available electronically at Ipreo Prospectus www.i-dealprospectus.com or may be obtained from either of the City's Co-Financial Advisors: Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mez. A, San Francisco, California 94104; telephone: (415) 392-5505 (office), Attention: Vincent McCarley (email: vmccarley@bmcbbc.com); and Montague DeRose and Associates, LLC, 2175 California Boulevard, Suite 745, Walnut Creek, California 94596; telephone: (925) 256-9797 Attention: Frank Perdue (email: perdue@montaguederose.com).

The Preliminary Official Statement for the Bonds and the Official Notice of Sale will be posted electronically at Ipreo Prospectus www.i-dealprospectus.com on or around October 11, 2011. Failure of any bidder to receive such notice shall not affect the legality of the sale.

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids for the Bonds. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Dated: October 11, 2011

^{*} Preliminary, subject to change.

\$ _____

REFUNDING GENERAL OBLIGATION BONDS
SERIES 2011-R1

PURCHASE CONTRACT

_____, 20__

** Complete copy of document is
located in

File No. 11/010

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102

Ladies and Gentlemen:

The undersigned _____, acting on behalf of itself (the "Representative") and the other Underwriters named on the signature page of this Purchase Contract (collectively, the "Underwriters"), offers to enter into this agreement (the "Purchase Contract") with the City and County of San Francisco (the "City"). Upon the acceptance of this offer by the execution and delivery of this Purchase Contract by the City to the Representative, this Purchase Contract will be binding upon the City and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the City on or before 5:00 P.M. California time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the City at any time prior to the acceptance of this Purchase Contract by the City. If the Underwriters withdraw this offer, or the Underwriters' obligation to purchase the Refunding Bonds (as hereinafter defined) is otherwise terminated pursuant to Section 10 hereof, then and in such case the City shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 12(b) hereof, and the City shall be free to sell the Refunding Bonds to any other party. Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Resolution (as hereinafter defined).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriters are not acting as a fiduciary of the City, but rather are acting solely in their capacity as Underwriters for their own account. The Representative represents and warrants to the City that it has been duly authorized to enter into this Purchase Contract on behalf of the Underwriters and to act hereunder by and on behalf of the other Underwriters. Any authority, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised jointly by all of the Underwriters or by the Representative on their behalf.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters hereby jointly and severally agree to purchase from the City, and the City agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$ _____ aggregate principal amount of Refunding General Obligation Bonds, Series 2011 R-1 (the "Refunding

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2011

NEW ISSUE – BOOK-ENTRY ONLY

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

In the separate opinions of Squire, Sanders & Dempsey (US) LLP, and Polsinelli Shughart LLC, Co-Bond Counsel to the City, 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 of the Bonds, see "TAX MATTERS" herein.



\$(Par Amount)*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2011-R1

Dated: Date of Delivery

Due: June 15, as shown in the inside cover

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The City and County of San Francisco General Obligation Refunding Bonds Series 2011-R1 (the "Bonds") will be issued under the Government Code of the State of California, the Charter of the City and County of San Francisco (the "City"), and the Administrative Code of the City. The issuance of the Bonds has been authorized by Resolution No. _____, adopted by the Board of Supervisors of the City on _____, 2011, and duly approved by the Mayor of the City on _____, 2011. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to refund certain outstanding general obligation bonds of the City (as further described herein, the "Prior Bonds"), and to pay certain costs related to the issuance of the Bonds and the refunding of the Prior Bonds. See "PLAN OF REFUNDING" and "SOURCES AND USES OF FUNDS."

The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration." The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing [December 15, 2011]. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS – Payment of Interest and Principal."

The Bonds will be subject to redemption prior to their respective stated maturities as described herein. See "THE BONDS – Redemption."

The Board of Supervisors has the power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon when due. See "SECURITY FOR THE BONDS."

MATURITY SCHEDULE
(See Inside Cover)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchaser, subject to the respective legal opinions of Squire, Sanders & Dempsey (US) LLP, San Francisco, California, and Polsinelli Shughart LLC, Los Angeles, California, Co-Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _____, 2011.

Dated: _____, 2011

** Complete copy of document is located in

* 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.

** Complete copy of document is located in

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

File No. 11/010

This Appendix contains information that is current as of September 12, 2011.

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, including labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations.

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such specified documents and other information that is inconsistent with the information set forth in this Official Statement should be disregarded and no such other information is a part of or incorporated into this Appendix A. The information contained in this Official Statement, including this Appendix A, speaks only as of its date, and the information herein is subject to change. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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