

1 [Branch Library General Obligation Bond Sale]

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3 **Resolution authorizing and directing the sale of not to exceed \$23,135,000 City and**
4 **County of San Francisco General Obligation Bonds (Branch Library Facilities**
5 **Improvement Bonds, 2000), Series 2002B; prescribing the form and terms of said bonds;**
6 **authorizing the execution, authentication and registration of said bonds; providing for the**
7 **appointment of depositories and other agents for said bonds; providing for the**
8 **establishment of accounts related thereto; approving the forms of official notice of sale**
9 **and notice of intention to sell bonds; directing the publication of the notice of intention to**
10 **sell bonds; approving the form and execution of the official statement relating thereto;**
11 **approving the form of the continuing disclosure certificate; approving modifications to**
12 **documents; ratifying certain actions previously taken; and granting general authority to**
13 **City officials to take necessary actions in connection with the authorization, issuance,**
14 **sale and delivery of said bonds.**

15

16 WHEREAS, By Resolution No. 389-01, (the "Authorizing Resolution") adopted by the
17 Board of Supervisors (the "Board of Supervisors") of the City and County of San Francisco (the
18 "City") on May 14, 2001, and signed by the Mayor of the City (the "Mayor") on May 25, 2001, the
19 City authorized the issuance of its Branch Library Facilities Improvement Bonds, 2000, and the
20 sale of the first series of not to exceed \$17,665,000 aggregate principal amount of said Bonds;
21 and,

22 WHEREAS, It is necessary and desirable to issue an additional series of said bonds in a
23 single series as City and County of San Francisco General Obligation Bonds (Branch Library
24 Facilities Improvement Bonds, 2000), Series 2002B (the "Bonds"); and,

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1 WHEREAS, The Bonds are being issued pursuant to the Authorizing Resolution and Title
2 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government Code (the "Act"), the
3 Charter of the City and a duly held election; and,

4 WHEREAS, The City expects to pay certain expenditures in connection with the projects
5 to be financed by the Bonds prior to the issuance and sale of the Bonds, and the City intends to
6 reimburse itself and to pay third parties for such prior expenditures from the proceeds of the
7 Bonds; and,

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

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

16 WHEREAS, The adoption of this Resolution shall constitute authorization of the Bonds
17 within the meaning of Section 864 of the California Code of Civil Procedure; now, therefore, be it

18 RESOLVED by the Board of Supervisors of the City and County of San Francisco, 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 exist,
22 to happen and to be performed precedent to and in the issuance of the Bonds 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 its Charter and applicable law to incur
25 indebtedness in the manner and form provided in this Resolution.

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1 Section 3. Documents. The documents presented to this Board of Supervisors and on
2 file with the Clerk of the Board of Supervisors are contained in File No. _____.

3 Section 4. Issuance and Sale of Bonds. The Board of Supervisors hereby authorizes the
4 issuance and sale of not to exceed \$_____ aggregate principal amount of bonds to be
5 designated as "City and County of San Francisco General Obligation Bonds (Branch Library
6 Facilities Improvement Bonds, 2000), Series 2002B" for the purposes set forth in the Authorizing
7 Resolution. The Director of Public Finance of the City is hereby authorized to determine the sale
8 date, the maturity dates and the redemption dates of the Bonds, subject to the following terms
9 and conditions: (i) the Bonds shall not have a true interest cost in excess of 12% (as such term is
10 defined in the Official Notice of Sale); (ii) the Bonds shall not have a final maturity date after June
11 15, 2026; and (iii) any original issue premium in the purchase of the Bonds shall not exceed 2%
12 of the principal amount of the Bonds. The Director of Public Finance is further authorized to give
13 the Bonds such additional or other series designation as may be necessary or appropriate to
14 distinguish such series from every other series and from other bonds issued by the City.

15 Section 5. Execution, Authentication and Registration of the Bonds. The Bonds shall be
16 in fully registered form without coupons in denominations of \$5,000 or any integral multiple
17 thereof. The officers of the City are hereby directed to cause the Bonds to be prepared in
18 sufficient quantity for delivery to or for the account of the purchaser thereof and the Clerk of the
19 Board of Supervisors is hereby directed to cause the blanks therein to be completed in
20 accordance with the Authorizing Resolution, to cause the seal of the City to be reproduced or
21 impressed thereon, to procure their execution by the proper officers of the City, and to deliver the
22 Bonds when so executed to said purchaser in exchange for the purchase price thereof, all in
23 accordance with the Authorizing Resolution.

24 The Bonds and the certificate of authentication and registration of the Treasurer of the
25 City (the "City Treasurer") and the form of assignment to appear thereon shall be substantially in

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1 the form attached hereto as Exhibit A (a copy of which is on file with the Clerk of the Board of
2 Supervisors and which is hereby declared to be a part of this Resolution as if fully set forth
3 herein) with necessary or appropriate variations, omissions and insertions as permitted or
4 required by this Resolution.

5 Only such of the Bonds as shall bear thereon a certificate of authentication and
6 registration in the form herein recited, executed by the City Treasurer, shall be valid or obligatory
7 for any purpose or entitled to the benefits of this Resolution, and such certificate of the City
8 Treasurer shall be conclusive evidence that the Bonds so authenticated have been duly
9 authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

10 The City Treasurer shall assign a distinctive letter, or number, or letter and number to
11 each Bond authenticated and registered by him or her and shall maintain a record thereof which
12 shall be available for inspection.

13 Section 6. Registration Books. The City Treasurer shall keep or cause to be kept, at the
14 office of the City Treasurer, sufficient books for the registration and transfer of the Bonds, which
15 shall at all times be open to inspection, and upon presentation for such purpose, the City
16 Treasurer shall, under such reasonable regulations as he or she may prescribe, register or
17 transfer or cause to be registered or transferred, on said books, Bonds as herein provided.

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

23 Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate
24 principal amount of other authorized denominations of the same interest rate and maturity.

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1 Whenever any Bond shall be surrendered for transfer or exchange, the designated City
2 officials shall execute (as provided in Section 5 hereof) and the City Treasurer shall authenticate
3 and deliver a new Bond or Bonds of the same interest rate and maturity in a like aggregate
4 principal amount. The City Treasurer shall require the payment by any bond owner requesting
5 any such transfer of any tax or other governmental charge required to be paid with respect to
6 such transfer or exchange.

7 No transfer or exchange of Bonds shall be required to be made by the City Treasurer
8 during the period from the Record Date (as defined herein) next preceding each interest
9 payment date to such interest payment date or after a notice of redemption shall have been
10 mailed with respect to such Bond.

11 Section 8. Terms of the Bonds; General Redemption Provisions. The Bonds shall each
12 be dated the first day of the month in which the Bonds are sold or such other date (the "Dated
13 Date") as specified in the award to be made pursuant to Section 13 hereof (the "Bond Award").
14 The Bonds shall bear interest from the date thereof until paid at rates to be determined upon the
15 sale of the Bonds, calculated on the basis of a 360-day year comprised of twelve 30-day months,
16 payable on December 15, 2002, and semiannually thereafter on June 15 and December 15 of
17 each year (or such other dates as may be designated in the Bond Award).

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

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1 Each Bond shall bear interest from the interest payment date next preceding the date of
2 authentication thereof unless it is authenticated as of a day during the period from the Record
3 Date next preceding any interest payment date to the interest payment date, inclusive, in which
4 event it shall bear interest from such interest payment date, or unless it is authenticated on or
5 before November 30, 2002 (or such other date as may be designated in the Bond Award), in
6 which event it shall bear interest from the Dated Date; provided, however, that if, at the time of
7 authentication of any Bond, interest is in default on the Bonds, such Bond shall bear interest
8 from the interest payment date to which interest has previously been paid or made available for
9 payment on the Bonds or from the Dated Date if the first interest payment is not made. Except
10 as may be otherwise provided in connection with any book-entry only system applicable to the
11 Bonds, payment of the interest on any Bond shall be made by check mailed to such owner at
12 such owner's address as it appears on the registration books as of the Record Date; provided,
13 however, if any interest payment occurs on a day that banks in California and New York are
14 closed for business or the New York Stock Exchange is closed for business, then such payment
15 shall be made on the next succeeding day that banks in both California and New York are open
16 for business and the New York Stock Exchange is open for business (a "Business Day"); and
17 provided, further, that the registered owner of an aggregate principal amount of at least
18 \$1,000,000 of the Bonds may submit a written request to the City Treasurer on or before a
19 Record Date preceding an interest payment date for payment of interest by wire transfer to a
20 commercial bank located within the United States. For so long as the Bonds are held in book-
21 entry form by a securities depository selected by the City pursuant to Section 11 hereof,
22 payment may be made to the registered owner of the Bonds designated by such securities
23 depository by wire transfer of immediately available funds.

24 The Bonds maturing on or before June 15, 2010 (or such other date as may be
25 designated in the Bond Award) shall not be subject to optional redemption prior to maturity. The

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1 Bonds maturing on or after June 15, 2011 (or such other date as may be designated in the Bond
2 Award) are subject to optional redemption prior to their respective stated maturities, at the option
3 of the City, from any source of available funds, as a whole or in part on any date (with the
4 maturities to be redeemed to be determined by the City and by lot within a maturity) on or after
5 June 15, 2010 (or such other date as may be designated in the Bond Award), at redemption
6 prices equal to 101% of the principal amount redeemed in the first year the Bonds are subject to
7 optional redemption (with such redemption price declining to 100% at the rate of 0.5% annually),
8 together with accrued interest to the date of redemption, or such other redemption prices as may
9 be designated in the Bond Award.

10 The Bonds shall be subject to mandatory redemption at par, by lot, in any year for which
11 the purchaser therefor has designated that the principal amount payable with respect to that year
12 shall constitute a mandatory sinking fund payment as permitted by the Official Notice of Sale (as
13 more fully described in Section 13 hereof). Any Bonds subject to mandatory redemption shall be
14 designated as such in the Bond Award. The principal and interest on Series 2002B Bonds
15 subject to mandatory redemption shall be paid from the Series 2002B Bond Account pursuant to
16 Section 9 hereof. In lieu of any such mandatory redemption, at any time prior to the selection of
17 the Bonds for redemption, the City may apply such amounts on deposit in the Series 2002B
18 Bond Account (as defined in Section 9 hereof) to make such payment to the purchase of Bonds
19 subject to such redemption at public or private sale, as and when and at such prices not in
20 excess of the principal amount thereof (including sales commission and other charges but
21 excluding accrued interest), as the City may determine.

22 The date on which the Bonds which are called for redemption are to be presented for
23 redemption is herein sometimes called the "redemption date." The City Treasurer shall mail, or
24 cause to be mailed, notice of any redemption of Bonds, postage prepaid, to the respective
25 registered owners thereof at the addresses appearing on the bond registration books not less

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1 than thirty (30) nor more than sixty (60) days prior to the redemption date. The notice of
2 redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the dates
3 of maturity of the Bonds and, if less than all of any such maturity is called for redemption, the
4 distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of Bonds
5 redeemed in part only, the respective portions of the principal amount thereof to be redeemed;
6 (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds
7 be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give
8 notice that interest on such Bonds will cease to accrue after the designated redemption date.

9 The actual receipt by the owner of any Bond of notice of such redemption shall not be a
10 condition precedent to redemption, and failure to receive such notice, or any defect in such
11 notice, shall not affect the validity of the proceedings for the redemption of such Bonds or the
12 cessation of accrual of interest on such Bonds on the redemption date.

13 At least five (5) days before the above redemption notice date, notice also shall be
14 given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage
15 prepaid, (ii) confirmed facsimile transmission or (iii) overnight delivery service, to (a) all
16 organizations registered with the Securities and Exchange Commission as securities
17 depositories and (b) such other services or organizations as may be required in accordance
18 with the Continuing Disclosure Certificate described in Section 18 hereof.

19 The notice or notices required for redemption shall be given by the City Treasurer, or any
20 agent appointed by the City. A certificate of the City Treasurer or such other appointed agent of
21 the City that notice of redemption has been given to the owner of any Bond in accordance with
22 this Resolution shall be conclusive against all parties.

23 At the time the City Treasurer or the Controller of the City (the "Controller") determines to
24 optionally call and redeem any of the Bonds, the City Treasurer or his or her agent shall
25 establish a redemption account to be described or known as the "General Obligation Bonds

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1 (Branch Library Facilities Improvement Bonds, 2000), Series 2002B Redemption Account" (the
2 "Series 2002B Redemption Account") and prior to or on the redemption date there must be set
3 aside in said Series 2002B Redemption Account moneys available for the purpose and sufficient
4 to redeem as provided in this Resolution, the Bonds designated in said notice of redemption.
5 Said moneys must be set aside in the Series 2002B Redemption Account solely for the purpose
6 of, and shall be applied on or after the redemption date to, payment of the redemption price of
7 the Bonds to be redeemed upon presentation and surrender of such Bonds. Any interest due on
8 or prior to the redemption date may be paid from the Series 2002B Bond Account as provided in
9 Section 9 hereof or from the Series 2002B Redemption Account. Moneys held from time to time
10 in the Series 2002B Redemption Account shall be invested by the City Treasurer pursuant to the
11 City's policies and guidelines for investment of General Fund moneys or pursuant to any
12 resolution authorizing the issuance of refunding bonds or any escrow agreement relating thereto.
13 If, after all of the Bonds have been redeemed and canceled or paid and canceled, there are
14 moneys remaining in said Series 2002B Redemption Account, said moneys shall be transferred
15 to the General Fund of the City; provided, however, that if said moneys are part of the proceeds
16 of refunding bonds, said moneys shall be transferred pursuant to the resolution authorizing such
17 refunding bonds.

18 Whenever less than all the outstanding Bonds maturing on any one date are called for
19 redemption on any one date, the City Treasurer will select the Bonds or portions thereof, in
20 denominations of \$5,000 or any integral multiple thereof, to be redeemed from the outstanding
21 Bonds maturing on such date not previously selected for redemption, by lot in any manner
22 which the City Treasurer deems fair.

23 When notice of optional redemption has been given, substantially as provided herein, and
24 when the amount necessary for the redemption of the Bonds called for redemption (principal and
25 premium, if any) is set aside for that purpose in said Series 2002B Redemption Account, as

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1 provided herein, the Bonds designated for redemption shall become due and payable on the
2 date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the
3 place specified in the notice of redemption, such Bonds shall be redeemed and paid at said
4 redemption price out of said Series 2002B Redemption Account. No interest will accrue on such
5 Bonds called for redemption after the redemption date and the registered owners of such Bonds
6 shall look for payment of such Bonds only to said Series 2002B Redemption Account. All Bonds
7 redeemed shall be canceled forthwith by the City Treasurer and shall not be reissued.

8 The City may rescind any optional redemption and notice thereof for any reason on any
9 date prior to the date fixed for redemption by causing written notice of the rescission to be given
10 to the owners of all Bonds so called for redemption. Any optional redemption and notice thereof
11 shall be rescinded if for any reason on the date fixed for redemption funds are not or will not be
12 available in the Series 2002B Redemption Account in an amount sufficient to pay in full on said
13 date the principal of, interest, and any premium due on the Bonds called for redemption. Notice
14 of rescission of redemption shall be given in the same manner notice of redemption was
15 originally given. The actual receipt by the owner of any Bond of notice of such rescission shall
16 not be a condition precedent to rescission, and failure to receive such notice or any defect in
17 such notice shall not affect the validity of the rescission.

18 Section 9. Series 2002B Bond Account. There is hereby established with the City
19 Treasurer a special subaccount in the General Obligation Bonds (Branch Library Facilities
20 Improvement Bonds, 2000) Bond Account (the "Bond Account") created pursuant to the
21 Authorizing Resolution, to be designated the "General Obligation Bonds (Branch Library
22 Facilities Improvement Bonds, 2000), Series 2002B Bond Account (the "Series 2002B Bond
23 Account"), to be held separate and apart from all other accounts of the City. All interest
24 earned on amounts on deposit in the Series 2002B Bond Account shall be retained in the
25 Series 2002B Bond Account.

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1 On or prior to the date on which any payment of principal or interest on the Bonds is
2 due, including any Bonds subject to mandatory redemption on said date, the City Treasurer
3 shall allocate to and deposit in the Series 2002B Bond Account, from amounts held in the
4 Bond Account pursuant to Section 8 of the Authorizing Resolution, an amount which, when
5 added to any available moneys contained in the Series 2002B Bond Account, is sufficient to
6 pay principal and interest on the Bonds on such date.

7 On or prior to the date on which any Bonds are to be redeemed at the option of the City
8 pursuant to this Resolution, the City Treasurer may allocate to and deposit in the Series
9 2002B Redemption Account, from amounts held in the Bond Account pursuant to Section 9 of
10 the Authorizing Resolution, an amount which, when added to any available moneys contained
11 in the Series 2002B Bond Account, is sufficient to pay principal and interest and any premium
12 on the Bonds on such date. The City Treasurer may make such other provision for the
13 payment of principal and interest and any redemption premium on the Bonds as is necessary
14 or convenient to permit the optional redemption of the Bonds.

15 Amounts in the Series 2002B Bond Account may be invested in any investment of the
16 City in which moneys in the General Fund of the City are invested. The City Treasurer may
17 commingle any of the moneys held in the Series 2002B Bond Account with other City moneys
18 or deposit amounts credited to the Series 2002B Bond Account into a separate fund or funds
19 for investment purposes only; *provided, however*, that all of the moneys held in the Series
20 2002B Bond Account hereunder shall be accounted for separately notwithstanding any such
21 commingling or separate deposit by the City Treasurer.

22 Section 10. Series 2002B Project Account. There is hereby established with the City
23 Treasurer a special subaccount in the General Obligation Bonds (Branch Library Facilities
24 Improvement Bonds, 2000) Project Account (the "Project Account") created pursuant to the
25 Authorizing Resolution, to be designated the "General Obligation Bonds (Branch Library

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1 Facilities Improvement Bonds, 2000), Series 2002B Project Account (the "Series 2002B
2 Project Account"), to be held separate and apart from all other accounts of the City. All
3 interest earned on amounts on deposit in the Series 2002B Project Account shall be retained
4 in the Series 2002B Project Account. Amounts in the Series 2002B Project Account shall be
5 expended in accordance with the provisions of the Authorizing Resolution for the acquisition,
6 renovation and construction of the Project (as defined in the Authorizing Resolution).

7 Amounts in the Series 2002B Project Account may be invested in any investment of the
8 City in which moneys in the General Fund of the City are invested. The City Treasurer may
9 commingle any of the moneys held in the Series 2002B Project Account with other City
10 moneys or deposit amounts credited to the Series 2002B Project Account into a separate fund
11 or funds for investment purposes only; *provided, however*, that all of the moneys held in the
12 Series 2002B Project Account hereunder shall be accounted for separately notwithstanding
13 any such commingling or separate deposit by the City Treasurer.

14 The City Treasurer is hereby authorized to pay or cause to be paid from the proceeds
15 of the Bonds, on behalf of the City, the costs of issuance associated with the Bonds. Costs of
16 issuance of the Bonds shall include, without limitation, bond and financial printing expenses,
17 mailing and publication expenses, rating agency fees, the fees and expenses of paying
18 agents, registrars, financial consultants and bond counsel and the reimbursement of
19 departmental expenses in connection with the issuance of the Bonds.

20 Section 11. Appointment of Depositories and Other Agents. The City Treasurer is
21 hereby authorized and directed to appoint one or more depositories as he or she may deem
22 desirable and the procedures set forth in Section 8 hereof relating to registration of ownership of
23 the Bonds, and payments and redemption notices to owners of the Bonds may be modified to
24 comply with the policies and procedures of such depository. The City will not have any
25 responsibility or obligation to any purchaser of a beneficial ownership interest in any Bonds or to

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1 any participants in such a depository with respect to (i) the accuracy of any records maintained
2 by such securities depository or any participant therein; (ii) any notice that is permitted or
3 required to be given to the owners of the Bonds under this Resolution; (iii) the selection by such
4 securities depository or any participant therein of any person to receive payment in the event of a
5 partial redemption of the Bonds; (iv) the payment by such securities depository or any participant
6 therein of any amount with respect to the principal or redemption premium, if any, or interest due
7 with respect to the Bonds; (v) any consent given or other action taken by such securities
8 depository as the owner of the Bonds; or (vi) any other matter.

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

17 Section 12. Defeasance Provisions. Payment of all or any portion of the Bonds may be
18 provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the
19 City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act
20 as escrow agent with respect thereto):

21 (a) An amount of cash equal to the principal amount of all of such Bonds or a
22 portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds
23 which are to be redeemed prior to such Bonds' respective stated maturities and in respect of
24 which notice of such redemption shall have been given as provided in Section 8 hereof or an
25 irrevocable election to give such notice shall have been made by the City, the amount to be

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1 deposited shall be the principal amount thereof, all unpaid interest thereon to the redemption
2 date, and any premium due on such redemption date; or

3 (b) Defeasance Securities (as herein defined) not subject to call, except as
4 provided below in the definition thereof, maturing and paying interest at such times and in such
5 amounts, together with interest earnings and cash, if required, as will, without reinvestment, as
6 certified by an independent certified public accountant, be fully sufficient to pay the principal and
7 all unpaid interest to maturity, or to the redemption date, as the case may be, and any premium
8 due on the Bonds to be paid or redeemed, as such principal and interest come due; provided,
9 that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such
10 redemption shall be given as provided in Section 8 hereof or an irrevocable election to give such
11 notice shall have been made by the City; then, all obligations of the City with respect to said
12 outstanding Bonds shall cease and terminate, except only the obligation of the City to pay or
13 cause to be paid from the funds deposited pursuant to paragraphs (a) or (b) of this Section 12, to
14 the owners of said Bonds all sums due with respect thereto; provided, that the City shall have
15 received an opinion of nationally recognized bond counsel, that provision for the payment of said
16 Bonds has been made in accordance with this Section 12.

17 For purpose of this Section 12, "Defeasance Securities" shall mean any of the following
18 which at the time are legal investments under the laws of the State of California for the moneys
19 proposed to be invested therein:

20 (1) United States Obligations (as herein defined); and

21 (2) Pre-refunded fixed interest rate municipal obligations meeting the following
22 conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the
23 trustee has been given irrevocable instructions concerning their calling and redemption and the
24 issuer has covenanted not to redeem such obligations other than as set forth in such
25 instructions; (b) the municipal obligations are secured by cash and/or United States Obligations;

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1 (c) the principal of and interest on the United States Obligations (plus any cash in the escrow
2 fund or the redemption account) are sufficient to meet the liabilities of the municipal obligations;
3 (d) the United States Obligations serving as security for the municipal obligations are held by the
4 City Treasurer or, if appointed by the City Treasurer pursuant to Section 11 hereof, an escrow
5 agent or trustee; (e) the United States Obligations are not available to satisfy any other claims,
6 including those against the trustee or escrow agent; and (f) the municipal obligations are rated
7 "AAA" by S&P and "Aaa" by Moody's.

8 For purposes of this Section 12, "United States Obligations" shall mean (i) direct and
9 general obligations of the United States of America, or obligations that are unconditionally
10 guaranteed as to principal and interest by the United States of America, including without
11 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds which
12 have been stripped by request to the Federal Reserve Bank of New York in book-entry form or
13 (ii) any security issued by an agency or instrumentality of the United States of America which is
14 selected by the Director of Public Finance that results in the escrow fund being rated "AAA" by
15 Standard & Poor's and "Aaa" by Moody's at the time of the initial deposit to the escrow fund and
16 upon any substitution or subsequent deposit to the escrow fund.

17 Section 13. Official Notice of Sale. The form of proposed Official Notice of Sale inviting
18 bids for the Bonds is hereby approved and adopted as the Official Notice of Sale inviting bids for
19 the Bonds with such changes, additions and completions as may be made in accordance with
20 Section 19 hereof.

21 Proposals shall be received on the date designated by the Director of Public Finance
22 pursuant to Section 4 hereof. The Director of Public Finance is hereby authorized and directed
23 to cause to be mailed or otherwise circulated to prospective bidders for the Bonds copies of said
24 Official Notice of Sale, subject to such corrections, revisions or additions as may be acceptable
25 to the Director of Public Finance.

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1 The Controller of the City (the "Controller") is hereby authorized to award the Bonds to the
2 bidder whose bid represents the lowest true interest cost to the City, all in accordance with the
3 procedures described in the Official Notice of Sale. The Controller shall provide a copy of the
4 Bond Award as soon as practicable to the Clerk of the Board of Supervisors and the Director of
5 Public Finance; provided, however, that failure to provide such copies shall not affect the validity
6 of the Bond Award.

7 Section 14. Publication of Notice of Intention to Sell Bonds. The form of proposed Notice
8 of Intention to Sell Bonds is hereby approved and adopted as the Notice of Intention to Sell
9 Bonds, and the Clerk of the Board of Supervisors is hereby authorized and directed to cause
10 said Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as may
11 be made in accordance with Section 19 hereof, to be published once at least fifteen (15) days
12 before the date of sale in The Bond Buyer or another financial publication generally circulated
13 throughout the State of California.

14 Section 15. Solicitation of Competitive Bids. This Board of Supervisors hereby
15 authorizes the solicitation of competitive bids for the purchase of the Bonds on the date and at
16 the place determined in accordance with the Official Notice of Sale herein referenced.

17 Section 16. Official Statement. The form of proposed Official Statement describing the
18 Bonds (the "Official Statement") submitted to the Board of Supervisors is hereby approved and
19 adopted as the Official Statement describing the Bonds, with such additions, corrections and
20 revisions as may be determined to be necessary or desirable made in accordance with
21 Section 19 hereof. The Controller is hereby authorized to cause the distribution of a Preliminary
22 Official Statement deemed final for purposes of Rule 15c2-12 of the Securities Exchange Act of
23 1934, as amended, and to sign a certificate to that effect. The Controller is further hereby
24 authorized and directed to sign the final Official Statement. The Director of Public Finance is
25 hereby authorized and directed to cause to be printed and mailed to prospective bidders for the

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1 Bonds copies of the Official Statement in substantially the form of the Preliminary Official
2 Statement approved and adopted hereby, as completed, supplemented, corrected or revised.

3 Section 17. Tax Covenants. (a) General. The City hereby covenants with the holders
4 of the Bonds that, notwithstanding any other provisions of this Resolution, it shall not take any
5 action, or fail to take any action, if any such action or failure to take action would adversely
6 affect the exclusion from gross income of interest on the Bonds under Section 103 of the
7 Internal Revenue Code of 1986 (the "Code"), and the regulations issued thereunder, as the
8 same may be amended from time to time, and any successor provisions of law. Reference to
9 a particular section of the Code shall be deemed to be a reference to any successor to any
10 such section. The City shall not, directly or indirectly, use or permit the use of proceeds of the
11 Bonds or any of the property financed or refinanced with proceeds of the Bonds, or any
12 portion thereof, by any person other than a governmental unit (as such term is used in Section
13 141 of the Code), in such manner or to such extent as would result in the loss of exclusion
14 from gross income for federal income tax purposes of interest on the Bonds.

15 (b) Use of Proceeds. The City shall not take any action, or fail to take any action, if any
16 such action or failure to take action would cause the Bonds to be "private activity bonds"
17 within the meaning of Section 141 of the Code, and in furtherance thereof, shall not make any
18 use of the proceeds of the Bonds or any of the property financed or refinanced with proceeds
19 of the Bonds, or any portion thereof, or any other funds of the City, that would cause the
20 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. To that
21 end, so long as any Bonds are outstanding, the City, with respect to such proceeds and
22 property and such other funds, will comply with applicable requirements of the Code and all
23 regulations of the United States Department of the Treasury issued thereunder and under
24 Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"), to the
25 extent such requirements are, at the time, applicable and in effect. The City shall establish

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1 reasonable procedures necessary to ensure continued compliance with Section 141 of the
2 Code (or, if applicable, the 1954 Code) and the continued qualification of the Bonds as
3 "governmental bonds."

4 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any
5 proceeds of any Bonds, or of any property financed or refinanced thereby, or other funds of
6 the City, or take or omit to take any action, that would cause the Bonds to be "arbitrage
7 bonds" within the meaning of Section 148 of the Code. To that end, the City shall comply with
8 all requirements of Section 148 of the Code and all regulations of the United States
9 Department of the Treasury issued thereunder to the extent such requirements are, at the
10 time, in effect and applicable to the Bonds.

11 (d) Federal Guarantee. The City shall not make any use of the proceeds of the Bonds or
12 any other funds of the City, or take or omit to take any other action, that would cause the
13 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

14 (e) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants of this
15 Section 17, the City covenants that it will comply with the provisions of the Tax Certificate to
16 be executed by the City, dated the date of issuance of the Bonds, as it may be amended from
17 time to time (herein called the "Tax Certificate"). This covenant shall survive payment in full or
18 defeasance of the Bonds.

19 Section 18. Continuing Disclosure Certificate. The form of Continuing Disclosure
20 Certificate issued by the City to permit the original purchasers of the Bonds to comply with
21 Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities
22 Exchange Act of 1934, as amended, submitted to the Board of Supervisors is hereby approved
23 and adopted as the Continuing Disclosure Certificate, with such additions, corrections and
24 revisions as may be determined to be necessary or desirable made in accordance with
25 ///

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1 Section 19 hereof. The Controller is hereby authorized and directed to enter into the Continuing
2 Disclosure Certificate on behalf of the City.

3 Section 19. Modification to Documents. Any City official authorized by this Resolution to
4 execute any document is hereby further authorized, in consultation with the City Attorney, to
5 approve and make such changes, additions, amendments or modifications to the document or
6 documents such official is authorized to execute as may be necessary or advisable (provided
7 that such changes, additions, amendments or modifications shall not authorize an aggregate
8 principal amount of Bonds in excess of \$23,135,000 or conflict with the provisions of Section 4
9 hereof). The approval of any change, addition, amendment or modification to any of the
10 aforementioned documents shall be evidenced conclusively by the execution and delivery of the
11 document in question.

12 Section 20. Ratification. All actions heretofore taken by officials, employees and agents
13 of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed
14 and ratified.

15 Section 21. Relationship to Authorizing Resolutions. In the event of any conflict between
16 this Resolution and the Authorizing Resolution, the terms of this Resolution shall control.

17 Section 22. Reimbursement. The City hereby declares its official intent to reimburse
18 prior expenditures of the City incurred prior to the issuance and sale of the Bonds in connection
19 with the projects to be financed by the Bonds.

20 Section 23. Accountability Reports. The Series 2002B Bonds are subject to Article VIII of
21 Chapter 2 of the City's Administrative Code. Accountability report(s) with respect to the Series
22 2002B Bonds shall be submitted at the time(s) and in the manner required by said Article VIII.

23 Section 24. General Authority. The Clerk of the Board of Supervisors, the Mayor, the
24 City Treasurer, the Director of Public Finance, the City Attorney and the Controller are each
25 hereby authorized and directed in the name and on behalf of the City to take any and all steps

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1 and to issue and deliver any and all certificates, requisitions, agreements, notices, consents, and
2 other documents as may be necessary to give effect to the provisions of this resolution, including
3 but not limited to letters of representations to any depository or depositories which they or any of
4 them might deem necessary or appropriate in order to consummate the lawful issuance, sale
5 and delivery of the Bonds.

6

7 APPROVED AS TO FORM:

8 DENNIS J. HERRERA
9 City Attorney

10 By: _____
11 MICHAEL J. MARTIN
12 Deputy City Attorney

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MAYOR WILLIE L. BROWN, JR.
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EXHIBIT A

[FORM OF BOND]

Number UNITED STATES OF AMERICA Amount
_____ STATE OF CALIFORNIA \$_____

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(BRANCH LIBRARY FACILITIES IMPROVEMENT BONDS, 2000), SERIES 2002B

Interest Rate Maturity Date Dated CUSIP Number

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY AND COUNTY OF SAN FRANCISCO, State of California (herein called the "City"), acknowledges itself indebted to and promises to pay to CEDE & Co. or registered assigns, on the maturity date set forth above the principal sum of _____ Dollars (\$_____) in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of the day during the period from the last day of the month next preceding any interest payment date (the "Record Date") to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before November 30, 2002, in which event it shall bear interest from its dated date until payment of such principal sum, at the interest rate per annum stated herein above calculated on the basis of a 360-day year comprised of twelve 30-day

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1 months, payable on December 15, 2002 and semiannually thereafter on June 15 and December
2 15 in each year; provided, however, if any interest payment date occurs on a day that banks in
3 California and New York are closed for business, then such payment shall be made on the next
4 succeeding day that banks in both California and New York are open for business and the New
5 York Stock Exchange is open for business (a "Business Day"). The principal hereof is payable
6 to the registered owner hereof upon the surrender hereof at the office of the Treasurer of the City
7 in San Francisco, California (the "City Treasurer"). The interest hereon is payable to the person
8 whose name appears on the bond registration books of the City Treasurer as the registered
9 owner hereof as of the close of business on the Record Date immediately preceding an interest
10 payment date, whether or not such day is a Business Day, such interest to be paid by check
11 mailed to such registered owner at the owner's address as it appears on such registration books;
12 provided, however, that the registered owner of Bonds in an aggregate principal amount of at
13 least \$1,000,000 may submit a written request to the Treasurer on or before the Record Date
14 preceding any interest payment date for payment of interest hereon by wire transfer to a
15 commercial bank located in the United States.

16 This bond is one of a duly authorized issue of bonds of like tenor (except for such
17 variations, if any, as may be required to designate varying numbers, denominations, interest
18 rates and maturities), in the aggregate principal amount of not to exceed \$105,865,000 and is
19 one of a duly authorized series of said issue which series is in the aggregate principal amount of
20 \$23,135,000 and is authorized by votes of more than two-thirds of the voters voting at an
21 election duly and legally called, held and conducted in said City on November 7, 2000 and is
22 issued and sold by the City pursuant to and in strict conformity with the provisions of the
23 Constitution and laws of said State, and Charter of the City and of resolutions (the "Resolutions")
24 adopted by the Board of Supervisors of the City (the "Board of Supervisors") on May 14, 2001,
25 and _____, 2002.

1 The bonds are issuable as fully registered bonds without coupons in the denominations of
2 \$5,000 or any integral multiple thereof, provided that no bond shall have principal maturing on
3 more than one principal maturity date. Subject to the limitations and conditions and upon
4 payment of the charges, if any, as provided in the Resolutions, bonds may be exchanged for a
5 like aggregate principal amount of bonds or other authorized denominations of the same series,
6 interest rate and maturity.

7 This bond is transferable by the registered owner hereof, in person or by attorney duly
8 authorized in writing, at said office of the Treasurer, but only in the manner, subject to the
9 limitations and upon payment of the charges provided in the Resolutions, and upon surrender
10 and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized
11 denomination or denominations for the same interest rate and same aggregate principal amount
12 will be issued to the transferee in exchange herefor.

13 Bonds maturing on or before June 15, 2010 are not subject to redemption prior to
14 maturity. Bonds maturing on or after June 15, 2011 are subject to optional redemption prior to
15 their respective maturities, at the option of the City from any source of available funds, as a
16 whole or in part on any date (with the maturities to be redeemed to be determined by the City
17 and by lot within a maturity), on and after June 15, 2010, at the following redemption prices
18 expressed as a percentage of the principal amount thereof, together with accrued interest to the
19 date fixed for redemption:

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Redemption Dates

Redemption Prices

22

23

June 15, 2010 through June 14, 2011

101%

24

June 15, 2011 through June 14, 2012

100.5%

25

June 15, 2012 and thereafter

100%

1 The bonds are further subject to mandatory sinking fund redemption prior to their
 2 respective stated maturities on June 15 of each year specified below, by lot within the maturity if
 3 less than all of the bonds of such maturity are to be redeemed, upon payment of the principal
 4 amount thereof and accrued interest thereon to the date fixed for redemption, without premium,
 5 but only in amounts equal to and in accordance with the schedule shown below.

6 Mandatory Sinking		7 Mandatory Sinking
8 <u> Fund Payment </u>		8 <u> Fund Payment </u>
9 <u> Date (June 15) </u>		
10 20__		\$ _____
11 20__		_____
12 20__ (final maturity)		_____

14 Notice of redemption shall be given by mail not less than thirty (30) nor more than sixty
 15 (60) days prior to the redemption date to the registered owner thereof, but neither failure to mail
 16 such notice or any defect in the notice so mailed shall affect the sufficiency of the proceedings
 17 for redemption.

18 The City may rescind any optional redemption by written notice to the owner of any Bond
 19 previously called for redemption prior to the redemption date. Any notice of optional redemption
 20 shall be rescinded if for any reason funds are not or will not be available on the date fixed for
 21 redemption or the payment in full of the Bonds then called for redemption. Notice of rescission
 22 of redemption shall be given in the same manner notice of redemption was originally provided.
 23 The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition
 24 precedent to rescission, and failure to receive such notice or any defect in such notice shall not
 25 affect the validity of the rescission.

1 If this bond is called for redemption and payment is duly provided therefor, interest shall
2 cease to accrue hereon from and after the date fixed for redemption.

3 The City and the City Treasurer may treat the registered owner hereof as the absolute
4 owner hereof for all purposes, and the City and the City Treasurer shall not be affected by any
5 notice to the contrary.

6 The Board of Supervisors hereby certifies and declares that the total amount of
7 indebtedness of said City, including the amount of this bond, is within the limit provided by law,
8 that all acts, conditions and things required by the law to be done or performed precedent to and
9 in the issuance of this bond have been done and performed in strict conformity with the laws
10 authorizing the issuance of the bond, that this bond is in the form prescribed by order of the
11 Board of Supervisors duly made and entered on its minutes and shall be payable out of the
12 general fund of said City, and the money for the redemption of this bond, and the payment of
13 interest thereon, shall be raised by taxation upon the taxable property of said City.

14 This bond shall not be entitled to any benefit under the Resolutions, or become valid or
15 obligatory for any purpose, until the certificate of authentication and registration hereon endorsed
16 shall have been signed by the City Treasurer.

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1 IN WITNESS WHEREOF the Board of Supervisors of the City and County of San
2 Francisco has caused this bond to be executed under the official seal of the City and County of
3 San Francisco or a facsimile thereof by the Mayor of the City and County of San Francisco and
4 the City Treasurer, and to be countersigned by the Clerk of said Board, which signature is to be
5 countersigned by a Deputy Clerk of said Board, all as of _____, 2002.

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9 [SEAL]

Mayor of the City and
County of San Francisco

Treasurer of the City and
County of San Francisco

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15 Countersigned:

Clerk of the Board
of Supervisors

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18 Countersigned:

Deputy Clerk of the Board
of Supervisors

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[FORM OF TREASURER'S CERTIFICATE
OF AUTHENTICATION TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Resolutions and authenticated
and registered _____.

TREASURER OF THE CITY AND
COUNTY OF SAN FRANCISCO

By: _____

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto
_____ the within-mentioned registered Bond and hereby irrevocably
constitute(s) and appoint(s) _____ attorney, to transfer the same on the
books of the Treasurer with full power of substitution in the premises.

Dated: _____

NOTE: The signature(s) on this Assignment must
correspond with the name(s) as written on the face of
the within registered Bond in every particular, without
alteration or enlargement or any change whatsoever.

Signature Guarantee:

_____ Tax ID Number: _____