

1 [2001 Affordable Housing Bond Sale]

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3 Resolution Authorizing and Directing the Sale of not to Exceed \$40,000,000 of City and
4 County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C and
5 City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing)
6 Series 2001D; Prescribing the Form and Terms of Said Bonds; Authorizing the Execution,
7 Authentication and Registration of Said Bonds; Providing for the Appointment of
8 Depositories and Other Agents for Said Bonds; Providing for the Establishment of
9 Accounts Related Thereto; Approving the Forms of Official Notice of Sale of Bonds and
10 Notice of Intention to Sell Bonds; Directing the Publication of the Notice of Intention to Sell
11 Bonds; Approving the Form and Execution of the Official Statement Relating Thereto;
12 Approving the Form of the Continuing Disclosure Certificate; Approving Modifications to
13 Documents; Ratifying Certain Actions Previously Taken; and Granting General Authority to
14 City Officials to take Necessary Actions in Connection with the Authorization, Issuance,
15 Sale and Delivery of Said Bonds.

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17 WHEREAS, By Resolution No. 570-96 adopted by the Board of Supervisors (the "Board of
18 Supervisors") of the City and County of San Francisco (the "City") on June 17, 1996, and signed
19 by the Mayor of the City (the "Mayor") on June 19, 1996, it was determined and declared that
20 public interest and necessity demand the financing of the development of housing affordable to
21 low-income households and downpayment assistance to low and moderate income first-time
22 homebuyers (the "Program") by the City; and,

23 WHEREAS, By Ordinance No. 296-96, finally passed by the Board of Supervisors on July
24 22, 1996 and signed by the Mayor on July 22, 1996, the Board of Supervisors duly called a

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1 special election to be held on November 5, 1996, for the purpose of submitting to the electors of
2 the City a proposition to incur bonded indebtedness for the Program; and,

3 WHEREAS, A special election was held in the City on November 5, 1996, for the purpose
4 of submitting to the qualified voters of the City the following proposition ("Proposition A") for
5 incurring bonded indebtedness of the City in the aggregate principal amount of \$100,000,000 to
6 finance the Program:

7 AFFORDABLE HOUSING BONDS, to incur \$100,000,000 of bonded indebtedness for the
8 financing of (1) the development of housing affordable to low-income households and (2) down
9 payment assistance to low- and moderate-income first-time homebuyers, and all other costs
10 necessary or convenient for the foregoing purposes.

11 WHEREAS, The Registrar of Voters of the City duly and regularly canvassed the return of
12 said election and, as the result of such canvass, certified to the Board of Supervisors that more
13 than two-thirds of the votes cast on said proposition favored the incurring of such bonded
14 indebtedness; and,

15 WHEREAS, By Ordinance No. 449-97 adopted on November 24, 1997 and signed by the
16 Mayor of the City on December 5, 1997, the Board of Supervisors authorized the issuance of its
17 City and County of San Francisco General Obligation Bonds (Affordable Housing) (the
18 "Ordinance"); and,

19 WHEREAS, On March 4, 1998 the City issued \$20,000,000 of City and County of
20 San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A (the "Series
21 1998A Bonds") pursuant to the Ordinance; and,

22 WHEREAS, On June 10, 1999 the City issued \$20,000,000 of City and County of San
23 Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1999A (the "Series
24 1999A Bonds") pursuant to the Ordinance; and,

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1 WHEREAS, On July 6, 2000 the City issued \$20,000,000 of City and County General
2 Obligation Bonds (Affordable Housing) Series 2000D (the "Series 2000D Bonds") pursuant to the
3 Ordinance; and,

4 WHEREAS, The Board of Supervisors has determined, and does hereby declare that it is
5 necessary and desirable to issue the remainder of said general obligation bonds in a fourth and a
6 final series designated respectively as City and County of San Francisco General Obligation
7 Bonds (Affordable Housing) Series 2001C (the "2001 Tax-Exempt Bonds") City and County of
8 San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D (the "2001
9 Taxable Bonds" and together with the 2001 Tax-Exempt Bonds, the "Bonds"); and,

10 WHEREAS, The Bonds are being issued pursuant to the Ordinance, the Charter of the City
11 and a duly held election and will be payable from proceeds of the annual tax levy provided for in
12 the Ordinance; and,

13 WHEREAS; The issuance of the Bonds does not cause the aggregate amount of general
14 obligation bond indebtedness of the City to exceed three percent (3%) of the assessed value of all
15 taxable real and personal property located within the City and does not violate any applicable debt
16 limitation contained in the City's Charter and Administrative Code, including Section 2.60 thereof
17 or any similar provision; and,

18 WHEREAS, By Resolution No. 1047-97 adopted by the Board of Supervisors on
19 November 24, 1997, and signed by the Mayor on December 5, 1997, the Board of Supervisors
20 approved regulations for the Program (the "Regulations") in accordance with Section 81.6 of the
21 City's Administrative Code; and

22 WHEREAS, The Board of Supervisors desires that the proceeds of the Bonds, as allocated
23 herein, be applied in accordance with the Ordinance and the Regulations; and

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1 WHEREAS, The City expects to pay certain expenditures incurred prior to the issuance
2 and sale of the Bonds, and the City intends to reimburse itself and to pay third parties for such
3 prior expenditures from the proceeds of the Bonds; and,

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

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

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

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16 RESOLVED by the Board of Supervisors of the City and County of San Francisco, as
17 follows:

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

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

24 Section 3. Documents. The documents presented to this Board of Supervisors and on file
25 with the Clerk of the Board of Supervisors are contained in File No. 010666.

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1 Section 4. Issuance and Sale of Bonds. The Board of Supervisors hereby authorizes the
2 issuance and sale of a fourth and a fifth series of bonds in a combined aggregate principal amount
3 not to exceed \$40,000,000 as authorized by and for the purposes set forth in Proposition A. The
4 2001 Tax-Exempt Bonds shall be in an aggregate principal amount of \$17,000,000 (or such other
5 amount designated by the Director of Public Finance in the Official Notice of Sale approved by
6 Section 14 of this Resolution) and the 2001 Taxable Bonds shall be in an aggregate principal
7 amount of \$23,000,000 (or such other amount designated by the Director of Public Finance in the
8 Official Notice of Sale approved by Section 14 of this Resolution); provided, however, that the
9 combined principal amount of the Bonds shall not exceed \$40,000,000.

10 Said fourth and fifth series of such bonds shall be designated, respectively, as "City and
11 County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C" and "City
12 and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series
13 2001D" and or such other or additional series designation as shall be specified by the Director of
14 Public Finance of the City (the "Director of Public Finance"). Sale of the Bonds may be aggregated
15 with other general obligation bonds being issued by the City as authorized from time to time by the
16 Board of Supervisors.

17 In accordance with Section 5(f) of the Ordinance, the Board of Supervisors declares that it
18 does not intend or expect that the interest paid on the 2001 Taxable Bonds will be exempt from
19 taxation under federal income tax laws and no covenants or provisions will be made by the City
20 with respect to the 2001 Taxable Bonds to provide for such exemption.

21 Section 5. Execution, Authentication and Registration of Bonds. The Bonds shall be in fully
22 registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The
23 officers of the City are hereby directed to cause the Bonds to be prepared in sufficient quantity for
24 delivery to the purchaser thereof and the Director of Public Finance is hereby directed to cause
25 the blanks therein to be completed in accordance with the Resolution. The Mayor and the

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1 Treasurer of the City (the "Treasurer") are each hereby authorized to approve and to execute the
2 Bonds; and the Clerk and the Deputy Clerk of the Board of Supervisors are each hereby
3 authorized to countersign the Bonds.

4 Except for the countersignature of a Deputy Clerk of the Board of Supervisors which shall
5 be a manual signature, all signatures referred to hereinabove may be facsimile or manual. The
6 Treasurer is hereby authorized to authenticate the Bonds, by manual signature and the Clerk of
7 the Board of Supervisors is authorized to cause the official seal of the City or a facsimile thereof to
8 be reproduced or impressed on the Bonds and to deliver the Bonds, when so executed and
9 authenticated, to the purchaser in exchange for the purchase price thereof.

10 The Bonds and the Treasurer's certificate of authentication and registration and the form of
11 assignment to appear thereon shall be substantially in the form attached hereto as Exhibit A (a
12 copy of which is on file with the Clerk of the Board of Supervisors and which is hereby declared to
13 be a part of this Resolution as if fully set forth herein) with necessary or appropriate variations,
14 omissions and insertions as necessary for each series of the Bonds or as permitted or required by
15 this Resolution.

16 In case any of such officers whose signature or countersignature appears on the Bonds
17 shall cease to be such officer before the delivery of such Bonds to the purchaser, such signature
18 or countersignature shall nevertheless be valid and sufficient for all purposes as if such officer had
19 remained in office until the delivery of the Bonds.

20 Only Bonds that bear a certificate of authentication and registration in the form given in
21 Exhibit A, executed by the Treasurer, shall be valid or obligatory for any purpose or entitled to the
22 benefits of this Resolution, and such certificate of the Treasurer shall be conclusive evidence that
23 the Bonds so authenticated have been duly authenticated and delivered hereunder and are
24 entitled to the benefits of this Resolution.

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

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

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

14 Any Bonds may be exchanged at the office of the Treasurer for a like aggregate principal
15 amount of other authorized denominations of the same series, interest rate and maturity.

16 Whenever any Bond shall be surrendered for transfer or exchange, the designated City
17 officials shall execute (as provided in Section 5 hereof) and the Treasurer shall authenticate and
18 deliver a new Bond or Bonds of the same series, interest rate and maturity in a like aggregate
19 principal amount. The Treasurer shall require the payment by the Owner of any Bond requesting
20 any such transfer of any tax or other governmental charge required to be paid with respect to such
21 transfer or exchange.

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

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1 Section 8. Terms of the Bonds; General Redemption Provisions. (A) Each series of
2 Bonds shall each be dated the date of issuance of the Bonds or such other date (the "Dated
3 Date") as specified in the award to be made pursuant to Section 16 hereof (the "Bond Award").
4 The Bonds shall bear interest from the date thereof until paid at rates to be determined upon sale
5 of the Bonds, calculated on the basis of a 360-day year comprised of twelve 30-day months,
6 payable on December 15, 2001, and semiannually thereafter on June 15 and December 15 (or
7 such other dates as may be designated in the Bond Award) of each year and shall either mature
8 or be subject to mandatory redemption (as hereinafter provided) on June 15 (or such other date
9 as may be designated in the Bond Award) of the years, and in the amounts, as set forth in the
10 Official Statement relating to the Bonds, provided that no Bonds shall mature later than June 15,
11 2026. The 2001 Tax-Exempt Bonds and the 2001 Taxable Bonds are not required to have
12 identical bond terms and redemption provisions.

13 The costs incurred in connection with the issuance of the Bonds (excluding underwriters'
14 discount and any cost of credit enhancement) shall not exceed two percent (2%) of the principal
15 amount of the Bonds and shall be paid as specified in Section 10 hereof.

16 The Bonds shall be issued in book-entry form and initially shall be registered in the name
17 of Cede & Co. as nominee of the Depository Trust Company. For so long as Cede & Co. or its
18 registered assignee is the registered Owner of all of the Bonds, payment shall be made by wire
19 transfer of immediately available funds to Cede & Co. The principal of the Bonds shall be payable
20 in lawful money of the United States of America to the Owner thereof, upon the surrender thereof
21 at maturity or earlier redemption at the office of the Treasurer. The interest on the Bonds shall be
22 payable in like lawful money to the person whose name appears on the bond registration books of
23 the Treasurer as the Owner thereof as of the close of business on the last day of the month
24 immediately preceding an interest payment date (the "Record Date"), whether or not such day is a
25 Business Day (as hereinafter 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 the last day of the month preceding the initial interest payment date, in which event it shall
6 bear interest from the Dated Date of the Bonds; 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 from
8 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 of the Bonds if the first interest payment is not
10 made. Payment of the interest on any Bond shall be made by check mailed to such Owner at
11 such Owner's address as it appears on the registration books as of the Record Date; provided,
12 however, if any interest payment is due on a day that banks in California and New York are closed
13 for business, then such payment shall be made on the next succeeding day that banks in both
14 California and New York are open for business (a "Business Day"); and provided, further, that the
15 registered Owner of an aggregate principal amount of at least \$1,000,000 of the Bonds may
16 submit a written request to the 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.

19 Each series of Bonds shall be subject to mandatory redemption, by lot, in any year for
20 which a successful bidder therefor has designated that the principal amount payable with respect
21 to that year shall constitute a mandatory sinking fund payment as permitted by the Official Notice
22 of Sale approved by Section 14 hereof. Any such mandatory redemptions shall be designated as
23 such in the Bond Award. In lieu of any such mandatory redemption, at any time prior to the
24 selection of the Bonds for redemption, the City may apply such amounts on deposit in the Debt
25 Service Account (as defined in the Ordinance) to make such payment to the purchase of Bonds

1 subject to such redemption at public or private sale, as and when and at such prices not in excess
2 of the principal amount thereof (including brokerage and other charges, but excluding accrued
3 interest), as the City may determine.

4 As used herein, "redemption date" shall mean date on which any Bonds called for early
5 redemption are to be paid consistent with the Notice of Redemption.

6 The Bonds maturing on or before June 15, 2009 (or such other dates as may be
7 designated in the Bond Award) shall not be subject to optional redemption prior to maturity. The
8 Bonds maturing on or after June 15, 2010 (or such other dates as may be designated in the Bond
9 Award) are subject to optional redemption prior to their respective stated maturities, at the option
10 of the City, from any source of available funds, as a whole or in part on any date (with the
11 maturities to be redeemed to be determined by the City and by lot within a maturity) on or after
12 June 15, 2009 (or such other dates as may be designated in the Bond Award), at redemption
13 prices equal to 102% of the principal amount redeemed in the first year the Bonds are subject to
14 optional redemption (with such redemption price declining to 100% at the rate of one percent (1%)
15 annually), together with accrued interest to the date of redemption, or at such other redemption
16 prices as may be designated in the Bond Award.

17 (B) (i) Prior to the time the Treasurer or the Controller of the City (the "Controller")
18 determines to optionally call and redeem any of the 2001 Tax-Exempt Bonds, the Treasurer shall
19 establish a Redemption Account to be described as the "General Obligation Bonds (Affordable
20 Housing) Series 2001C Redemption Account" (the "Series 2001C Redemption Account") (or such
21 other name as may be necessary to conform the name of the account to any other or additional
22 series designation specified pursuant to Section 4) and prior to or on the redemption date there
23 must be set aside in said Series 2001C Redemption Account moneys available for the purpose
24 and sufficient to redeem, as provided in this Resolution, the 2001 Tax-Exempt Bonds designated
25 in said notice of redemption. Said moneys must be set aside in said account solely for the

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1 purpose of, and shall only be applied on or after the redemption date to, payment of the
2 redemption price of the 2001 Tax Exempt Bonds to be redeemed upon presentation and
3 surrender of such 2001 Tax-Exempt Bonds. Any interest due on or prior to the redemption date
4 may be paid from the Debt Service Account. If, after all of the 2001 Tax-Exempt Bonds have
5 been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Series
6 2001C Redemption Account, said moneys shall be transferred to the General Fund of the City as
7 permitted by law; provided, however, that if said moneys are part of the proceeds of refunding
8 bonds, said moneys shall be transferred to the fund or account created for the payment of
9 principal and interest on such refunding bonds.

10 When notice of optional redemption has been given as provided below, and when the amount
11 necessary for the redemption of the 2001 Tax-Exempt Bonds called for redemption (principal and
12 premium, if any) is set aside for that purpose in said Series 2001C Redemption Account, as
13 provided herein, the 2001 Tax-Exempt Bonds designated for redemption shall become due and
14 payable on the date fixed for redemption thereof, and upon presentation and surrender of said
15 2001 Tax-Exempt Bonds at the place specified in the notice of redemption, such 2001 Tax-
16 Exempt Bonds shall be redeemed and paid at the stated redemption price out of said Series
17 2001C Redemption Account. No interest will accrue on such 2001 Tax-Exempt Bonds called for
18 redemption after the redemption date and the registered Owners of such 2001 Tax-Exempt Bonds
19 shall look for payment of such 2001 Tax-Exempt Bonds only to said Series 2001C Redemption
20 Account. All 2001 Tax-Exempt Bonds redeemed shall be cancelled forthwith by the Treasurer
21 and shall not be reissued.

22 The City may rescind any optional redemption and notice thereof for any reason on any date prior
23 to the date fixed for redemption by causing written notice of the rescission to be given to the
24 Owners of all 2001 Tax-Exempt Bonds so called for redemption. Any optional redemption and
25 notice thereof shall be rescinded if for any reason on the date fixed for redemption funds are not

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1 available in the Series 2001C Redemption Account in an amount sufficient to pay in full on said
2 date the principal of, interest, and any premium due on the 2001 Tax-Exempt Bonds called for
3 redemption. Notice of rescission of redemption shall be given in the same manner notice of
4 redemption was originally given. The actual receipt by the Owner of any 2001 Tax-Exempt Bond
5 of notice of such rescission shall not be a condition precedent to rescission, and failure to receive
6 such notice or any defect in such notice shall not affect the validity of the rescission.

7 (ii) Prior to the time the Treasurer or the Controller determines to optionally call and redeem any
8 of the 2001 Taxable Bonds, the Treasurer shall establish a Redemption Account to be described
9 as the "Taxable General Obligation Bonds (Affordable Housing) Series 2001D Redemption
10 Account" (the "Series 2001D Redemption Account") (or such other name as may be necessary to
11 conform the name of the account to any other or additional series designation specified pursuant
12 to Section 4) and prior to or on the redemption date there must be set aside in said Series 2001D
13 Redemption Account moneys available for the purpose and sufficient to redeem, as provided in
14 this Resolution, the 2001 Taxable Bonds designated in said notice of redemption. Said moneys
15 must be set aside in said account solely for the purpose of, and shall only be applied on or after
16 the redemption date to, payment of the redemption price of the 2001 Taxable Bonds to be
17 redeemed upon presentation and surrender of such 2001 Taxable Bonds. Any interest due on or
18 prior to the redemption date may be paid from the Debt Service Account. If, after all of the 2001
19 Taxable Bonds have been redeemed and cancelled or paid and cancelled, there are moneys
20 remaining in the Series 2001D Redemption Account, said moneys shall be transferred to the
21 General Fund of the City as permitted by law; provided, however, that if said moneys are part of
22 the proceeds of refunding bonds, said moneys shall be transferred to the fund or account created
23 for the payment of principal and interest on such refunding bonds.

24 When notice of optional redemption has been given as provided below, and when the amount
25 necessary for the redemption of the 2001 Taxable Bonds called for redemption (principal and

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1 premium, if any) is set aside for that purpose in said Series 2001D Redemption Account, as
2 provided herein, the 2001 Taxable Bonds designated for redemption shall become due and
3 payable on the date fixed for redemption thereof, and upon presentation and surrender of said
4 2001 Taxable Bonds at the place specified in the notice of redemption, such 2001 Taxable Bonds
5 shall be redeemed and paid at the stated redemption price out of said Series 2001D Redemption
6 Account. No interest will accrue on such 2001 Taxable Bonds called for redemption after the
7 redemption date and the registered Owners of such 2001 Taxable Bonds shall look for payment of
8 such 2001 Taxable Bonds only to said Series 2001D Redemption Account. All 2001 Taxable
9 Bonds redeemed shall be cancelled forthwith by the Treasurer and shall not be reissued.
10 The City may rescind any optional redemption and notice thereof for any reason on any date prior
11 to the date fixed for redemption by causing written notice of the rescission to be given to the
12 Owners of all 2001 Taxable Bonds so called for redemption. Any optional redemption and notice
13 thereof shall be rescinded if for any reason on the date fixed for redemption funds are not
14 available in the Series 2001D Redemption Account in an amount sufficient to pay in full on said
15 date the principal of, interest, and any premium due on the 2001 Taxable Bonds called for
16 redemption. Notice of rescission of redemption shall be given in the same manner notice of
17 redemption was originally given. The actual receipt by the Owner of any 2001 Taxable Bond of
18 notice of such rescission shall not be a condition precedent to rescission, and failure to receive
19 such notice or any defect in such notice shall not affect the validity of the rescission.

20 (C) Notice of any redemption of Bonds shall be mailed, postage prepaid, to the respective
21 registered Owners thereof at the addresses appearing on the bond registration books not less
22 than thirty (30) nor more than sixty (60) days prior to the redemption date. The notice of
23 redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the dates
24 of maturity of the Bonds and, if less than all of any such maturity is called for redemption, the
25 distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of Bonds

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1 redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d)
2 state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be
3 surrendered by the Owners at the office of the Treasurer; and (f) give notice that interest on such
4 Bonds will cease to accrue after the designated redemption date.

5 The actual receipt by the Owner of any Bond of notice of such redemption shall not be a
6 condition precedent to redemption, and failure to receive such notice, or any defect in such notice,
7 shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of
8 accrual of interest on the redemption date. At least five (5) days before the above notice date,
9 notice also shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed
10 facsimile transmission or (iii) overnight delivery service, to (i) all organizations registered with the
11 Securities and Exchange Commission as securities depositories, (ii) to at least two information
12 services of national recognition which disseminate redemption information with respect to
13 municipal securities, and (iii) as may be further required in accordance with the Continuing
14 Disclosure Certificate described in Section 18 hereof.

15 The notice or notices required for redemption shall be given by the Treasurer, or any agent
16 appointed by the City. A certificate of the Treasurer or such other appointed agent of the City that
17 notice of redemption has been given to the Owner of any Bonds in accordance with this
18 Resolution shall be conclusive against all parties.

19 Section 9. Housing Account. All of the proceeds of the sale of the Bonds, excluding any
20 premium or accrued interest received thereon, shall be deposited by the Treasurer to the credit of
21 the Affordable Housing Bond Housing Account (the "Housing Account") created by the Controller
22 pursuant to Section 43.3.3 of the City's Administrative Code. Pursuant to Section 7 of the
23 Ordinance, a Tax-Exempt Subaccount has been created within the Development Account (the
24 "Tax-Exempt Subaccount"). Amounts representing proceeds of the 2001 Tax-Exempt Bonds
25 deposited to the credit of the Housing Account shall be disbursed as follows: (i) an amount to be

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1 specified in the Bond Award shall be deposited the credit of the Costs of Issuance Account
2 created pursuant to Section 10 hereof and (ii) all of such deposit remaining after the disbursement
3 specified in (i) to the credit of the Tax-Exempt Subaccount. Amounts representing proceeds of
4 the 2001 Taxable Bonds deposited to the credit of the Housing Account shall be disbursed as
5 follows: (i) an amount to be specified in the Bond Award shall be deposited the credit of the Costs
6 of Issuance Account created pursuant to Section 10 hereof , (ii) an amount to be specified in the
7 Bond Award shall be deposited to the Downpayment Assistance Loan Program Account and (iii)
8 all of such deposit remaining after the disbursements specified in (i) and (ii) to the credit of the
9 Development Account. Amounts on deposit in the Housing Account shall be applied exclusively to
10 the objects and purposes specified in the Ordinance, the Regulations adopted pursuant to the
11 Ordinance, and Section 10 hereof. Any bid premium and accrued interest received upon sale of
12 the Bonds shall be deposited into the Debt Service Account pursuant to Section 8 of the
13 Ordinance.

14 Section 10. Payment of Costs of Issuance. In accordance with Section 9 hereof, upon the
15 sale of the Bonds, certain proceeds of the Bonds (excluding any bid premium and accrued
16 interest) shall be deposited in the Costs of Issuance Account within the Housing Account. The
17 Treasurer is hereby authorized to pay or cause to be paid on behalf of the City, the costs of
18 issuance associated with the Bonds. Amounts in the Costs of Issuance Account may be applied
19 to the payment of any costs of issuance of the Bonds, including, without limitation, bond and
20 financial printing expenses, mailing and publication expenses, rating agency fees, and the fees
21 and expenses of paying agents, registrars, financial consultants and bond counsel. Six months
22 after the date of issuance of the Bonds, any funds remaining in the Costs of Issuance Account
23 shall be transferred to the Housing Account and the Tax-Exempt Subaccount in proportion to the
24 transfers originally made pursuant to Section 9. Any costs of issuance paid after this date shall be
25 paid proportionally from the Tax-Exempt Subaccount and the Housing Account but shall not

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1 exceed the amount transferred from the Costs of Issuance Account pursuant to the preceding
2 sentence.

3 Section 11. Appointment of Depositories and Other Agents. The Treasurer is hereby
4 authorized and directed to appoint from time to time one or more depositories as he or she may
5 deem desirable. The Depository Trust Company is hereby appointed initial depository for the
6 Bonds. The City will not have any responsibility or obligation to any purchaser of a beneficial
7 ownership interest in any Bonds or to any participants in such a depository with respect to (i) the
8 accuracy of any records maintained by such securities depository or any participant therein; (ii)
9 any notice that is permitted or required to be given to the Owners of the Bonds under this
10 Resolution; (iii) the selection by such securities depository or any participant therein of any person
11 to receive payment in the event of a partial redemption of the Bonds;
12 (iv) the payment by such securities depository or any participant therein of any amount with
13 respect to the principal or redemption premium, if any, or interest due with respect to the Bonds;
14 (v) any consent given or other action taken by such securities depository as the Owner of the
15 Bonds; or (vi) any other matter.

16 The Treasurer is hereby further authorized to appoint from time to time one or more agents
17 as he or she may deem necessary or desirable. To the extent permitted by applicable law, and
18 under the supervision of the Treasurer, such agents may serve as paying agent, fiscal agent or
19 registrar for the Bonds or may assist the Treasurer in performing any or all of such functions and
20 other duties as the Treasurer may determine. Such agents shall serve under the terms and
21 conditions (including compensation for such agents) as the Treasurer may determine. The
22 Treasurer may remove or replace agents appointed pursuant to this Section 11 at any time.

23 Section 12. Retention of Other Agents; Payment of Compensation to Such Agents. The
24 Director of Public Finance is hereby authorized to retain the services of other agents, including but
25 not limited to, rating agencies, financial advisors, financial printers and bond insurers as he or she

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1 may deem necessary or desirable to facilitate the issuance of the Bonds. The Director of Public
2 Finance is hereby further authorized to enter into any agreements and to compensate such
3 agents for services rendered. Such agents shall serve under such terms and conditions as the
4 Director of Public Finance shall determine. The Director of Public Finance may remove or replace
5 agents appointed pursuant to this Section 12 at any time.

6 Section 13. Defeasance Provisions. Payment of all or any portion of the Bonds may be
7 provided for prior to maturity by irrevocably depositing with the Treasurer (or any commercial bank
8 or trust company designated by the Treasurer to act as escrow agent with respect thereto):

9 (a) An amount of cash equal to the principal amount of all of such Bonds or
10 portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which
11 are to be redeemed prior to maturity and in respect of which notice of such redemption shall have
12 been given as provided in Section 8 hereof or an irrevocable election to give such notice shall
13 have been made by the City, the amount to be deposited shall be the principal amount thereof, all
14 unpaid interest thereon to the redemption date, and any premium due on such redemption date;
15 or

16 (b) Defeasance Securities (as hereinafter defined) not subject to call, except as
17 provided below in the definition thereof, maturing and paying interest at such times and in such
18 amounts, together with cash, if required, as will, without reinvestment, as certified by an
19 independent certified public accountant, be fully sufficient to pay the principal and all unpaid
20 interest to maturity, or to the redemption date, as the case may be, and any premium due on the
21 Bonds to be paid or redeemed, as such principal and interest come due.

22 Upon the deposit in accordance with the previous paragraph, all obligations of the City with
23 respect to said outstanding Bonds shall cease and terminate, except only the obligation of the City
24 to pay or cause to be paid from the funds deposited pursuant to paragraphs (a) or (b) of this
25 Section 13, to the Owners of said Bonds all sums due with respect thereto; provided, that the City

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1 shall have received an opinion of nationally recognized bond counsel, that provision for the
2 payment of said Bonds has been made in accordance with this Section 13. In the case of the
3 Bonds which are to be redeemed prior to maturity, notice of such redemption shall be given as
4 provided in Section 8 hereof or an irrevocable election to give such notice shall have been made
5 by the City.

6 For purpose of this Section 13, "Defeasance Securities" shall mean any of the following
7 which at the time are legal investments under the laws of the State of California for the moneys
8 proposed to be invested therein:

- 9 (1) United States Obligations (as hereinafter defined); and
10 (2) Pre-refunded fixed interest rate municipal obligations meeting the following
11 conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the
12 trustee has been given irrevocable instructions concerning their calling and redemption and the
13 issuer has covenanted not to redeem such obligations other than as set forth in such instructions;
14 (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the
15 principal of and interest on the United States Obligations (plus any cash in the escrow fund) are
16 sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations
17 serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the
18 United States Obligations are not available to satisfy any other claims, including those against the
19 trustee or escrow agent; and (f) the municipal obligations are rated "AAA" by S&P and "Aaa" by
20 Moody's.

21 For purposes of this Section 13, "United States Obligations" shall mean (i) direct and
22 general obligations of the United States of America, or obligations that are unconditionally
23 guaranteed as to principal and interest by the United States of America, including without
24 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds which
25 have been stripped by request to the Federal Reserve Bank of New York in book-entry form or (ii)

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1 any security issued by any agency or instrumentality of the United States of America which is
2 selected by the Director of Public Finance that results in the escrow fund being rated "AAA" by
3 Standard & Poor's and "Aaa" by Moody's at the time of the initial deposit to the escrow fund and
4 upon any substitution or subsequent deposit of securities to the escrow fund.

5 Section 14. Official Notice of Sale. The forms of the proposed Official Notice of Sale
6 inviting bids for each series of the Bonds are hereby approved and adopted as the "Official Notice
7 of Sale" inviting bids for the Bonds with such changes as may be made in accordance with
8 Section 20 hereof.

9 The Director of Public Finance is hereby authorized and directed to determine a date, time
10 and place for the sale of the Bonds. The Director of Public Finance is hereby authorized and
11 directed to cause to be distributed to prospective bidders for the Bonds copies of said Official
12 Notice of Sale, subject to such changes as may be acceptable to the Director of Public Finance.

13 Section 15. Publication of Notice of Intention to Sell Bonds. The form of proposed Notice
14 of Intention to Sell Bonds is hereby approved and adopted as the Notice of Intention to Sell
15 Bonds, and the Director of Public Finance is hereby authorized and directed to cause said Notice
16 of Intention to Sell Bonds, subject to such changes as may be made in accordance with Section
17 20 hereof, to be published once at least fifteen (15) days before the date of sale in The Bond
18 Buyer, or another financial publication generally circulated throughout the State of California.

19 Section 16. Receipt of Bids; Award of Bonds. The Bonds shall be sold at a competitive
20 public sale as described in this Section and in the Official Notice of Sale. The Board of
21 Supervisors hereby authorizes the receipt of bids for the purchase of not to exceed \$40,000,000
22 principal amount of the Bonds at such time, date and place as determined by the Director of
23 Public Finance.

24 The Controller is hereby authorized to award each series of Bonds to the bidder whose bid
25 represents the lowest true interest cost to the City for that series of Bonds, provided that: (a) the

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1 price bid for each series of Bonds shall not be less than the principal amount of that series of
2 Bonds, (b) neither the true interest cost, yield or coupon interest rate of the Bonds shall exceed
3 12%, and (c) the Bonds shall otherwise conform to all provisions set forth herein, all in accordance
4 with the procedures described in the Official Notice of Sale. The Controller shall provide a copy of
5 the Bond Award as soon as practicable to the Clerk of the Board of Supervisors and the Mayor's
6 Director of Finance; provided, however, that failure to provide such copies shall not affect the
7 validity of the Bond Award.

8 Section 17. Official Statement. The form of proposed Official Statement describing the
9 Bonds submitted to the Board of Supervisors is hereby approved and adopted as the Official
10 Statement describing the Bonds, with such changes as may be determined to be necessary or
11 desirable made in accordance with Section 20 hereof. The Controller is hereby authorized to
12 cause the distribution of a Preliminary Official Statement deemed final for purposes of Rule 15c2-
13 12 of the Securities Exchange Act of 1934, as amended, and to sign a certificate to that effect.
14 The Controller is further hereby authorized and directed to sign the final Official Statement and to
15 cause to be printed and mailed to prospective bidders for the Bonds copies of the Official
16 Statement in substantially the form of the Preliminary Official Statement approved and adopted
17 hereby as supplemented, corrected or revised.

18 Section 18. Continuing Disclosure Certificate. The form of Continuing Disclosure
19 Certificate intended to permit the original purchasers of the Bonds to comply with Securities and
20 Exchange Commission Rule 15c2-12 (the "Rule") promulgated under the Securities Exchange Act
21 of 1934, as amended (a copy of which is on file with the Clerk of the Board of Supervisors and
22 which is hereby declared to be a part of this Resolution as if fully set forth herein), submitted to the
23 Board of Supervisors is hereby approved and adopted as the Continuing Disclosure Certificate of
24 the City with respect to the Bonds, with such changes as may be determined to be necessary or
25 desirable made in accordance with Section 20 hereof. The Controller is hereby authorized and

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

3 Section 19. Tax Covenants Relating to the 2001 Tax-Exempt Bonds. (a) The City hereby
4 covenants that the City will not make any use of the proceeds of the 2001 Tax-Exempt Bonds or any
5 other funds of the City which would cause the 2001 Tax-Exempt Bonds to be: (i) "arbitrage bonds,"
6 the interest on which will be subject to inclusion in gross income for purposes of federal income
7 taxation by reason of the Code; (ii) "private activity bonds," the interest on which will be subject to
8 inclusion in gross income for purposes of federal income taxation by reason of Section 141(a) of the
9 Code; or, (iii) obligations the interest on which will be subject to inclusion in gross income for
10 purposes of federal income taxation because they are "federally guaranteed" as provided in
11 Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the 2001 Tax-
12 Exempt Bonds, will comply with all requirements of such sections of the Code and all Treasury
13 Regulations issued thereunder to the extent that such requirements are, at the time, applicable and
14 in effect, and will comply with the provisions of the Tax and Non-Arbitrage Certificate to be entered
15 into by the City, dated the date of issuance of the 2001 Tax-Exempt Bonds, as originally executed
16 and as it may be amended from time to time (herein called the "Tax Certificate").

17 (b) In furtherance of the covenants of the City set forth above, this Board of Supervisors
18 will cause the Controller and the City Treasurer and all other appropriate City officials to comply with
19 the Tax Certificate.

20 Section 20. Modification to Documents. Any City official authorized by this Resolution to
21 execute any document is hereby further authorized, in consultation with the City Attorney, to
22 approve and make such changes to the document or documents such official is authorized to
23 execute as may be necessary or advisable (provided that such changes shall not authorize an
24 aggregate principal amount of Bonds in excess of \$40,000,000). The approval of any change,

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1 addition, amendment or modification to any of the aforementioned documents shall be evidenced
2 conclusively by the execution and delivery of the document in question.

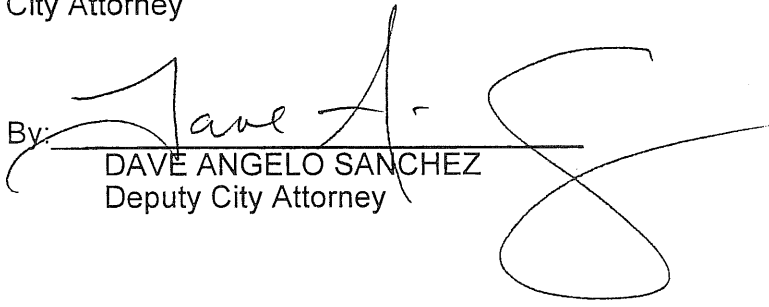
3 Section 21. Ratification. All actions heretofore taken by officials, employees and agents of
4 the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and
5 ratified.

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

9 Section 23. General Authority. The Clerk of the Board of Supervisors, the Finance
10 Committee of the Board of Supervisors, the Treasurer, the City Attorney, the Controller and the
11 Director of Public Finance are each hereby authorized and directed in the name and on behalf of
12 the City to take any and all steps and to issue and deliver any and all certificates, opinions,
13 requisitions, agreements, notices, consents, and other documents, including but not limited to
14 letters of representations to any depository or depositories which they or any of them might deem
15 necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the
16 Bonds.

17
18 APPROVED AS TO FORM:

19 LOUISE H. RENNE
20 City Attorney

21 By: 
22 DAVE ANGELO SANCHEZ
23 Deputy City Attorney
24
25

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BOARD OF SUPERVISORS



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 010666

Date Passed:

Resolution authorizing and directing the sale of not to exceed \$40,000,000 of City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C and City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; approving the forms of Official Notice of Sale of Bonds and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

May 7, 2001 Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick,
Newsom, Peskin, Sandoval, Yee

File No. 010666

I hereby certify that the foregoing Resolution was ADOPTED on May 7, 2001 by the Board of Supervisors of the City and County of San Francisco.

MAY 9 - 2001

Date Approved

Gloria L. Young
for Gloria L. Young
Clerk of the Board

Willie L. Brown Jr.

Mayor Willie L. Brown Jr.