

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Lofton & Jennings, San Francisco, California, Co-Special Counsel to the City, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, except, with respect to the 2013B Certificates, during any period while a 2013B Certificate is held by a "substantial user" of the facilities financed by the 2013B Certificates or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986. With respect to the 2013A Certificates, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. With respect to the 2013B Certificates, however, such interest is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest with respect to the Taxable 2013C Certificates is not excluded from gross income for federal income tax purposes. In the further opinion of Co-Special Counsel, interest with respect to the Certificates is exempt from California personal income taxes. See "TAX MATTERS" herein.

[\$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION



\$ _____ *
SERIES 2013A
(Port Facilities Project)
(Non-AMT)

\$ _____ *
SERIES 2013B
(Port Facilities Project)
(AMT)

\$ _____ *
TAXABLE SERIES 2013C
(Port Facilities Project)

evidencing proportionate interests of the Owners thereof in a Project Lease,
including the right to receive Base Rental payments to be made by the
CITY AND COUNTY OF SAN FRANCISCO

Dated: Date of Delivery

Due: [September] 1, as shown on the inside cover

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

The City and County of San Francisco Certificates of Participation Series 2013A (Port Facilities Project) (the "2013A Certificates"), the City and County of San Francisco Certificates of Participation Series 2013B (Port Facilities Project) (the "2013B Certificates"), and the City and County of San Francisco Certificates of Participation Taxable Series 2013C (Port Facilities Project) (the "2013C Certificates," and together with the 2013A Certificates and the 2013B Certificates, the "Certificates") will be sold to provide funds: (i) for the acquisition, construction, reconstruction, equipping and improvement and rehabilitation of certain facilities (as described herein, the "Project"), to be operated by the Port Commission of the City and County of San Francisco (the "Commission"), (ii) to fund the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund established under the Trust Agreement (as defined hereafter), and (iii) pay costs of execution and delivery of the Certificates. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Certificates are executed and delivered pursuant to a Trust Agreement, dated as of _____ 1, 2013 (the "Trust Agreement"), between the City and County of San Francisco (the "City") and [Name of Trustee], as trustee (the "Trustee"), and in accordance with the Charter of the City. See "THE CERTIFICATES – Authority for Execution and Delivery." The Certificates evidence the principal and interest components of the Base Rental payable by the City pursuant to a Project Lease dated as of _____ 1, 2013 (the "Project Lease"), by and between the Trustee, as lessor, and the City, as lessee. The City has covenanted in the Project Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental payments in its annual budget, and to make necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Covenant to Budget." The obligation of the City to pay Base Rental is in consideration for the use and occupancy of the land and facilities subject to the Project Lease (as further described herein, the "Leased Property"), and such obligation may be abated in whole or in part if there is substantial interference with the City's use and occupancy of the Leased Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement."

The Certificates will be delivered in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Certificates will be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Principal and interest with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit such payments to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES – Form and Registration." Interest evidenced and represented by the Certificates is payable on [March] 1 and [September] 1 of each year, commencing [September 1, 2013]. Principal will be paid as shown on the inside cover hereof. See "THE CERTIFICATES – Payment of Principal and Interest."

The Certificates are subject to prepayment prior to their scheduled payment of principal as described herein. See "THE CERTIFICATES – Prepayment of the Certificates."

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE PROJECT LEASE DOES NOT CONSTITUTE AN OBLIGATION TO LEVY OR PLEDGE, OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED, ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE CITY WILL BE OBLIGATED TO MAKE BASE

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

RENTAL PAYMENTS SUBJECT TO THE TERMS OF THE PROJECT LEASE AND NEITHER THE CITY NOR ANY OF ITS OFFICERS WILL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES. SEE "CERTAIN RISK FACTORS."

CERTIFICATE PAYMENT SCHEDULE

(See inside cover)

The Certificates are offered when, as and if executed and received by the initial purchasers, subject to the approval of the validity of the Project Lease by Jones Hall, A Professional Law Corporation, San Francisco, California, and Lofton & Jennings, San Francisco, California, Co-Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel. It is expected that the Certificates in book-entry form will be available for delivery through DTC on or about _____, 2013.

Dated: _____, 2013.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

CERTIFICATE PAYMENT SCHEDULE

(Base CUSIP Number: 79765D¹)

\$ _____* 2013A Certificates					\$ _____* 2013B Certificates				
Certificate Payment Date (Sept.1.)	Principal Amount	Interest Rate	Yield	CUSIP Suffix ¹	Certificate Payment Date (Sept.1.)	Principal Amount	Interest Rate	Yield	CUSIP Suffix1

\$ _____* 2013C Certificates					
Certificate Payment Date (Sept.1.)	Principal Amount	Interest Rate	Yield	CUSIP Suffix1	

¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. Neither the City nor the initial purchaser take any responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

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

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

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

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

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

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

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Edwin M. Lee

BOARD OF SUPERVISORS

David Chiu, *Board President, District 3*

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

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

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

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

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San Francisco, California

Lofton & Jennings
San Francisco, California

Co-Financial Advisor

Public Financial Management, Inc.
San Francisco, California

Backstrom McCarley Berry & Co. LLC
San Francisco, California

Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Trustee

[Name of Trustee]
_____, *California*



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OFFICIAL STATEMENT

**[\$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION**

\$ _____*
SERIES 2013A
(Port Facilities Project)
(Non-AMT)

\$ _____*
SERIES 2013B
(Port Facilities Project)
(AMT)

\$ _____*
TAXABLE SERIES 2013C
(Port Facilities Project)

**evidencing proportionate interests of the Owners thereof in a Project Lease,
including the right to receive Base Rental payments to be made by the
CITY AND COUNTY OF SAN FRANCISCO**

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the City and County of San Francisco (the "City") of its City and County of San Francisco Certificates of Participation Series 2013A (Port Facilities Project) (the "2013A Certificates"), its City and County of San Francisco Certificates of Participation Series 2013B (Port Facilities Project) (the "2013B Certificates"), and its City and County of San Francisco Certificates of Participation Taxable Series 2013C (Port Facilities Project) (the "2013C Certificates," and together with the 2013A Certificates and the 2013B Certificates, the "Certificates"). Any capitalized term not defined herein will have the meaning given to such term in APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Definitions." The references to any legal documents, instruments and the Certificates in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions.

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

Overview of the Transaction: The City, exercising its Charter powers to convey and lease property for City purposes, will convey certain real property to [Name of Trustee] (the "Trustee") under that certain Property Lease, dated as of ____ 1, 2013 (the "Property Lease"), by and between the City as lessor and the Trustee as lessee, in exchange for the proceeds of the sale of the Certificates and other consideration. The Trustee will lease the Leased Property (as defined herein) back to the City for the City's use under that certain Project Lease, dated as of ____ 1, 2013 (the "Project Lease"), by and between the Trustee as lessor and the City as lessee. The City will be obligated under the Project Lease to pay Base Rental payments and other payments to the Trustee each year during the term of the Project Lease (subject to certain conditions under which obligation to pay Base Rental may be abated as discussed herein). Each payment of Base Rental consists of principal and interest components, and when received by the Trustee in each rental period, is deposited in trust for payment of the Certificates. The Trustee creates the "certificates of participation" in the Project Lease, representing proportional interests in the principal and interest components of Base Rental it receives from the City. The Trustee will apply Base Rental it receives to pay principal and interest with respect to each Certificate when due according to the Trust Agreement, which governs the security and terms of payment of the Certificates. The money received from sale of the Certificates will be applied by the Trustee (i) for the acquisition, construction, reconstruction, equipping and improvement and rehabilitation of certain facilities (as described herein, the "Project"), to be operated by the Port Commission of the City and County of San Francisco (the "Commission"), (ii) to fund the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund established under the Trust Agreement, and (iii) pay costs of execution and delivery of the Certificates. See "THE PROJECT AND THE LEASED PROPERTY" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Guide to this Official Statement: The Leased Property is described herein in the section "THE PROJECT AND THE LEASED PROPERTY." The application of the proceeds of sale of the Certificates is described in the sections "THE PROJECT AND THE LEASED PROPERTY" and "ESTIMATED SOURCES AND USES OF FUNDS." The terms of the

* Preliminary, subject to change.

Certificates and repayment thereof and security for the Certificates are described in the sections "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," and other sections in the front portion of this Official Statement. Current information about the City, its finances and governance, are provided in APPENDIX A. The City's most recent comprehensive annual financial report appears in APPENDIX B. A summary of the Property Lease, the Project Lease, the Trust Agreement, and other basic legal documents are provided in APPENDIX C.

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

Quotations from and summaries and explanations of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, the resolutions providing for the execution and delivery of the Certificates, provisions of the constitution and statutes of the State of California (the "State"), the City's charter and ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Certificates are available from the City through the Office of Public Finance, City Hall Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

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

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

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

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

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

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

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

RECENT DEVELOPMENTS

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

[To be updated, if necessary.]

THE CERTIFICATES

Authority for Execution and Delivery

The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of ____ 1, 2013 (the "Trust Agreement"), by and between the City and the Trustee. Each Certificate represents a proportionate interest in the right of the Trustee to receive Base Rental payments (comprising principal and interest components) payable by the City pursuant to the Project Lease. The City is obligated under the Project Lease to pay the Base Rental in consideration for its use and occupancy of the land and facilities subject to the Project Lease (the "Leased Property"). The Leased Property will be originally conveyed to the Trustee pursuant to the Property Lease.

The Trust Agreement, the Property Lease, and the Project Lease were approved by the Board of Supervisors of the City by its Resolution No. ____, adopted on _____, 2013, and signed by the Mayor on _____, 2013 (the "Resolution"). The Resolution authorized the execution and delivery of up to \$____ million in aggregate principal amount of the Certificates under the Trust Agreement and the payment of a maximum annual Base Rental payment under the Project Lease. Under Section 9.108 of the Charter of the City, the City is authorized to enter into lease-financing agreements with a public agency or nonprofit corporation only with the assent of the majority of the voters voting upon a proposition for the purpose. The lease-financing arrangements with the Trustee for the Certificates do not fall under this provision, since the Trustee is neither a public agency nor a nonprofit corporation.

Payment of Principal and Interest

The principal evidenced and represented by the Certificates will be payable on [September] 1 of each year shown on the inside cover hereof, or upon prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental Payments designated as principal components coming due on each [September] 1. Payment of the principal and premium, if any, of the Certificates upon prepayment or upon the Certificate Payment Date will be made upon presentation and surrender of such Certificates at the Principal Office of the Trustee. Principal and premium will be payable in lawful money of the United States of America.

Interest evidenced and represented by the Certificates will be payable on [March] 1 and [September] 1 of each year, commencing on [September 1, 2013] (each, an "Interest Payment Date") and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental designated as interest components coming due on such dates in each year. Interest with respect to the Certificates will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest evidenced and represented by each Certificate will accrue from the Interest Payment Date next preceding the date of execution and delivery thereof, unless (i) it is executed after a Regular Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest represented thereby will be payable from such Interest Payment Date; or (ii) it is executed prior to the close of business on the first Regular Record Date, in which event interest represented thereby will be payable from the date of delivery; provided, however, that if at the time of execution of any Certificate interest thereon is in default, such interest will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the date of delivery.

Interest evidenced and represented by the Certificates will be payable in lawful money of the United States of America. Payments of interest represented by the Certificates will be made on each Interest Payment Date by check of the Trustee sent by first-class mail, postage prepaid, or by wire transfer to any Owner of \$1,000,000 or more of Certificates to the account in the United States of America specified by such Owner in a written request delivered to the Trustee on or prior to the Regular Record Date for such Interest Payment Date, to the Owner thereof on the Regular Record Date.

Form and Registration

The Certificates will be executed and delivered in the aggregate principal amount shown on the cover hereof.

The Certificates will be delivered in fully registered form, without coupons, dated their date of delivery, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only in the principal amount of \$5,000 or any integral multiple thereof. Principal, premium, if any, and interest evidenced and represented by the Certificates will be paid by the Trustee to DTC which will in turn remit such amounts to the DTC participants for subsequent disbursement to the beneficial owners of the Certificates. Beneficial owners of the Certificates will not receive physical certificates representing their interests in the Certificates. For further information concerning the Book-Entry Only System, see APPENDIX E: "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Prepayment of the Certificates

Optional Prepayment

The 2013A Certificates with a Certificate Payment Date on or after [September] 1, 20__, are subject to optional prepayment prior to their respective Certificate Payment Dates in whole or in part on any date on or after [September] 1, 20__ at a prepayment price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, [without premium].

The 2013B Certificates with a Certificate Payment Date on or after [September] 1, 20__, are subject to optional prepayment prior to their respective Certificate Payment Dates in whole or in part on any date on or after [September] 1, 20__ at a prepayment price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, [without premium].

The 2013C Certificates with a Certificate Payment Date on or after [September] 1, 20__, are subject to optional prepayment prior to their respective Certificate Payment Dates in whole or in part on any date on or after [September] 1, 20__ at a prepayment price equal to the principal amount thereof plus accrued interest thereon to the date fixed for prepayment, [without premium].

Mandatory Sinking Account Installment Prepayment

The 2013A Certificates with a Certificate Payment Date of [September] 1, 20__, are subject to sinking account installment prepayment prior to their Certificate Payment Date in part, by lot, on each [September] 1, beginning [September] 1, 20__, in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal amount of the 2013A Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Prepayment Date ([September] 1)	Sinking Account Installment Amount
------------------------------------	---------------------------------------

The 2013B Certificates with a Certificate Payment Date of [September] 1, 20__, are subject to sinking account installment prepayment prior to their Certificate Payment Date in part, by lot, on each [September] 1, beginning [September] 1, 20__, in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal amount of 2013B Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Prepayment Date ([September] 1)	Sinking Account Installment Amount
------------------------------------	---------------------------------------

The 2013C Certificates with a Certificate Payment Date of [September] 1, 20__, are subject to sinking account installment prepayment prior to their Certificate Payment Date in part, by lot, on each [September] 1, beginning [September] 1, 20__, in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal amount of 2013B Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Prepayment Date
([September] 1)

Sinking Account
Installment Amount

Special Mandatory Prepayment

The Certificates are subject to mandatory prepayment prior to their respective Certificate Payment Dates, as a whole or in part on any date, at a Prepayment Price equal to the principal amount thereof plus accrued but unpaid interest to the prepayment date, without premium, from amounts deposited in the Prepayment Account of the Base Rental Fund following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or upon loss of the use or possession of the Leased Property or any portion thereof due to a title defect.

Selection of Certificates for Prepayment

Whenever provision is made in the Trust Agreement for the prepayment of Certificates (other than from Sinking Account Installments) and less than all of the Outstanding Certificates are to be prepaid, the City will direct the principal amount of each Series of the Certificates to be prepaid from among the Certificates scheduled to be paid on various Certificate Payment Dates. Among the Certificates scheduled to be paid on a particular Certificate Payment Date, the Trustee will select Certificates for prepayment by lot in any manner which the Trustee in its sole discretion deems fair and appropriate; provided, however, that the portion of any Certificate to be prepaid will be in Authorized Denominations and all Certificates to remain Outstanding after any prepayment in part will be in Authorized Denominations.

Notice of Prepayment

Notice of prepayment will be given to the respective Owners of Certificates designated for prepayment by Electronic Notice or first-class mail, postage prepaid, at least 30 but not more than 45 days before any prepayment date, at their addresses appearing on the registration books maintained by the Trustee; provided, however, that so long as the DTC book-entry system is used for any Certificates, notice with respect thereto will be given solely to DTC, as nominee of the registered Owner, in accordance with its operational requirements. Notice will also be given as required by the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein.

Each notice of prepayment will specify: (i) the Certificates or designated portions thereof (in the case of prepayment of the Certificates in part but not in whole) which are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, including the name and address of the Trustee, (iv) the prepayment price, (v) the CUSIP numbers (if any) assigned to the Certificates to be prepaid, (vi) the Certificate numbers of the Certificates to be prepaid in whole or in part and, in the case of any Certificate to be prepaid in part only, the amount of such Certificate to be prepaid, and (vii) the original delivery date and stated Certificate Payment Date of each Certificate to be prepaid in whole or in part. Each notice will further state that on the specified date there will become due and payable with respect to each Certificate or portion thereof being prepaid the prepayment price, together with interest represented thereby accrued but unpaid to the prepayment date, and that from and after such date, if sufficient funds are available for prepayment, interest with respect thereto will cease to accrue and be payable. Neither the failure to receive any notice nor any defect therein will affect the proceedings for such prepayment.

Effect of Prepayment

If, on the designated prepayment date, money for the prepayment of all of the Certificates to be prepaid, together with accrued interest to such prepayment date, is held by the Trustee so as to be available for the prepayment on the scheduled prepayment date, and if a prepayment notice has been given as described above, then from and after such prepayment date, no additional interest will become due with respect to the Certificates to be prepaid, and such Certificate or portion thereof will no longer be deemed Outstanding under the provisions of the Trust Agreement; however, all money held by or on behalf of the Trustee for the prepayment of such Certificates will be held in trust for the account of the Owners thereof.

If the City acquires any Certificate by purchase or otherwise, such Certificate will no longer be deemed Outstanding and will be surrendered to the Trustee for cancellation.

Conditional Notice; Cancellation of Optional Prepayment

The City may provide a conditional notice of prepayment and such notice will specify its conditional status.

If the Certificates are subject to optional prepayment, and the Trustee does not have on deposit moneys sufficient to prepay the principal, plus the applicable premium, if any, represented by the Certificates proposed to be prepaid on the date fixed for prepayment, and interest with respect thereto, the prepayment will be canceled, and in such case, the City, the Trustee and the Owners will be restored to their former positions and rights under the Trust Agreement, and the City will continue to pay the Base Rental payments as if no such notice were given. Such a cancellation of an optional prepayment at the election of the City will not constitute a default under the Trust Agreement, and the Trustee and the City will have no liability from such cancellation. In the event of such cancellation, the Trustee will send notice of such cancellation to the Owners in the same manner as the related notice of prepayment. Neither the failure to receive such cancellation notice nor any defect therein will affect the sufficiency of such cancellation.

In the event the City gives notice to the Trustee of its intention to exercise its prepayment option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, or fails to satisfy any condition to a conditional notice, the City will continue to pay the Base Rental payments as if no such notice were given.

Purchase of Certificates

Unless expressly provided in the Trust Agreement, money held in the Base Rental Fund may be used to reimburse the City for the purchase of Certificates that would otherwise be subject to prepayments from such moneys upon the delivery of such Certificates to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select Certificates for prepayment. The purchase price of any Certificates purchased by the City will not exceed the applicable prepayment price of the Certificates that would be prepaid but for the operation of this paragraph. Any such purchase must be completed prior to the time notice would otherwise be required to be given to prepay the related Certificates. All Certificates so purchased will be surrendered to the Trustee for cancellation and applied as a credit against the obligation to prepay such Certificates from such moneys.

THE PROJECT AND THE LEASED PROPERTY

The proceeds from sale of the Certificates will be applied by the Trustee (i) for the acquisition, construction, reconstruction, equipping and improvement and rehabilitation of the Project, to be operated by the Commission, (ii) to fund the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund established under the Trust Agreement, and (iii) pay costs of execution and delivery of the Certificates.

A portion of the proceeds of the Certificates will be used to finance the costs of various facilities and improvements owned, operated and/or managed by the Commission, including without limitation the design, demolition, construction, reconstruction, expansion, improvement, equipping, renewal, restoration and/or replacement of the following facilities (collectively, the "Project"): (i) Pier 27, located along The Embarcadero, San Francisco 94111, which is planned to be used as a cruise terminal and special events facilities, together with related and subordinate facilities (in addition to a plaza/park at the front of the terminal), (ii) a shoreside power facility to be installed at Pier 70, located along 20th Street, San Francisco 94117, including the removal of seven PCB containing transformers, (iii) Piers 30 and 32, located along The Embarcadero, San Francisco 94105, which facility is planned to be used as a team base for the 34th America's Cup, a secondary cruise terminal and other vessel birth, public parking, and a facility for special events, together with related and subordinate facilities, (iv) Pier 19, 23 and 29, located along The Embarcadero, San Francisco 94111, including handrail, apron and storm water improvements, and (v) various capital improvements to these and other Piers located along The Embarcadero.

The Leased Property consists generally of Pier 27 and a portion of the campus of the Laguna Honda Hospital, and the facilities and structures related thereto and the real property on which such facilities are located. Upon final completion of the Cruise Ship Terminal located at Pier 27, the Project Lease provides that the City has the absolute right to make Pier 27 the only Leased Property subject to the Property Lease and the Project Lease, and to release from the Property Lease and the Project

Lease the portion of Laguna Honda Hospital initially included as Leased Property. The Leased Property may be amended, released or substituted from time to time, as provided under the Project Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Addition, Release and Substitution of Leased Property" and "CERTAIN RISK FACTORS – Release and Substitution of the Leased Property."

A portion of the Leased Property consisting of Pier 27 is considered part of the "Port Area," which consists of all real and personal property owned, controlled or operated by the Commission, or over which the Commission has management, supervision or control, or is deemed by the Commission to be a benefit to the Port Area.

ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds:

<u>Sources of Funds:</u>	<u>2013A</u>	<u>2013B</u>	<u>2013C</u>
Certificate Par Amount			
Original Issue Premium			
Total Sources			
<u>Uses of Funds:</u>			
Deposit into the Project Account			
2013 Reserve Accounts			
Purchaser's Discount			
Costs of Delivery ⁽¹⁾			
Total Uses			

⁽¹⁾ Includes amounts for legal fees, Trustee's fees and expenses, financial advisory fees, rating agency fees, printing costs and other delivery costs.

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CERTIFICATE PAYMENT SCHEDULE

The Trust Agreement requires that Base Rental payments payable by the City pursuant to the Project Lease be deposited in the Base Rental Fund maintained by the Trustee. Pursuant to the Trust Agreement, the Trustee will apply amounts in the Base Rental Fund as necessary to make principal and interest payments with respect to the Certificates as the same will become due and payable, as shown in the following table.

Payment Date	<u>2013A Certificates</u>			<u>2013B Certificates</u>			<u>2013C Certificates</u>			Fiscal Year Total ⁽¹⁾
	<u>Principal</u>	<u>Interest</u>	Total Principal and Interest	<u>Principal</u>	<u>Interest</u>	Total Principal and Interest	<u>Principal</u>	<u>Interest</u>	Total Principal and Interest	

Total⁽¹⁾

⁽¹⁾ Totals may not add due to independent rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Source of Payment

The Certificates will evidence and represent proportionate interests in the Base Rental payments required to be made by the City to the Trustee under the Project Lease so long as the City has use and occupancy of the Leased Property. The Project Lease terminates on [September] 1, 20__, or upon early payment of all of the Certificates in accordance with the Trust Agreement, unless extended upon the event of abatement. See "- Abatement of Base Rental Payments" below.

Pursuant to the Trust Agreement, the City will grant to the Trustee, for the benefit of the Owners, a first and exclusive lien on, and security interest in, all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (excluding the Rebate Fund), including: (i) all Base Rental payments received by the Trustee from the City; (ii) the proceeds of any insurance (including the proceeds of any self-insurance and any liquidated damages received in respect of the Leased Property), and eminent domain award not required to be used for repair or replacement of the Project or the Leased Property; (iii) proceeds of rental interruption insurance policies with respect to the Leased Property; (iv) all amounts on hand from time to time in the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund and the Base Rental Fund established under the Trust Agreement, including amounts transferred to the Base Rental Fund from other funds and accounts, as provided in the Trust Agreement (including proceeds of the Certificates no longer needed to complete the Project or to pay costs of execution and delivery of the Certificates); and (v) any additional property subjected to the lien of the Trust Agreement by the City or anyone on its behalf. The City will pay to the Trustee the Base Rental payments to the extent required under the Project Lease, which Base Rental payments are designed to be sufficient, in both time and amount, to pay, when due, the annual principal and interest represented by the Certificates.

Covenant to Budget

The City will covenant in the Project Lease to take such action as may be necessary to include all Rental Payments as a separate line item in its annual budget and to make the necessary annual appropriations for such Rental Payments. The Project Lease provides that such covenants on the part of the City are deemed and construed to be ministerial duties imposed by law and by the Charter, and it is the duty of each and every public official of the City to take such action and do such things as are required by law and by the Charter in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Project Lease agreed to be carried out and performed by the City.

If the City defaults on its covenant in the Project Lease to include all rental payments in the applicable annual budget and such default continues for 60 days or more, the Trustee may retain the Project Lease and hold the City liable for all Rental Payments on an annual basis.

The obligation of the City to make Rental Payments is an obligation payable from any legally available funds of the City. For a discussion of the budget and finances of the City, see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET" and APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2012." For a discussion of the City's investment policy regarding pooled cash, see APPENDIX G: "CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE TREASURER – INVESTMENT POLICY."

Limited Obligation

The obligation of the City to make Base Rental or Additional Rental payments under the Project Lease does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the

State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. See "CERTAIN RISK FACTORS – Rental Payments Not a Debt of the City."

Base Rental Payments; Additional Rental

Base Rental Payments. The City has covenanted in the Project Lease that, so long as the City has the full use and occupancy of the Leased Property, it will make Base Rental payments to the Trustee from any legally available funds of the City. The Trustee is required by the Trust Agreement to deposit in the Base Rental Fund all Base Rental payments and certain other amounts received and required to be deposited therein, including investment earnings. The total Rental Payment due in any fiscal year will not be in excess of the total fair rental value of the Leased Property for such fiscal year.

The Base Rental payments will be payable by the City on or before the fourth Business Day immediately preceding each Interest Payment Date, provided that any such payment will be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Leased Property. In the event that during any such period the City does not have use and occupancy of all or a portion of the Leased Property due to material damage to, destruction of or condemnation of the Leased Property, or defects in the title to the Leased Property, Base Rental payments are subject to abatement. See "– Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement." The obligation of the City to make Base Rental payments is payable solely from annual appropriations of the City from any legally available funds of the City and the City has covenanted in the Project Lease to take such action as may be necessary to include all Base Rental and Additional Rental due under the Project Lease in its annual budget and to make necessary annual appropriations for all such Base Rental and Additional Rental, subject to the abatement provisions under the Project Lease. See "– Covenant to Budget" above.

Additional Rental and the Working Capital Fund. Additional Rental payments due from the City to the Trustee include, among other things, amounts sufficient to pay any taxes and insurance premiums, and to pay all fees, costs and expenses of the Trustee in connection with the Trust Agreement, deposits required to be made to the Rebate Fund, if any, and all other fees, costs and expenses of the Trustee incurred from time to time in administering the Project Lease and the Trust Agreement. The City is also responsible for repair and maintenance of the Leased Property during the term of the Project Lease. The City may, at its option, pay all or a portion of Additional Rental to the Trustee for deposit in the Working Capital Fund established under the Trust Agreement. Pursuant to the Trust Agreement, the Trustee will keep the Working Capital Fund separate and apart from all funds and moneys held by the Trustee. The Working Capital Fund is not pledged to the payment of the Certificates.

Abatement of Base Rental Payments

The Trustee will collect and receive all of the Base Rental payments, and all payments of Base Rental received by the Trustee under the Project Lease will be deposited into the Base Rental Fund. The City's obligation to make Rental Payments in the amount and on the terms and conditions specified in the Project Lease is absolute and unconditional without any right of set-off or counterclaim, subject only to the provisions of the Project Lease regarding rental abatement. See "CERTAIN RISK FACTORS – Abatement."

The City's obligation under the Project Lease to make Rental Payments will be abated during any period in which there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, or due to defects in title to the Leased Property or any portion thereof, except to the extent of (i) available amounts held by the Trustee in the Base Rental Fund or in the 2013A Reserve Account, the 2013B Reserve Account or the 2013C Reserve Account of the Reserve Fund, (ii) amounts, if any, received in respect of rental interruption insurance, and (iii) amounts, if any, otherwise legally available to the City for Rental Payments or to the Trustee for payments in respect of the Certificates. The amount of annual rental abatement will be such that the resulting Rental Payments in any Project Lease Year during which such interference continues do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference. Abatement of Base Rental payments will commence with such damage, destruction or condemnation and end when use and occupancy or possession is restored. In the event of abatement, the term of the Project Lease

may be extended until all amounts due under the Project Lease and the Trust Agreement are fully paid, but in no event later than [September] 1, 20___. See "CERTAIN RISK FACTORS – Abatement."

In order to mitigate the risk that an abatement event will cause a disruption in payment of Base Rental, the Project Lease requires the City to maintain rental interruption insurance in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months. See "– Insurance with Respect to the Leased Property" below. During any period of abatement with respect to all or any part of the Leased Property, the Trustee is required to use the proceeds of the rental interruption insurance to make payments of principal and interest represented by the Certificates. The City is also required by the Project Lease to use insurance proceeds to replace or repair Leased Property destroyed or damaged to the extent that there is substantial interference with the City's use and occupancy, or to prepay Certificates such that resulting Rental Payments are sufficient to pay all amounts due under the Project Lease and the Trust Agreement with respect to the Certificates remaining Outstanding. See "–Replacement, Maintenance and Repairs" below. In lieu of abatement of Rental Payments, the City in its sole discretion may elect, but is not obligated, to substitute property for the damaged, condemned or destroyed Leased Property, or portion thereof, pursuant to the substitution provisions of the Project Lease. See "– Addition, Release and Substitution of Leased Property" below. In addition, the Trust Agreement establishes a 2013A Reserve Account, a 2013B Reserve Account and a 2013C Reserve Account of the Reserve Fund and requires the Trustee to use any moneys on deposit in the Reserve Fund to make payments of principal and interest represented by the Certificates. See "– Reserve Fund" below.

Reserve Fund

The Trust Agreement establishes a Reserve Fund that will be held by the Trustee, and within the Reserve Fund, there is created a 2013A Reserve Account, a 2013B Reserve Account and a 2013C Reserve Account to be held with the Trustee. The 2013A Reserve Account will only be available to support payments with respect to the 2013A Certificates and any additional certificates identified in a supplement to the Trust Agreement pursuant to which Additional Certificates are executed and delivered. The 2013B Reserve Account will only be available to support payments with respect to the 2013B Certificates and any additional certificates identified in a supplement to the Trust Agreement pursuant to which Additional Certificates are executed and delivered. The 2013C Reserve Account will only be available to support payments with respect to the 2013C Certificates and any additional certificates identified in a supplement to the Trust Agreement pursuant to which Additional Certificates are executed and delivered. Amounts on deposit in the 2013A Reserve Account may not be used to pay debt service with respect to the 2013B Certificates or the 2013C Certificates, amounts on deposit in the 2013B Reserve Account may not be used to pay debt service with respect to the 2013A Certificates or the 2013C Certificates, and amounts on deposit in the 2013C Reserve Account may not be used to pay debt service with respect to the 2013A Certificates or the 2013B Certificates. Simultaneously with the delivery of the Certificates, the City will cause to be deposited into the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund established under the Trust Agreement a portion of the proceeds of the 2013A Certificates, the 2013B Certificates and the 2013C Certificates, respectively, which amounts will be at least equal to the Reserve Requirement. The Reserve Requirement with respect to the Certificates, as of any date of calculation, is equal to the least of [(1) an amount equal to the maximum annual payments of principal and interest with respect to the 2013A Certificates, the 2013B Certificates or the 2013C Certificates, as applicable, (2) 125% of average annual payments of principal and interest with respect to the 2013A Certificates, the 2013B Certificates or the 2013C Certificates, as applicable, or (3) 10% of the initial principal amount represented by the 2013A Certificates, the 2013B Certificates or the 2013C Certificates, as applicable]. As of the date of delivery of the Certificates, the Reserve Requirement is \$_____.

The Reserve Fund is required to be maintained by the Trustee until the Base Rental is paid in full pursuant to the Project Lease or until there are no longer any Certificates Outstanding; provided, however, that the final Base Rental payment may, at the City's option, be paid from the Reserve Fund.

A Credit Facility in the amount of the Reserve Requirement may be substituted by the City at any time for all or a portion of the funds held by the Trustee in the Reserve Fund, provided that (i) such substitution will not result in the reduction or withdrawal of any ratings by any Rating Agency with respect to the Certificates at the time of such substitution (and the City will notify each Rating Agency prior to making any such substitution), and (ii) the Trustee will receive an opinion of Independent Counsel stating that such substitution will not, by itself, adversely affect the exclusion from gross income for federal income tax purposes of interest components of the Base Rental

evidenced and represented by the Certificates. If the Credit Facility is a surety bond or insurance policy, such Credit Facility will be for the term of the Certificates. Amounts on deposit in the Reserve Fund for which a Credit Facility has been substituted will be transferred as directed in writing by a City Representative.

If on any Interest Payment Date the amounts on deposit in the Base Rental Fund are less than the principal and interest payments due with respect to the Certificates on such date, the Trustee will transfer from the Reserve Fund for credit to the Base Rental Fund an amount sufficient to make up such deficiency (provided that if the amounts on deposit in a Reserve Account within the Reserve Fund are restricted to a series of Certificates, then such amounts will only be available for such series of Certificates). In the event of any such transfer, the Trustee will immediately provide written notice to the City of the amount and the date of such transfer.

Any moneys in the Reserve Fund in excess of the Reserve Requirement on each [March] 1 and [September] 1, commencing [September 1, 2013], and at such other time or times as directed by the City, will be transferred to the Base Rental Fund and applied to the payment of the principal of and interest with respect to the Certificates on the next succeeding Interest Payment Date, or transferred to such other fund as the City may designate. The Reserve Fund may secure Additional Certificates on a parity basis or, alternatively, a separate account in the Reserve Fund may be established for one or more series of Additional Certificates.

Replacement, Maintenance and Repairs

The Project Lease requires the City, at its own expense and as determined and specified by the Director of Real Estate of the City, to maintain or cause to be maintained the Leased Property in good order, condition and repair during the term of the Project Lease. The Trust Agreement requires that if the Leased Property or any portion thereof is damaged or destroyed or taken by eminent domain, the City must elect to either prepay the Certificates or replace or repair the affected portion of the Leased Property in accordance with the Project Lease, provided however that the City's obligation to repair or replace any portion of the Leased Property pursuant to the Project Lease will be subject to the availability of proceeds of insurance or condemnation for such purpose. Under the Project Lease, the City must replace any portion of the Leased Property that is destroyed or damaged or taken by eminent domain, to such an extent that there is substantial interference with its right to the use and occupancy of the Leased Property or any portion thereof that would result in an abatement of Rental Payments or any portion thereof pursuant to the Project Lease; provided, however, that the City is not required to repair or replace any such portion of the Leased Property if there is applied to the prepayment of Outstanding Certificates insurance or condemnation proceeds or other legally available funds are sufficient to prepay: (i) all of the Certificates Outstanding and to pay all other amounts due under the Project Lease and under the Trust Agreement or (ii) any portion of the Certificates such that the resulting Rental Payments payable in any Project Lease Year following such partial prepayment are sufficient to pay in the then current and any future Project Lease Year the principal and interest evidenced and represented by all Certificates to remain Outstanding and all other amounts due under the Project Lease and under the Trust Agreement to the extent they are due and payable in such Project Lease Year.

Notwithstanding anything herein to the contrary, in the event any proceeds of insurance or condemnation relate to Leased Property that is within the Port Area, either (i) such proceeds will be applied to the cost of repair or replacement of such Leased Property or the affected portion thereof, (ii) the City will, subject to the limitations set forth under that certain Indenture of Trust, dated as of February 1, 2010, by and between the Commission and the trustee thereunder (as amended or supplemented from time to time, the "Port Indenture"), acquire and/or construct a new facility that will be substituted as the Leased Property pursuant to the Project Lease, or (iii) the City will otherwise substitute another site and facility as the Leased Property under the Project Lease. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – THE PROJECT LEASE."

Insurance with Respect to the Leased Property

The Project Lease requires the City to maintain or cause to be maintained throughout the term of the Project Lease: (i) general liability insurance against damages occasioned by construction of improvements to or operation of the Leased Property with minimum coverage limits of \$5,000,000 combined single limit for bodily and personal injury and property damage per occurrence, which general liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage maintained or caused by the City to be maintained;

(ii) all risk property insurance on all structures constituting any part of the Leased Property in an amount equal to the Outstanding principal amount of Certificates, with such insurance covering, as nearly as practicable, loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance (excluding earthquakes and flood), including a replacement cost endorsement; (iii) boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than \$5,000,000 per accident; and (iv) rental interruption insurance in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of 24 months (such amount may be adjusted to reflect the actual scheduled Base Rental payments due under the Project Lease for the next succeeding 24 months) to insure against loss of rental income from the Leased Property caused by perils covered by the insurance described in (ii) above. All policies of insurance required under the Project Lease may provide for a deductible amount that is commercially reasonable as determined by the City Risk Manager.

The Project Lease further requires the City to maintain earthquake insurance in an amount equal to the Outstanding principal amount of the Certificates (to the extent commercially available, in the judgment of the City's Risk Manager); provided that no such earthquake insurance is required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable costs on the open market from reputable insurance companies. Based upon current market conditions and the recommendations of the Risk Manager of the City, the City has determined not to obtain earthquake insurance as of the date of this Official Statement.

The City is also required under the Project Lease to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a policy of title insurance (with no survey required), in an amount at least equal to the initial aggregate principal amount of the Certificates, showing a leasehold interest in the Leased Property in the name of the Trustee, and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates, and to deliver such policy to the Trustee promptly after the execution and delivery of the Certificates.

The City may self-insure against any of the risks required to be insured against in the Project Lease, except for self-insurance for rental interruption insurance and title insurance. Except for all risk property insurance on the Leased Property, the City expects to self-insure for all other hazards for which the Project Lease permits self-insurance. *[Please confirm.]*

Eminent Domain

If all of the Leased Property, or so much thereof as to render the remainder of the Leased Property unusable for the City's purposes under the Project Lease, is taken under the power of eminent domain: (i) the City may, at its option, replace the Leased Property or (ii) the Project Lease will terminate and the proceeds of any condemnation award will be paid to the Trustee for application to the prepayment of Certificates. If less than a substantial portion of the Leased Property is taken under the power of eminent domain, and the remainder is useable for the City's purposes, the Project Lease will continue in full force and effect as to the remaining portions of the Leased Property, subject only to its rental abatement provisions. Any condemnation award will be paid to the Trustee for application to the replacement of the portion of the Leased Property taken or to the partial prepayment of Certificates.

Notwithstanding anything herein to the contrary, in the event any proceeds of insurance or condemnation relate to Leased Property that is within the Port Area, either (i) such proceeds will be applied to the cost of repair or replacement of such Leased Property or the affected portion thereof, (ii) the City will, subject to the limitations set forth under the Port Indenture, acquire and/or construct a new facility that will be substituted as the Leased Property pursuant to the Project Lease, or (iii) the City will otherwise substitute another site and facility as the Leased Property under the Project Lease. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – TRUST AGREEMENT – Eminent Domain" and "– THE PROJECT LEASE – Eminent Domain."

Addition, Release and Substitution of Leased Property

If no Project Lease Event of Default has occurred and is continuing, the Project Lease may be modified or amended at any time, and the Trustee may consent thereto without the consent of the Owners, if such amendment is to modify or amend the description of the Leased Property or to release from the Project Lease any portion of the Leased Property, or to add other property and improvements to the Leased Property or substitute other property and improvements for the Leased Property, upon satisfaction of the conditions to such amendment and substitution in the Project Lease.

Notwithstanding anything herein to the contrary, the Project Lease provides that upon final completion of the Cruise Ship Terminal located at Pier 27, the City has the absolute right to make Pier 27 the only Leased Property subject to the Property Lease and the Project Lease, and to release from the Property Lease and the Project Lease the portion of Laguna Honda Hospital initially included as Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – THE PROJECT LEASE – Addition, Release and Substitution."

Additional Certificates

The Trust Agreement and the Project Lease may be amended from time to time to authorize one or more series of Additional Certificates secured by Base Rental payments under the Project Lease on a parity with the Outstanding Certificates, provided that, among other requirements, the Base Rental payable under the amended Project Lease is sufficient to pay all principal of and interest with respect to the Outstanding Certificates and such Additional Certificates, and that the amended Base Rental is not in excess of the fair rental value of the Leased Premises.

CERTAIN RISK FACTORS

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

Rental Payments Not a Debt of the City

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

The Certificates represent and are payable solely from Base Rental payments made by the City pursuant to the Project Lease and amounts held in the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund and the Base Rental Fund established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the application of such amounts for the purposes and on the terms and conditions set forth therein. The City will be obligated to make Rental Payments subject to the terms of the Project Lease, and neither the City nor any of its officers will incur any liability or any other obligation with respect to the delivery of the Certificates.

Additional Obligations

Subject to certain City Charter restrictions, the City may incur other obligations, which may constitute additional charges against its revenues, without the consent of the Owners of the Certificates. There are no restrictions in the Trust Agreement against the City incurring additional lease and other obligations payable from the City's General Fund. To the extent that the City incurs additional obligations, the funds available to make payments of Base Rental may be decreased. The City is currently liable on other obligations payable from its general revenues. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Overlapping Debt," "– Tax Supported Debt Service," and "– Lease Payments and Other Long-Term Obligations." See also APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2012."

Abatement

The obligation of the City under the Project Lease to make Base Rental payments is in consideration for the use and right of occupancy of the Leased Property.

In the case of abatement relating to the Leased Property, the amount of annual rental abatement would be such that the resulting Rental Payments in any Project Lease Year during which such interference continues do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement would continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect; and the term of the Project Lease will be extended by the period during which the rental is abated under the Project Lease, except that such extension will in no event extend beyond [September 1, 20__]. Reserve Fund moneys and the proceeds of rental interruption insurance may be used by the Trustee to make payments with respect to the Certificates in the event Base Rental payments received by the Trustee are insufficient to pay principal or interest represented by the Certificates as such amounts become due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance with Respect to the Leased Property." and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Replacement, Maintenance and Repairs" for additional provisions governing damage to the Leased Property.

In addition, even if such amounts are sufficient to make such payments, moneys remaining in the Reserve Fund after such payments may be less than the Reserve Fund Requirement. The City is not required by the Project Lease or the Trust Agreement, and cannot be compelled, to replenish the Reserve Fund to the Reserve Fund Requirement.

It is not possible to predict the circumstances under which such an abatement of Base Rental payments may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Project Lease or at the time of the abatement. If the latter, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

If damage, destruction, condemnation or title defect with respect to the Leased Property or any portion thereof results in abatement of Base Rental payments and the resulting Base Rental payments, together with moneys in the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund and any available insurance proceeds, are insufficient to make all payments with respect to the Certificates during the period that the Leased Property, or portion thereof, is being restored, then all or a portion of such payments may not be made and no remedy is available to the Trustee or the Owners under the Project Lease or Trust Agreement for nonpayment under such circumstances. Failure to pay principal of, premium, if any, or interest with respect to the Certificates as a result of abatement of the City's obligation to make Rental Payments under the Project Lease is not an event of default under the Trust Agreement or the Project Lease.

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

Reserve Fund

At the time of delivery of the Certificates, proceeds of the 2013A Certificates in the amount of \$_____ will be deposited in the 2013A Reserve Account, proceeds of the 2013B Certificates in the amount of \$_____ will be deposited in the 2013B Reserve Account, and proceeds of the 2013C Certificates in the amount of \$_____ will be deposited in the 2013C Reserve Account. In the event of abatement or default, the amounts on deposit in the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account of the Reserve Fund may be significantly less than the amount of Base Rental due at the time of abatement or default.

Limited Recourse on Default; No Reletting of the Leased Property

The Project Lease and the Trust Agreement provide that, if there is a default by the City, the Trustee may enforce all of its rights and remedies under the Project Lease, including the right to recover Base Rental payments as they become due under the Project Lease by pursuant any remedy available in law or in equity, other than by terminating the Project Lease or re-entering and reletting the Leased Property, or except as expressly provided in the Project Lease. The City is not required by the Project Lease or the Trust Agreement, and cannot be compelled, to replenish the 2013A Reserve Account, the 2013B Reserve Account and the 2013C Reserve Account to the Reserve Fund Requirement. In addition, the Project Lease provides that no remedies may be exercised so as to cause the interest with respect to the Certificates to be includable in gross income for federal income tax purposes or subject to State personal income taxes. The enforcement of any remedies provided for in the Project Lease and in the Trust Agreement could prove to be both expensive and time consuming.

The Project Lease provides that any remedies on default will be exercised by the Trustee. Upon the occurrence and continuance of the City's failure to deposit with the Trustee any Base Rental and/or Additional Rental payments when due, or if the City breaches any other terms, covenants or conditions contained in the Project Lease, the Property Lease or in the Trust Agreement (and does not remedy such breach with all reasonable dispatch within 60 days after notice thereof or, if such breach cannot be remedied within such 60-day period, the City fails to take corrective action within such 60-day period and diligently pursue the same to completion), the Trustee may proceed (and, upon written request of the Owners of not less than a majority in aggregate principal amount of Certificates then outstanding, will proceed), without any further notice, to enforce all of its rights and remedies under the Project Lease, including the right to recover Base Rental payments as they become due by pursuing any remedy available in law or in equity, other than by terminating the Project Lease or re-entering and reletting the Leased Property, or except as expressly provided in the Project Lease. The Project Lease does not allow the remedy of re-entering and reletting of the Leased Property.

Enforcement of Remedies

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

the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

No Acceleration on Default

In the event of a default, there is no remedy of acceleration of the total Base Rental payments for the term of the Project Lease. Any suit for money damages would be subject to the legal limitations on remedies against cities and counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Release and Substitution of the Leased Property

The Project Lease permits the release of portions of the Leased Property or the substitution of other real property for all or a portion of the Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution." Although the Project Lease requires that the substitute property have an annual fair rental value upon becoming part of the Leased Property equal to the maximum annual amount of the Base Rental payments remaining due with respect to the Leased Property being replaced, it does not require that such substitute property have an annual fair rental value equal to the total annual fair rental value at the time of replacement of the Leased Property or portion thereof being replaced. In addition, such replacement property could be located anywhere within (or outside) the City's boundaries. Therefore, release or substitution of all or a portion of the Leased Property could have an adverse effect on the security for the Certificates. Notwithstanding anything herein to the contrary, the Project Lease provides that upon final completion of the Cruise Ship Terminal located at Pier 27, the City has the absolute right to make Pier 27 the only Leased Property subject to the Property Lease and the Project Lease, and to release from the Property Lease and the Project Lease the portion of Laguna Honda Hospital initially included as Leased Property.

Seismic Risks

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

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of about magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. For example, the U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and almost \$100 billion of damage. In addition to the potential damage to City-owned buildings and facilities, including the Leased Property (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly longer-term harm to the City's economy, tax receipts, and residential and business real property values.

The Leased Property is located near the geographic center of the City and is therefore in a seismically active region. The obligation of the City to make payments of Base Rental may be abated if the Leased Property or any improvements thereon are damaged or destroyed by natural hazard such as earthquake or flood. The City is not obligated under the Project Lease to maintain earthquake insurance on the Leased Property so long as the City's Risk Manager determines that such insurance is not obtainable in reasonable amounts at reasonable costs on the open market from reputable insurance companies, and the City does not expect to obtain earthquake insurance.

Risk Management and Insurance

The Project Lease obligates the City to maintain and keep in force various forms of insurance, subject to deductibles, on the Leased Property for repair or replacement in the event of damage or destruction to the Leased Property. The City is also required to maintain rental interruption insurance in an amount equal to but not less than 24 months Base Rental payments. The Project Lease allows the City to insure against any or all risks, except rental interruption and title defects, through an alternative risk management program such as self-insurance. The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Project Lease and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest with respect to the Certificates when due.

The City employs a full-time Risk Manager, as well as safety and loss control professionals, for the prevention and mitigation of property, liability and employee claims for injury or damage. For information concerning the self insurance and risk management programs of the City see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LITIGATION AND RISK MANAGEMENT – Risk Retention Program."

State Law Limitations on Appropriations

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

Changes in Law

The City cannot provide any assurance that the State Legislature or the City's Board of Supervisors will not enact legislation that will result in a reduction of the City's General Fund revenues and therefore a reduction of the funds legally available to the City to make Base Rental payments. See, for example, Appendix A: "City and County of San Francisco Organization and Finances – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Articles XIII C and XIII D of the California Constitution" herein. See also Appendix A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LITIGATION AND RISK MANAGEMENT – Risk Retention Program."

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

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Project Lease, the rights and remedies in the Trust Agreement and the Project Lease may be limited and are subject to the provisions of

federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies such as the City. Third parties, however, cannot bring involuntary bankruptcy proceedings against the City. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Certificate Owners and the Trustee could be prohibited from or delayed in taking steps to enforce their rights under the Trust Agreement and the Project Lease and from taking steps to collect amounts due from the City under the Project Lease. In any event, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Certificates.

The Trust Agreement will state that the Trustee has entered into such agreement in its capacity as trustee and not in its individual corporate capacity. Were the Trustee to fail or become insolvent, federal regulatory authorities such as the Federal Deposit Insurance Corporation, the United States Comptroller of the Currency and the Federal Reserve Bank of the United States would have broad authority respecting the assets and liabilities of the Trustee. No opinion will be delivered in connection with the delivery of the Certificates to the effect that the Leased Property or payments by the City under the Project Lease do not constitute property of the Trustee or that the Trust Agreement or the Certificates do not constitute obligations of the Trustee. Were the Trustee to fail or become insolvent, the Project Lease, the Trust Agreement and/or the Certificates could be determined to be assets and/or liabilities of the Trustee. In such event, the holders of the Certificates could suffer a significant delay in payment and/or a loss of some portion or all of their investment.

State of California Financial Condition

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

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

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

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

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

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

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

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

U.S. Government Finances

The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. The City's finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending. On March 1, 2013 automatic spending cuts to federal defense and other discretionary spending (referred to as "sequestration") went into effect and will continue for nine years unless further action is taken by Congress. At this time, the only certain reduction to City revenue due to sequestration is the loss of \$2.0 million in Medicare revenue. The City cannot predict the ultimate outcome of federal budget deliberations. For more information on the potential impact of sequestration on the City's finances and operations, see APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET – Impact of Federal Budget Tax Increases and Expenditure Reductions on Local Finances." See also APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – OTHER CITY TAX REVENUES" and "– INVESTMENT OF CITY FUNDS."

Taxability Risk

As discussed herein under the caption "TAX MATTERS," interest with respect to the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were executed and delivered as a result of future acts or omissions of the City in violation of its covenants contained in the Trust Agreement or the Project Lease. There is no provision in the Certificates, the Trust Agreement or the Project Lease for special prepayment or acceleration or for the payment of additional interest should such an event

of taxability occur, and the Certificates would remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Trust Agreement.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. The City can provide no assurance that federal tax law will not change while the Certificates are outstanding or that any such changes will not adversely affect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes. If the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Certificates would be adversely impacted.

Other

There may be other risk factors inherent in ownership of the Certificates in addition to those described in this section.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation and Lofton & Jennings, Co-Special Counsel to the City, subject, however to the qualifications set forth below, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the 2013A Certificates and the 2013B Certificates is excluded from gross income for federal income tax purposes, except, with respect to the 2013B Certificates, during any period while a 2013B Certificate is held by a "substantial user" of the facilities financed by the 2013B Certificates or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code"). With respect to the 2013A Certificates, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. With respect to the 2013B Certificates, however, such interest is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest with respect to the Taxable 2013C Certificates is not excluded from gross income for federal income tax purposes.

The opinions set forth in the preceding paragraph are subject to the condition that the City will comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the 2013A Certificates and the 2013B Certificates. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest with respect to the 2013A Certificates and the 2013B Certificates in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2013A Certificates and the 2013B Certificates.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2013A Certificate or a 2013B Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2013A Certificate or a 2013B Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2013A Certificates or the 2013B Certificates, as applicable, on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such

2013A Certificates or 2013B Certificates, as applicable, to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2013A Certificates or 2013B Certificates, as applicable. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2013A Certificates or 2013B Certificates who purchase the 2013A Certificates or 2013B Certificates after the initial offering of a substantial amount of such maturity. Owners of such 2013A Certificates or 2013B Certificates should consult their own tax advisors with respect to the tax consequences of ownership of 2013A Certificates or 2013B Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2013A Certificates or 2013B Certificates under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2013A Certificates and the 2013B Certificates (said term being the shorter of the 2013A Certificates' and the 2013B Certificates' maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2013A Certificates or the 2013B Certificates, as applicable, for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on the 2013A Certificates or the 2013B Certificates is amortized each year over the term to maturity of the 2013A Certificates or the 2013B Certificates, as applicable, on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized premium with respect to a 2013A Certificates and the 2013B Certificates is not deductible for federal income tax purposes. Owners of premium 2013A Certificates and the 2013B Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2013A Certificates or the 2013B Certificates, as applicable.

In the further opinion of Co-Special Counsel, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Co-Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates other than as expressly described above.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2013A Certificates and the 2013B Certificates to be subject, directly or indirectly, to federal income taxation or may cause interest on the Certificates to be subject to or no longer exempt from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Special Counsel expresses no opinion.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Certificates and with regard to the tax status of the interest represented by the Certificates (see "TAX MATTERS" herein) are subject to the separate legal opinions of Jones Hall, A Professional Law Corporation, San Francisco, California and Lofton & Jennings, San Francisco, California Co-Special Counsel. The signed legal opinions of Co-Special Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Certificates, will be delivered to the initial purchaser of the Certificates at the time of original delivery of the Certificates.

The proposed form of the legal opinions of Co-Special Counsel are set forth in APPENDIX F hereto. The legal opinions to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distributions of it by recirculation of this Official Statement or otherwise will create no implication that Co-Special Counsel have reviewed or express any opinion concerning any of the matters referred to in the opinion subsequent to its date. In rendering their opinions, Co-Special Counsel

will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Certificates, which Co-Special Counsel will not have independently verified.

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

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

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

PROFESSIONALS INVOLVED IN THE OFFERING

Public Financial Management, Inc. and Backstrom McCarley Berry & Co. LLC have served as Co-Financial Advisors to the City with respect to the sale of the Certificates. The Co-Financial Advisors have assisted the City in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the Certificates. The Co-Financial Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Financial Advisors, Co-Special Counsel and Disclosure Counsel will all receive compensation from the City contingent upon the sale and delivery of the Certificates.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Certificates to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2012-13, which is due not later than March 27, 2014, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the initial purchasers of the Certificates in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

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

ABSENCE OF LITIGATION

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

RATINGS

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

SALE OF THE CERTIFICATES

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

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

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the Purchasers or Owners and beneficial owners of any of the Certificates.

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

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Benjamin Rosenfield
Controller

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO – ORGANIZATION AND FINANCES

APPENDIX B

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

* The Comprehensive Annual Financial Report may be viewed online or downloaded from the City Controller's website at <http://www.sfgov.org/controller>.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

The following is a summary of certain provisions of the Trust Agreement, Project Lease and the Property Lease. These summaries do not purport to be complete or definitive and reference should be made to such documents for a full and complete statement of their provisions. All capitalized terms not defined in this Official Statement have the meanings set forth in the Trust Agreement.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

**[\$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION**

\$ _____*
SERIES 2013A
(Port Facilities Project)
(Non-AMT)

\$ _____*
SERIES 2013B
(Port Facilities Project)
(AMT)

\$ _____*
TAXABLE SERIES 2013C
(Port Facilities Project)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the delivery of the certificates of participation captioned above (the "Certificates"). The Certificates are issued pursuant to that certain Trust Agreement (the "Trust Agreement"), dated as of ____ 1, 2013, between the City and [Name of Trustee], as trustee (the "Trust Agreement"). Pursuant to Section 8.10 of the Trust Agreement and Section 4.8 of that certain Project Lease dated as of ____ 1, 2013, by and between the Trustee and the City, the City covenants and agrees as follows:

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

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

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

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

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

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

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

* Preliminary, subject to change.

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

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

(a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;

(b) a summary of budgeted general fund revenues and appropriations;

(c) a summary of the assessed valuation of taxable property in the City;

(d) a summary of the ad valorem property tax levy and delinquency rate;

(e) a summary of aggregate annual scheduled lease payments or rental obligations with respect to outstanding certificates of participation and lease revenue bonds payable from the general fund of the City.

(f) a summary of outstanding and authorized but unissued general fund lease obligations, certificates of participation, and other long-term obligations payable from the general fund of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public

entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such other document so included by reference.

SECTION 5. Reporting of Listed Events.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 11. Beneficiaries. This Disclosure Certificate will inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Certificates, and will create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Date: _____, 2013.

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

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

Name of City: CITY AND COUNTY OF SAN FRANCISCO
Name of Issue: CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2013A, SERIES 2013B AND TAXABLE SERIES 2013C
(PORT FACILITIES PROJECT)
Date of Delivery: _____, 2013

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

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

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

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

Information Furnished by DTC Regarding its Book-Entry Only System

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

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

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

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

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

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

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

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

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

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

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

APPENDIX F

PROPOSED FORM OF CO-SPECIAL COUNSEL OPINION

[To come.]

APPENDIX G

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