

File No. 100502

Committee Item No. 1

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: May 19, 2010

Board of Supervisors Meeting

Date: 5/25/10

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget Analyst Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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OTHER

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Completed by: Andrea S. Ausberry

Date Friday, May 14, 2010

Completed by: A. Ausberry

Date May 20, 2010

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

01

1 [2010 Equipment Lease Supplement No. 16 – Not to Exceed \$11,500,000]

2
3 **Resolution approving the form of and authorizing execution and delivery by the City**
4 **and County of San Francisco of an Equipment Lease Supplement No. 16 (Series 2010A**
5 **Bonds) between the City and County of San Francisco Finance Corporation, as lessor,**
6 **and the City and County of San Francisco, as lessee, with respect to certain equipment**
7 **to be used for city purposes, a related certificate of approval and a continuing**
8 **disclosure certificate; approving the issuance of lease revenue bonds by said nonprofit**
9 **corporation in an amount not to exceed \$11,500,000; approving the form of the official**
10 **statement in preliminary and final form; providing for reimbursement to the City and**
11 **County of San Francisco of certain city expenditures incurred prior to the issuance of**
12 **lease revenue bonds; and providing for the execution of documents in connection**
13 **therewith.**

14 WHEREAS, Pursuant to Section 9.108(3) of the Charter of the City and County of
15 San Francisco (the "Charter"), the Board of Supervisors of the City and County of
16 San Francisco (the "Board of Supervisors") may approve lease financing involving a nonprofit
17 corporation established for such purposes for the acquisition of equipment, the obligations
18 with respect to which shall not exceed in the aggregate at one time a principal amount of \$20
19 million increased by five percent in each fiscal year commencing with fiscal year 1990-1991,
20 provided that the Controller of the City and County of San Francisco or his designee
21 (collectively, the "Controller") makes the certification required by said section of the Charter
22 prior to the sale of such obligations; and,

23 WHEREAS, The City and County of San Francisco Finance Corporation (the
24 "Corporation"), a California nonprofit public benefit corporation, has been formed to, among
25

1 other purposes, serve as the nonprofit corporation pursuant to Section 9.108(3) of the
2 Charter; and,

3 WHEREAS, The Board of Supervisors has previously entered into an equipment lease
4 (the "Equipment Lease") with the Corporation to provide for the acquisition, construction and
5 installation by the Corporation of equipment to be used for the purposes of the City and
6 County of San Francisco (the "City") and the leasing of said equipment and certain equipment
7 subject to existing leases to the City; and,

8 WHEREAS, The Board of Supervisors has determined to enter into an Equipment
9 Lease Supplement No. 16 (Series 2010A Bonds) (the "Equipment Lease Supplement") to
10 provide for the acquisition, construction and installation of additional equipment to be used for
11 City purposes by the Corporation and the leasing of said equipment to the City; and,

12 WHEREAS, The Corporation proposes to issue its lease revenue bonds designated as
13 the "City and County of San Francisco Finance Corporation Lease Revenue Bonds,
14 Series 2010A (Equipment Program)" (the "Bonds"), secured by base rentals to be paid by the
15 City under the Equipment Lease as modified by said Equipment Lease Supplement; and,

16 WHEREAS, The Board of Supervisors is authorized to approve the execution and
17 delivery of the Equipment Lease Supplement and the issuance of the Bonds pursuant to a
18 resolution duly adopted by the Board of Supervisors; and,

19 WHEREAS, Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule")
20 requires that an "obligated person" (as defined in the Rule) agree to provide certain annual
21 financial information and notice of certain specified events, if material, to Participating
22 Underwriters (as defined in the Rule), to bondholders and beneficial owners of the Bonds, and
23 the City is an obligated person; now, therefore, be it

24 RESOLVED By the Board of Supervisors of the City and County of San Francisco, as
25 follows:

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

2 Section 2. Approval of Form of Equipment Lease Supplement and Certificate of
3 Approval. In accordance with the recommendation of the Office of Public Finance of the City,
4 the form of the Equipment Lease Supplement by and between the Corporation and the City
5 and the related Certificate of Approval presented to this Board of Supervisors, copies of which
6 are on file with the Clerk of the Board of Supervisors in File No. 100502, and which are hereby
7 declared to be a part of this resolution as if set forth fully herein, are hereby approved. The
8 Mayor of the City or his designee (collectively, the "Mayor") is hereby authorized to execute
9 the Equipment Lease Supplement and the related Certificate of Approval, and the Clerk of the
10 Board of Supervisors or the designee of such officer (collectively, the "Clerk of the Board") is
11 hereby authorized to attest and affix the seal of the City on the Equipment Lease Supplement,
12 in substantially the forms presented to the Board of Supervisors, with such modifications,
13 changes, or additions as the Mayor may approve in accordance with Section 3 hereof.

14 Section 3. Modifications to Equipment Lease Supplement and Certificate of Approval.

15 The Mayor is hereby authorized to approve and make such modifications, changes or
16 additions to the Equipment Lease Supplement and the Certificate of Approval, upon
17 consultation with the City Attorney of the City, as may be necessary or desirable in the
18 interests of the City, and which changes do not materially increase the obligations of the City
19 under the Equipment Lease, as supplemented by the Equipment Lease Supplement, such
20 approval to be conclusively evidenced by the execution and delivery by the Mayor and the
21 Clerk of the Board of the Equipment Lease Supplement and by the Mayor of the Certificate of
22 Approval; provided, however, that the total project costs of the acquisition, construction and
23 installation of equipment to be financed with the proceeds of the Bonds (the "Project") shall
24 not exceed \$11,500,000, that the maximum interest rate on the Bonds shall not exceed 10%

1 per annum and that the Equipment Lease Supplement shall have a termination date no later
2 than October 1, 2017.

3 Section 4. Approval of Issuance of the Bonds. The issuance by the Corporation of not
4 to exceed \$11,500,000 aggregate principal amount of City and County of San Francisco
5 Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program), to be
6 secured by the payment of base rental by the City pursuant to the Equipment Lease, as
7 supplemented by the Equipment Lease Supplement, is hereby approved; provided, however,
8 that the Bonds shall not be issued unless prior to the sale thereof the Controller certifies that
9 in his opinion the net interest cost to the City will be lower as a result of the issuance of the
10 Bonds than other financings involving a lease or leases.

11 Section 5. Approval of the Official Statement in Preliminary and Final Form. The form
12 of the Official Statement relating to the Bonds (the "Official Statement"), as presented to this
13 Board, a copy of which is on file in preliminary form with the Clerk of the Board in File
14 No. 100502, and which is hereby declared to be a part of this resolution as if set forth fully
15 herein, is hereby approved. The Director of Public Finance, or her designee (collectively, the
16 "Director of Public Finance") is hereby authorized to approve the distribution of the preliminary
17 Official Statement, with such changes, additions, modifications or deletions as the Director of
18 Public Finance may approve upon consultation with the City Attorney; such approval to be
19 conclusively evidenced by the distribution of the preliminary Official Statement to potential
20 purchasers of the Bonds. The Controller of the City is hereby authorized to execute, and the
21 Director of Public Finance is hereby further authorized to approve the distribution of, the
22 Official Statement in final form.

23 Section 6. Reimbursement of Certain Expenditures. In the event that the City pays
24 certain capital expenditures from its general fund in connection with the equipment listed on
25 Exhibit A to the Equipment Lease Supplement (the "Equipment") as finally executed and as

1 may be amended from time to time in connection with the issuance of the Bonds or other
2 indebtedness for the Equipment, and to the extent that the City has already made such
3 payments in connection with the Equipment, all such payments will be and have been made
4 with the reasonable expectation by the City that such payments for such expenditures will be
5 reimbursed from the proceeds of the Bonds or such other indebtedness. Pursuant to
6 Treasury Regulation Section 1.150-2, the City hereby declares its official intent to be
7 reimbursed from the proceeds of the Bonds or other indebtedness for such Equipment
8 expenditures. Section 6 of this Resolution is approved by the City solely for the purposes of
9 establishing compliance with the requirements of Section 1.150-2 of the Treasury
10 Regulations, and does not bind the City or the Corporation to make any expenditure, incur any
11 indebtedness or proceed with the Project.

12 Section 7. Title to the Equipment. The City will accept title to the Equipment, including
13 any additions to the Equipment, when the Bonds are discharged.

14 Section 8. Approval of Form of Continuing Disclosure Certificate. The form of
15 Continuing Disclosure Certificate (the "Certificate") to be executed and delivered by the City, a
16 copy of which is on file with the Clerk of the Board in File No. 100502, and which is hereby
17 declared to be a part of this resolution as if set forth fully herein, is hereby approved. The
18 Mayor or the Controller is hereby authorized to execute the Certificate, in substantially the
19 form presented to the Board of Supervisors, with such modifications, changes or additions as
20 the Mayor or the Controller may make or approve upon consultation with the City Attorney,
21 such approval to be conclusively evidenced by the execution and delivery of the Certificate.

22 Section 9. General Authorization. The Mayor, the City Attorney, the Controller, the
23 Director of Public Finance, the Clerk of the Board and the other officers of the City and their
24 duly authorized deputies and agents are hereby authorized and directed, jointly and severally,
25 to execute and deliver such certificates, requests or other documents and agreements,

1 including, but not limited to, certificates relating to the official statement for the Bonds in
2 preliminary or final form or to other offering material relating to the Bonds, or relating to the
3 purchase of bond insurance, if any, on the Bonds, as they may deem necessary or desirable
4 to facilitate the execution and delivery by the City of the Equipment Lease Supplement and of
5 the Certificate of Approval and the consummation of the financing contemplated thereby, and
6 to otherwise carry out the provisions of this Resolution.

7
8 APPROVED AS TO FORM:

9 DENNIS J. HERRERA, City Attorney

10
11 By: Kenneth David Roux
12 KENNETH DAVID ROUX
13 Deputy City Attorney
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Item 1
Files 10-0502

Department:
Controller's Office of Public Finance (OPF)

EXECUTIVE SUMMARY

Legislative Objective

- Resolution authorizing (a) the issuance of Equipment Lease Revenue Bonds in an amount not-to-exceed \$11,500,000 to fund the purchase of various vehicles and equipment, and (b) various related financing documents.

Fiscal Impact

- The debt service on the proposed Equipment Lease Revenue Bonds, which is estimated to average \$1,883,900 per year over six years, including \$10,710,000 in principal and \$593,397 in interest. Such debt service would be paid proportionally by the City departments who would acquire the vehicles and other equipment. All debt service expenditures are subject to annual appropriation approval by the Board of Supervisors.

Key Points

- In June of 1990, the voters of San Francisco approved Proposition C which permits the City to issue Equipment Lease Revenue Bonds to acquire equipment for City Departments, subject to a maximum of \$20,000,000 of such bonds being outstanding at any one time. However, Proposition C provided for a five percent annual increase in the maximum amount of outstanding bonds, such that the current maximum amount of outstanding bonds allowable is \$50,539,004.
- The City previously issued \$147,305,000 in Equipment Lease Revenue Bonds and repaid \$134,965,000, such that the current amount of outstanding bonds is \$12,340,000 (\$147,305,000 less \$134,965,000), or \$38,199,004 less than the maximum amount of outstanding bonds of \$50,539,004.
- The proposed issuance of Equipment Lease Revenue Bonds would finance the purchase of 139 pieces of equipment which were approved by the Board of Supervisors in the FY 2009-2010 budget, including (a) 97 vehicles, and (b) 42 various pieces of equipment such as lawn mowers, laboratory equipment, and exam room tables. The equipment proposed to be financed would be provided to seven City Departments, including the (a) Fire Department, (b) Police Department, (c) Office of the Chief Medical Examiner, (d) Department of Public Health, (e) Department of Public Works, (f) Recreation and Parks Department, and (g) Department of Technology.
- Ms. Nadia Sesay, Director of the Office of Public Finance, anticipates issuing \$10,710,000 in Equipment Revenue Bonds, or \$790,000 less than the proposed not-to-exceed amount of \$11,500,000. Ms. Sesay stated that this difference allows for interest rate fluctuations which may occur in the financial markets. The anticipated issuance of \$10,710,000 includes (a) \$9,188,836 in equipment, and (b) \$1,521,164 in financing costs.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Mandate Statement

In June of 1990, San Francisco voters approved Proposition C, a Charter Amendment which authorized the Board of Supervisors to approve lease-financing of equipment purchases for the City through a non-profit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation from the proceeds of Equipment Lease Revenue Bonds. Proposition C also imposed a maximum amount of \$20,000,000 in such outstanding bonds at any one time. However, Proposition C provided for a five percent annual increase in the maximum amount of outstanding bonds, such that the current maximum amount of outstanding bonds allowable is \$50,539,004.

The City, through the San Francisco Finance Corporation, has previously issued \$147,305,000 in Equipment Lease Revenue Bonds and has repaid \$134,965,000 of the outstanding debt, such that the current outstanding bond amount is \$12,340,000 (\$147,305,000 less \$134,965,000), or \$38,199,004 less than the maximum amount of outstanding bonds of \$50,539,004.

Background

According to Ms. Nadia Sesay, Director of the Office of Public Finance, the San Francisco Finance Corporation has issued Equipment Lease Revenue Bonds, on behalf of the City, for the procurement of equipment on an annual basis, with four exceptions,¹ since FY 1990-1991.

According to Ms. Sesay, the City benefits from debt financing the purchase of vehicles and equipment because debt financing allows the cost of purchasing such vehicles and equipment to be spread over the useful life of the assets.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize (a) the issuance of Equipment Lease Revenue Bonds in an amount not-to-exceed \$11,500,000 to fund the purchase of various vehicles and equipment, and (b) various related financing documents.

Although the proposed resolution would approve the issuance of up to \$11,500,000 in Equipment Lease Revenue Bonds, Ms. Sesay estimates issuing \$10,710,000 in Equipment Lease Revenue Bonds. Ms. Sesay noted that the difference between the estimated issuance amount of \$10,710,000 and the proposed not-to-exceed amount of \$11,500,000 allows for interest rate fluctuations in market conditions until the time of the bond issuance. Ms. Sesay anticipates issuing the proposed bonds in June of 2010.

¹ According to Ms. Sesay, bonds were not issued in FY 1996-1997, FY 2000-2001, FY 2004-2005, and FY 2008-2009 because either (a) budget constraints caused the Mayor to cancel the issuance, or (b) sufficient budgeted funds were available to purchase all equipment with cash.

The Table below, provided by Ms. Sesay and based on current market conditions, lists the related amounts of equipment to be allocated, by Department, under the proposed issuance of \$10,710,000 in Equipment Lease Revenue Bonds, including (a) \$9,188,836 in equipment, and (b) \$1,521,164 in financing costs.

Table: Uses of Bond Proceeds

Equipment	
Fire	\$1,385,000
Police	1,585,515
Medical Examiner	439,437
Public Health	350,419
Public Works	3,394,408
Recreation and Parks	1,739,265
Technology	294,792
Subtotal	\$9,188,836
Financing Costs	
Debt Service Reserve Fund	1,071,000
Capitalized Interest	87,985
Costs of Issuance	362,179
Subtotal	\$1,521,164
Total	\$10,710,000

Attachment I, provided by Ms. Sesay, lists the subject vehicles and equipment totaling \$9,188,836, to be financed by the proposed Equipment Lease Revenue Bonds.

As noted above, the proposed resolution would also approve various financing documents related to the issuance of the proposed Equipment Lease Revenue Bonds. Attachment II, a memorandum from Ms. Sesay, provides additional information related to the proposed issuance of the Equipment Lease Revenue Bonds.

FISCAL IMPACTS

Ms. Sesay estimates that the anticipated bond issuance totaling \$10,710,000 will have an interest rate of 3.80 percent and a term of six years. Total debt service for the \$10,710,000 in proposed bonds over the six years is estimated at \$11,303,397, including \$10,710,000 in principal and \$593,397 in interest, with average annual debt service of \$1,883,900. All such costs, including the financing costs, are subject to Board of Supervisors appropriation approval.

RECOMMENDATION

Approve the proposed resolution.

3/9/10

City and County of San Francisco Finance Corporation
Lease Revenue Bonds, Series 2010A
Equipment Purchase Program

Dept.	Equipment	Units	Unit Cost	Total Cost	Dept. Total
Fire Department	Aerial Ladder Truck	1	792,050	792,050	1,385,000
	Ambulance	2	146,475	292,950	
Police	Fire Engines/Triple Combination Pumper	1	300,000	300,000	1,585,515
	Unmarked Police Vehicles	4	37,975	151,900	
	Marked Police Motorcycles (Off-Road)	5	13,563	67,815	
	Marked Police Motorcycles (Street)	10	32,984	329,840	
	Marked Police Vehicles (Sedan)	20	51,798	1,035,960	
Medical Examiner	Gas Chromatograph/Magnetic Spectrometer	1	119,350	119,350	439,437
	Liquid Chromatography	1	320,087	320,087	
Dept. of Public Health	ADA Exam Room Tables	7	5,655	39,587	350,419
	CNG Passenger Buses	2	155,416	310,832	
Dept. of Public Works	Utility trucks with Steam/Pressure washers	1	57,505	57,505	3,394,408
	Cement mixer truck	1	182,280	182,280	
	Green machine sweepers	1	86,800	86,800	
	Distributor Truck	1	108,500	108,500	
	Truck, pickup 3/4 ton	1	43,400	43,400	
	3/4 ton dump pickup trucks	2	34,720	69,440	
	Packer 20 yard	1	276,675	276,675	
	Toro Grandstand Mowers	8	6,781	54,250	
	Utility trucks with Steam/Pressure washers	1	57,505	57,505	
	Van 3/4 Ton	1	37,975	37,975	
	3/4 Yard Mini-Dump Trucks	4	67,704	270,816	
	Mechanical Sweeper	3	312,919	938,758	
	Front Loader	1	291,339	291,339	
	Pick up 3/4 Ton Dump	5	39,210	196,050	
	Green Machine	2	26,111	52,222	
	PU 1 Ton Crewcab D	2	87,606	175,212	
	Van 1 Ton	4	37,109	148,436	
	15" chipper	1	53,094	53,094	
	48" Toro ride-on mowers	2	30,608	61,216	
	Flusher	1	232,935	232,935	
Rec & Park	Infield Rake, Toro	1	23,870	23,870	47,266
	Truck F150	1	46,655	46,655	
	Infield Rake, Toro	1	23,870	23,870	
	Truck F150 1/4 Ton, pickup	1	30,380	30,380	
	Truck F150 1/4 Ton, pickup	1	30,380	30,380	
Truck F250 1/2 Ton pickup, w/dump bed	1	47,266	47,266		

City and County of San Francisco Finance Corporation
Lease Revenue Bonds, Series 2010A
Equipment Purchase Program
3/9/10

Dept.	Equipment	Units	Unit Cost	Total Cost	Dept. Total
Rec & Park	Cargo Van	1	32,550	32,550	
	Truck F350 Utility Bed	1	59,675	59,675	
	Truck F250 Type 1/2 Ton pickup, dump bed	1	48,825	48,825	
	Van, Custodial	1	30,380	30,380	
	Freightliner Truck M2106	1	118,265	118,265	
	Backhoe	1	113,925	113,925	
	Ford F 250 Truck with dump bed	1	32,008	32,008	
	Workman 3200 W/ Highflow Hydraulic Kit	2	18,726	37,452	
	Ford F 250 Truck with dump bed	1	32,008	32,008	
	Chipper Truck	1	125,860	125,860	
	Ford F250 4X14	2	27,125	54,250	
	Toro Multi-Pro 4200	1	24,847	24,847	
	Toro Multi-Pro 5500	1	27,017	27,017	
	Toro Workman 3200	1	21,700	21,700	
	Freightliner Truck	2	135,625	271,250	
	Truck F250 Type 1/2 Ton Pick up	2	47,266	94,532	
	Workman 3200 W/Highflow Hydraulic Kit	1	23,870	23,870	
	Freightliner Truck M2106 - Dump Truck	1	135,625	135,625	
	Brush Bandit Chipper 150XP	3	42,315	126,945	
	Truck F150 Type 1/4 Ton Pick-up	1	30,380	30,380	
	Landscape Toro Workman 4200	1	30,380	30,380	
	Ford F350 XL 2WD Regular Cab	2	32,550	65,100	1,739,265
	Technology	Passenger Van	1	30,380	30,380
Cargo Mini-Van		1	33,635	33,635	
Cargo Mini-Van		1	33,635	33,635	
Spillcer Van		1	61,216	61,216	
One Ton Utility Truck		1	61,216	61,216	
Truck - Ford F350 or equivalent		1	46,501	46,501	
Cargo Van		1	28,210	28,210	294,792
			\$ 9,188,836	\$ 9,188,836	



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director *Nadia Sesay*
Controller's Office of Public Finance

SUBJECT: Resolution Authorizing the Sale of not to exceed \$11,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Lease Program)

DATE: April 20, 2010

Recommended Action:

The Controller's Office of Public Finance respectfully requests consideration of the attached resolution by the Budget and Finance Committee on Wednesday, May 5, 2010.

Attached are an original and four copies of the Resolution Authorizing the sale of not to exceed \$11,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Lease Program). The related financing documents—including the Equipment Lease Supplement No. 16, Certificate of Approval, Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate are also attached.

Background:

The Equipment Lease Program

In June 1990, the voters approved Proposition C which authorized the City to issue up to \$20,000,000 of lease revenue bonds to acquire equipment for City departments. The Proposition C authorization provides for a 5% annual adjustment to the original \$20,000,000 authorization. The annual 5% adjustment is made each July 1. As of July 1, 2010, the total authorized amount was \$50,539,004 (see Attachment A).

The City and County of San Francisco Finance Corporation (the "Finance Corporation") is a non profit public benefit corporation. The Finance Corporation was formed in 1991 to provide a means to finance equipment, the acquisition, construction and installation of facilities, and tangible, real and personal property for the City's general governmental purposes.

The equipment lease program also functions as a revolving bond fund. That is, for each dollar in bond principal that is repaid, a new dollar can be issued. As indicated in Attachment A, the Finance Corporation has issued \$147,305,000 in equipment lease revenue bonds. To date, \$134,965,100 has been repaid leaving \$12,340,000 in equipment lease revenue bonds outstanding (see Attachment B). Given the annual adjustment factor of 5% on July 1, 2009 of \$29,144,004 plus the amount of principal (\$9,055,000) paid on October 1, 2009 and April 1, 2010 the amount available for issuance as of April 1, 2010 will be \$38,199,004.

Under the equipment lease program, the Finance Corporation issues bonds to acquire a specified list of equipment for the City. Pursuant to an Agency Agreement between the City and the Finance Corporation, the City has the responsibility for acquiring the equipment. Under the Equipment Lease, the City rents the equipment from the Finance Corporation. The City's semi-annual lease payments are made 15 days prior to the date that the Finance Corporation must pay bondholders. The City's annual lease payments are made in amounts sufficient to pay the principal and interest due on the bonds and any related administration costs (such as the Trustee costs). All of the Finance Corporation's equipment lease revenue bonds are payable on each October 1 and April 1, so the City's payments are due on September 15 and March 15. Unlike most other City bond offerings, principal is payable twice per year.

The purpose of the equipment lease program is to aid City departments in the acquisition of equipment that they could not reasonably pay for within the limits of their annual budget. Instead, the departments can leverage their money as a lease payment to finance the equipment. As such, the Board of Directors of the Finance Corporation has a policy that no individual item can have a per unit cost of less than \$20,000 unless (1) it is an integral part of a system (such as a computer network) or (2) the number of units to be acquired is so large that the department could not pay for the acquisition from its annual operating budget.

Lease payments to be made on equipment to be purchased in this fiscal year will be carried in the City's Fiscal Year 2010-2011 budget.

Proposed Series 2010A Bonds:

The Series 2010A Bonds will fund the City's annual equipment purchase program for Fiscal Year 2009-2010. The request for equipment to be financed by the Lease Revenue Bonds, Series 2010A is for \$9,188,836. The City departments requesting equipment consist of the following:

<u>Department</u>	<u>Amount</u>
Fire	\$1,385,000
Police	1,585,515
Medical Examiner	439,437
Public Health - DPH	350,419
Public Works - DPW	3,394,407
Recreation & Park	1,739,265
Technology	<u>294,792</u>
TOTAL	\$9,188,836

A complete list of the individual equipment items is included herewith as Attachment C. The equipment identified in Attachment C was previously approved by the Board of Supervisors as part of the Fiscal Year 2009-2010 budget process. The Mayor's Office and Controller's Office will ensure that the respective departments will budget sufficient money to make their annual rental payment in Fiscal Year 2010-2011 and in subsequent years.

The City requests that the Finance Corporation issue its Lease Revenue Bonds, Series 2010A in an amount not to exceed \$11,500,000 to finance the Fiscal Year 2009-2010 equipment acquisitions. While we currently only expect to issue \$10,710,000 in bonds, the added authorization gives the City sufficient flexibility to address any changes in bond market conditions.

The Series 2010A Bonds are expected to be sold by competitive bid in June 2010 assuming stable bond market conditions and close approximately two weeks after the sale. Debt service will be payable on April 1 and October 1 of each year commencing October 1, 2010. Principal repayment will begin on April 1, 2011 and will be made semi-annually through and including October 1, 2016. Because there is a time lag between the sale of the bonds and the receipt of the equipment, a portion of interest payments through October 1, 2011 will be capitalized from bond proceeds. That is to say that the Finance Corporation will borrow money to make those interest payments as required by California statutes pertaining to leases. Under State law, a lease payment cannot be made until the lessee has beneficial use of the asset being leased. Since there is a time delay in acquiring the equipment, the City will not have immediate beneficial use of the assets and therefore cannot immediately begin to make its lease payments. However, investors are still owed interest on their investment, so the interest payment is borrowed as part of the bond offering. This is known as "capitalized interest."

Financing Structure:

The financing is structured as a "lease-leaseback" whereby the Finance Corporation will lease the equipment from the City and the City will lease back the equipment at annual rentals sufficient to amortize the acquisition costs. The annual City lease payments will be pledged as security for the bonds. As such, the lease payments are due to the Trustee 15 days prior to a bond debt service payment.

Financing Parameters:

The anticipated amount of bonds required to be issued to fund the cost of the equipment acquisitions is estimated at \$10,710,000. The Resolutions authorizes the issuance of not to exceed par amount of \$11,500,000. Table 1 outlines anticipated sources and uses for the Series 2010A Bonds.

Table 1: Anticipated Sources and Uses from the Issuance of the 2010A Bonds.

Estimated Sources of Funds:	
Par Amount of Bonds	\$ 10,710,000
Total Estimated Sources	\$ 10,710,000
Estimated Uses of Funds	
Acquisition Fund	\$ 9,188,836
Debt Service Reserve Fund	1,071,000
Interest Fund (Capitalized Interest)	87,985
Underwriter's Compensation	53,550
Working Capital	5,000
Cost of Issuance	<u>303,629</u>
Total Estimated Uses of Funds:	\$ 10,710,000

The acquisition costs for the equipment include any sales or license taxes payable thereon. The debt service reserve account is funded at 10% of the par amount of the bonds, pursuant to the tax code. The costs of issuance primarily include payments to the Trustee, printer, rating agencies, bond counsel, City Attorney's Office, Controller's Office and financial advisor. Each department will pay annual debt service for each item of equipment acquired. The number of years that debt service is payable varies according to the useful life of the equipment acquired. Debt service on the majority of the equipment being acquired is payable from October 1, 2010 through and including October 1, 2013. The debt service on the equipment with the longest useful life is payable through and including April 1, 2016.

Fiscal Impact:

Annual debt service for Fiscal Year 2010-2011 is \$163,201.89, which includes \$30,632.56 in capitalized interest. Based upon conservative estimates given current market conditioning, our office estimates that the overall effective interest rate on the bonds will be approximately 3.80%.

Additional Information:

Financial Advisor for the Series 2010A Bonds is Kitahata & Company. Co-Bond Counsel for the bonds is Chapman and Cutler LLP, and Ronald E. Lee, Esq. The Finance Corporation's Counsel is Dannis Woliver Kelley.

Official Notice of Sale and Notice of Intention to Sell

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

Official Statement

The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of its Bonds. The Official Statement describes the Bonds, including sources and uses of funds; security for the Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Bonds. A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Bonds and within seven days of the public offering of the Bonds, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation,

principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller and the Chief Financial Officer of the Finance Corporation certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A

The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolutions, City staff will revise the Official Statement, including the Appendix A, to conform to the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Continuing Disclosure Certificate

The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

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

Attachments (A, B & C)

Cc: Starr Terrell, Mayor's Office
Harvey Rose, Budget Analyst
Angela Calvillo, Clerk of the Board
Greg Wagner, Mayor's Budget Director
Ben Rosenfield, Controller
Kenneth D. Roux, Deputy City Attorney

SEVENTEENTH SUPPLEMENTAL INDENTURE

by and between

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and the

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

Dated as of June 1, 2010

relating to the

[\$[PRINCIPAL AMOUNT]
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS,
SERIES 2010A (EQUIPMENT PROGRAM)

(Supplemental to the Indenture, dated as of January 1, 1991,
as amended and restated as of October 15, 1998)

SEVENTEENTH SUPPLEMENTAL INDENTURE

THIS SEVENTEENTH SUPPLEMENTAL INDENTURE, made and entered into as of June 1, 2010 (the "Seventeenth Supplemental Indenture"), by and between U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"), and the CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION, a nonprofit public benefit corporation, duly organized and existing under and by virtue of the laws of the State of California (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation and the City and County of San Francisco (the "City") have previously entered into a lease, entitled "Equipment Lease Supplement No. 16 (Series 2010A Bonds)" and dated as of the date hereof (the "Lease Supplement"), supplemental to the Equipment Lease dated as of January 1, 1991, as amended and restated as of October 15, 1998 (the "Equipment Lease"), by and between the Corporation and the City (as supplemented by the Lease Supplement and as previously supplemented, the "Lease"); and

WHEREAS, under the Lease, the City is obligated to make base rental payments to the Corporation for the lease of Equipment; and

WHEREAS, the Corporation and the Trustee have heretofore entered into an Indenture, dated as of January 1, 1991, as amended and restated as of October 15, 1998 (as supplemented by this Seventeenth Supplemental Indenture and as previously supplemented, collectively, the "Indenture"), for the purpose of securing the Bonds (as hereinafter defined), which Indenture calls for the issuance of the Bonds in one or more series pursuant to Supplemental Indentures, of which this is the seventeenth; and

WHEREAS, pursuant to the Indenture, the Corporation has determined to issue lease revenue bonds (the "Bonds") in an amount equal to the aggregate principal components of such base rental payments and has previously issued Bonds in the following initial principal amounts:

SERIES	AMOUNT
1991A	\$ 7,020,000
1992A	5,555,000
1993A	10,200,000
1994A	6,850,000
1995A	6,075,000
1996A	7,065,000
1997A	13,715,000
1998A	10,835,000
1999A	8,315,000
2002A	7,900,000
2003A	10,975,000
2004A	9,530,000
2005A	9,420,000

SERIES 2010A EQUIPMENT PREPAYMENT

The term “*Series 2010A Equipment Prepayment*” means the prepayment of Base Rental payments with respect to an item of 2010A Equipment in accordance with Section 4.04 of the Lease.

SERIES 2010A RESERVE REQUIREMENT

The term “*Series 2010A Reserve Requirement*” means, as of the date of initial delivery of the Series 2010A Bonds, \$ _____. The Series 2010A Reserve Requirement shall be reduced to the amounts and on the dates set forth below, and the Trustee shall transfer, on the dates set forth below, the amount in excess of the reduced Series 2010A Reserve Requirement to the Series 2010A Interest Account and Series 2010A Principal Account in the Base Rental Payment Fund to be used by the Trustee to pay principal of and interest on the Series 2010A Bonds, *unless* as of any date of such reduction, the Trustee determines (after giving effect to the scheduled transfer of such amount) insufficient funds will be on deposit in the Series 2010A Interest Account and the Series 2010A Principal Account to pay the interest and principal due on the Series 2010A Bonds on such date (and to pay any past due principal or interest on the Series 2010A Bonds).

DATE	SERIES 2010A RESERVE REQUIREMENT
October 1, 2010	
October 1, 2011	
October 1, 2012	
October 1, 2013	
October 1, 2014	
October 1, 2015	

Section 2. Ratification of Indenture. This Seventeenth Supplemental Indenture is entered into pursuant to Article IX of the Indenture for the purpose of securing the Series 2010A Bonds and providing the terms thereof and to provide additional agreements of the Corporation. This Seventeenth Supplemental Indenture shall be deemed to be a part of the Indenture and to incorporate all provisions of the Indenture not expressly inconsistent herewith as if such provisions were set forth herein. Except as expressly amended by this Seventeenth Supplemental Indenture, all provisions of the Indenture are hereby ratified and confirmed.

Section 3. Authorization of Series 2010A Bonds. There is hereby authorized to be issued a Series of Bonds in an aggregate principal amount of \$[Principal Amount], which Series of Bonds shall be designated “City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program).”

Section 4. Denominations, Form and Dating of Series 2010A Bonds. The Series 2010A Bonds shall be issued in the denomination of five thousand dollars (\$5,000) each or any integral multiple thereof and shall be initially registered in the name of “Cede & Co.” The Series 2010A Bonds shall be dated as of the Series 2010A Delivery Date, and shall be substantially in the form

Section 7. Redemption of Series 2010A Bonds. (a) The Series 2010A Bonds are subject to redemption prior to their maturity, as a whole, or in part, from prepaid Base Rental payments made by the City from Net Proceeds under the terms and conditions of Section 4.01(a) of the Indenture.

(b) The Series 2010A Bonds are also subject to redemption following receipt by the Trustee of a Certificate of Completion for the Series 2010A Project from moneys remaining in the Series 2010A Project Account and transferred to the Redemption Fund under the terms and conditions of Section 4.01(b) of the Indenture.

(c) The Series 2010A Bonds are not subject to optional redemption prior to their maturity.

Section 8. Establishments of Accounts; Deposit of Proceeds of the Series 2010A Bonds and Other Moneys. (a) The following accounts are hereby established within the funds and accounts indicated:

(i) in the Base Rental Payment Fund, the Series 2010A Account, consisting of the Series 2010A Interest Account and the Series 2010A Principal Account.

(ii) in the Costs of Issuance Fund, the Series 2010A Costs of Issuance Account.

(iii) in the Reserve Fund, the Series 2010A Reserve Account.

(iv) in the Acquisition Fund, the Series 2010A Project Account.

(b) The proceeds received from the sale of the Series 2010A Bonds (\$ _____) shall be deposited by the Trustee in the following respective accounts, as directed by a Written Request of the Corporation to be delivered on or prior to the date of delivery of the Series 2010A Bonds:

(1) The Trustee shall deposit in the Series 2010A Interest Account \$ _____ for capitalized interest.

(2) The Trustee shall deposit in the Series 2010A Costs of Issuance Account, the amount of \$ _____.

(3) The Trustee shall deposit in the Series 2010A Reserve Account, an amount equal to \$ _____, being the initial amount of the Series 2010A Reserve Requirement.

(4) The Trustee shall deposit in the Working Capital Fund, the amount of \$ _____.

(5) The Trustee shall deposit the remainder of said proceeds (\$ _____) in the Series 2010A Project Account.

[Execution Page]

IN WITNESS WHEREOF, the parties hereto have executed this Seventeenth Supplemental Indenture by their officers thereunto duly authorized as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

CITY AND COUNTY OF SAN FRANCISCO FINANCE
CORPORATION

By _____
President

Attest:

Chief Financial Officer

The interest represented by this Bond is payable by check mailed to the Registered Owner at the address appearing on the bond registration books as of the close of business on the Record Date immediately preceding each Interest Payment Date; *provided* that upon the written request of at least \$1,000,000 in aggregate principal amount of Bonds on or prior to the applicable Record Date, such payment shall be made by wire transfer in immediately available funds to an account with a financial institution within the United States of America designated by such owner. The principal hereof is payable at the principal corporate trust office of U.S. Bank National Association (the "*Trustee*") in San Francisco, California.

This Bond is one of a duly authorized issue of Bonds of the Corporation designated as the "City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program)" (herein called the "*Bonds*"), of an aggregate principal amount of \$[Principal Amount], all issued pursuant to the provisions of an Indenture by and between the Corporation and the Trustee, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by a Seventeenth Supplemental Indenture, by and between the Corporation and the Trustee, dated as of June 1, 2010 (as so supplemented and as previously supplemented, the "*Indenture*"), providing for the issuance of the Bonds. Reference is hereby made to the Indenture (a copy of which is on file at said principal corporate trust office of the Trustee) for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Base Rental payments, as that term is defined in the Indenture, and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Corporation thereunder, to all of the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon and all other Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from, and are secured by a charge and lien on, the Base Rental payments payable to the Corporation by the City and County of San Francisco (the "*City*") pursuant to an Equipment Lease, by and between the Corporation, as lessor, and the City, as lessee, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by Equipment Lease Supplement No. 16, by and between the Corporation and the City, dated as of June 1, 2010 (as so supplemented and as previously supplemented, the "*Lease*") and amounts held in the funds and accounts established pursuant to the Indenture (except the Rebate Fund). As and to the extent set forth in the Indenture, all such amounts are pledged to and constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, for the security and payment or redemption of, and for the security and payment of interest on, the Bonds; but nevertheless, in accordance with the Indenture, out of such amounts certain amounts may be applied for other purposes as provided in the Indenture.

The Bonds of this issue constitute special obligations, and evidence a special indebtedness, of the Corporation, which are a charge upon, and payable, both as to principal and interest, and as to any premiums upon the redemption of any thereof, solely from the amounts specified in the Indenture and in the proceedings for their issuance, and do not constitute a debt of the City, the State of California, or any of its political subdivisions and none of the City, the State of California, or any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or property other than such amounts. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

signature of its President and its seal to be reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the issue date hereof.

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

By _____
President

[Seal]

Attest:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated: _____

By _____
Authorized Officer

EXHIBIT B

TRUSTEE'S FEES AND EXPENSES

[TRUSTEE TO PROVIDE]

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

3. *Local Business Enterprise Utilization; Liquidated Damages*

a. *The LBE Ordinance.* Trustee, shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "*LBE Ordinance*"), provided such amendments do not materially increase Trustee's obligations or liabilities, or materially diminish Trustee's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. Trustee's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Trustee's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, Trustee shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. *Compliance and Enforcement.* If Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, Trustee shall be liable for liquidated damages in an amount equal to Trustee's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "*Director of HRC*") may also impose other sanctions against Trustee authorized in the LBE Ordinance, including declaring the Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Trustee's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Agreement, Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Trustee on any contract with City.

Trustee agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

violation of the provisions of this Agreement may be assessed against Trustee and/or deducted from any payments due Trustee.

5. *MacBride Principles—Northern Ireland.* Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Trustee acknowledges and agrees that he or she has read and understood this section.

6. *Tropical Hardwood and Virgin Redwood Ban.* Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

7. *Drug-Free Workplace Policy.* Trustee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Trustee agrees that any violation of this prohibition by Trustee, its employees, agents or assigns will be deemed a material breach of this Agreement.

8. *Resource Conservation.* Chapter 5 of the San Francisco Environment Code ("*Resource Conservation*") is incorporated herein by reference. Failure by Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. *Compliance with Americans with Disabilities Act.* Trustee acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Trustee shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Trustee, its employees, agents or assigns will constitute a material breach of this Agreement.

10. *Sunshine Ordinance.* In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

c. Trustee understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Trustee of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Trustee an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Trustee under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Trustee of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Trustee from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Trustee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Trustee shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Trustee from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

1. If Trustee is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Trustee later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Trustee shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Trustee and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

14. *Requiring Health Benefits for Covered Employees.* Trustee agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Trustee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Trustee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission..

b. Notwithstanding the above, if the Trustee is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Trustee's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Trustee if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Trustee shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Trustee shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Trustee shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Trustee based on the Subcontractor's failure to

promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Trustee violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Trustee's use of profit as a violation of this section.

16. *Preservative-treated Wood Containing Arsenic.* Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

17. *Agreement Made in California; Venue.* The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

18. *Nondisclosure of Private Information.* Trustee agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "*Nondisclosure of Private Information Ordinance*"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Trustee agrees to all of the following:

a. Neither Trustee nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

- (1) The disclosure is authorized by this Agreement;
- (2) The Trustee received advance written approval from the Contracting Department to disclose the information; or
- (3) The disclosure is required by law or judicial order.

OFFICIAL NOTICE OF SALE

AND

OFFICIAL BID FORM

[\$[Principal Amount] *

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2010A (EQUIPMENT PROGRAM)**

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

SALE DATE:	[Tuesday, June 8, 2010] (Subject to postponement or cancellation in accordance with this Official Notice of Sale)
TIME:	8:30 a.m. (California time)
PLACE:	1 Dr. Carlton B. Goodlett Place, Room 336 San Francisco, California 94102
DELIVERY DATE:	[Wednesday, June 23, 2010] (Subject to postponement or cancellation in accordance with this Official Notice of Sale)
FAX NUMBER:	(415) 554-4864

* Subject to adjustment in accordance with this Official Notice of Sale.

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OFFICIAL NOTICE OF SALE

[\$[Principal Amount]*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2010A (EQUIPMENT PROGRAM)

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received, and in the case of sealed bids, opened, and in the case of electronic bids, received, solely through Ipreo LLC's Parity System ("Parity") in the manner described below, by the Board of Directors of the City and County of San Francisco Finance Corporation (the "Corporation") at the Office of Public Finance, City Hall, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102 on:

[Tuesday, June 8, 2010 at 8:30 a.m., California time
(subject to postponement in accordance with this Official Notice of Sale)

for the purchase of \$[Principal Amount]* aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) (the "Bonds"), as more particularly described below. See "TERMS OF SALE—Warning Regarding Electronic Bids" hereinafter for information regarding the terms and conditions under which bids will be received through electronic transmission.

The amount of Bonds to be sold is subject to substantial change, as described herein.

THE RECEIPT OF BIDS ON [TUESDAY, JUNE 8, 2010] MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CORPORATION THROUGH THE TM3 NEWS SERVICE AVAILABLE AT WWW.TM3.COM AND PARITY (COLLECTIVELY, THE "NEWS SERVICES") AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. If the sale is postponed, bids will be received at the hour and place set forth above on any weekday during the period from [Wednesday, June 9, 2010, through Tuesday, July 6, 2010], as the Corporation may determine. Notice of the new date and time for receipt of bids shall be given through the News Services as soon as practicable following a postponement and no later than 1:00 p.m. (California time) on the date preceding the new bid receipt and opening time. See "TERMS OF SALE—Postponement or Cancellation of Sale." As an accommodation to bidders, telephone, facsimile or electronic notice of any postponement of sale or amendment or modification of this Official Notice of Sale will be given to any bidder requesting such notice from the financial advisor to the Corporation: Kitahata & Company, 137 Joost Avenue, San Francisco, California 94131, Telephone: (415) 710-1251, Fax: (415) 276-3777, Attention: Gary Kitahata; email: gkitahata@aol.com (the "Financial Advisor"); provided, however, that the failure of any bidder to receive such supplemental notice will not affect the sufficiency of any such notice or the legality of the sale.

* Subject to adjustment in accordance with this Official Notice of Sale.

The Corporation reserves the right to modify or amend this Official Notice of Sale in any respect; *provided, however*, that any such modification or amendment will be communicated to potential bidders through the News Services prior to the sale. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. See "TERMS OF SALE—Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement dated May __, 2010 of the Corporation with respect to the Bonds (the "*Preliminary Official Statement*") for additional information regarding the Corporation, the City and County of San Francisco (the "*City*"), the Bonds, the security therefor and other matters. See "CLOSING PROCEDURES AND DOCUMENTS—Official Statement." Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Preliminary Official Statement.

This Official Notice of Sale will be submitted to Ipreo LLC for posting at its website address (www.i-dealprospectus.com) and in the Parity bid delivery system. In the event the summary of the terms of sale of the Bonds posted by Ipreo LLC conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE TERMS OF ISSUANCE, PURPOSE, PRINCIPAL AND INTEREST REPAYMENT, SECURITY, TAX OPINION, AND ALL OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER MUST HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS NOTICE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Subject to the foregoing, the Bonds are generally described as follows:

Issue. The \$[Principal Amount]* aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) will be issued as fully registered bonds without coupons in book-entry form in denominations of \$5,000 or any integral multiple thereof, as designated by the successful bidder (the "*Purchaser*"), all dated the date of delivery, which is expected to be [June 23, 2010]*. If the sale is postponed, notice of the new date of the sale will also set forth the new date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company ("*DTC*"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, and the Purchaser will not receive bond certificates representing its interest in the Bonds purchased. As

* Subject to adjustment in accordance with this Official Notice of Sale.

of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2010 (each, an "*Interest Payment Date*"). Interest will be calculated on the basis of a 30-day month, 360-day year from the date of the Bonds. Bidders must specify the rate or rates of interest which the Bonds will bear. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, *provided that*:

- (i) The maximum interest rate bid shall not exceed ten percent (10%) per annum;
- (ii) Each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent ($1/8$ or $1/20$ of 1%) per annum and a zero rate of interest cannot be named;
- (iii) Each Bond shall bear interest from its date to its stated maturity date at the single rate of interest specified in the bid;
- (iv) A single interest payment shall be due on each Bond on each Interest Payment Date, and no supplemental payments will be permitted; and
- (v) All Bonds maturing at any one time shall bear the same rate of interest.

Principal Payments. The Bonds shall mature on April 1 and October 1 (each a "*Principal Payment Date*") of each year, commencing April 1, 2011 as set forth below. Subject to adjustment as hereinafter provided, the principal amount maturing on each date of each Principal Payment Date is as follows:

MATURITY	PRINCIPAL AMOUNT*
April 1, 2011	
October 1, 2011	
April 1, 2012	
October 1, 2012	
April 1, 2013	
October 1, 2013	
April 1, 2014	
October 1, 2014	
April 1, 2015	
October 1, 2015	
April 1, 2016	

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the Corporation with respect to the likely interest rates of the winning bid. **Potential bidders will be notified via the News Services prior to the sale of any change to the principal payment schedule for the Bonds to be utilized for the bidding process. The Corporation reserves the right to change the principal payment schedule set forth in this Official Notice of Sale after the determination of the winning bidder, by increasing or decreasing the aggregate principal amount of the Bonds by not more than ten percent (10%) by adjusting one or more principal payments of the Bonds in increments of \$5,000.** IN SUCH EVENT, THE PURCHASER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE REOFFERING PRICES IN ITS PURCHASER'S CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE; *PROVIDED, HOWEVER,* THAT THE DOLLAR AMOUNT OF THE PRICE BID WILL BE CHANGED AS NECESSARY SO THAT THE PERCENTAGE OF NET COMPENSATION PAID TO THE PURCHASER UNDER THE ADJUSTED PRINCIPAL PAYMENT STRUCTURE DOES NOT INCREASE OR DECREASE FROM WHAT IT WOULD HAVE BEEN IF NO ADJUSTMENT HAD BEEN MADE TO THE PRINCIPAL AMOUNTS SHOWN IN THE MATURITY SCHEDULE BID UPON BY THE PURCHASER.

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Special Redemption. The Bonds are subject to redemption at par plus accrued interest, without premium, on any date prior to their maturity, as a whole, or in part, from prepaid rental payments made by the Corporation from the Net Proceeds of any commercial insurance, self-insurance or condemnation award with respect to the Equipment if such Net Proceeds are not used to repair, replace or restore the Equipment.

The Bonds are also subject to redemption, without premium, on the first practicable date for which notice of redemption can be given, following receipt by U.S. Bank National

* Subject to adjustment in accordance with this Official Notice of Sale.

Association, as trustee (the "Trustee"), of a Certificate of Completion, in part, from moneys remaining in the Series 2010A Project Account and transferred to the Redemption Fund.

Municipal Bond Insurance at Bidder's Option. The Corporation will accept bids which are based upon the issuance of a municipal bond insurance policy for some or all of the Bonds by an insurer whose claims-paying ability is rated in one of the two highest ratings categories by each of Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies ("Standard & Poor's"), and Fitch Ratings ("Fitch"), if such insurer is rated by Fitch Ratings. However, bids shall not be conditioned upon the issuance of any such policy. The Corporation makes no representation as to whether the Bonds will qualify for municipal bond insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy and payment of any additional rating agency fees shall be the sole responsibility of the bidder. **In particular, neither the Corporation nor the City will amend or supplement the documents authorizing the issuance of the Bonds in any way, nor will either agree to enter into any additional agreement with respect to the provision of any such policy. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF OR PAY FOR THE BONDS.** The Purchaser must provide the Corporation with the municipal bond insurance commitment, including the amount of the policy premium, as well as information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two (2) business days following the award of the Bonds by the Corporation. The Corporation will require a certificate from the insurance provider substantially in the form attached hereto as *Exhibit A* on or prior to the date of delivery of the Bonds, as well as an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy and a tax certificate, each in form reasonably satisfactory to the Corporation and Chapman and Cutler LLP and Ronald E. Lee, Esq., Co-Bond Counsel (collectively, "*Co-Bond Counsel*"). **THE PURCHASER SHALL PAY ALL COSTS ASSOCIATED WITH ANY DECISION OF THE CORPORATION TO AMEND, SUPPLEMENT, REPRINT AND/OR "STICKER" THE FINAL OFFICIAL STATEMENT AS A RESULT OF A FAILURE BY THE PURCHASER TO TIMELY PROVIDE INFORMATION FOR THE FINAL OFFICIAL STATEMENT OR ANY SUBSEQUENT EVENT WHICH RESULTS IN THE MUNICIPAL BOND INSURANCE DISCLOSURE PRINTED IN THE FINAL OFFICIAL STATEMENT BEING INACCURATE OR OTHERWISE INADEQUATE.**

Tax Matters. Co-Bond Counsel will deliver an opinion with respect to the tax-exempt status of interest paid on the Bonds. See "TAX MATTERS" in the Preliminary Official Statement.

In the event that prior to the delivery of the Bonds: (a) the income received by any private holder from bonds of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax law, either by the terms of such law or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court; or (b) any adverse tax effect on holders of the Bonds as such; the Purchaser may, at its option, prior to the tender of the Bonds by the Corporation, be relieved of its obligation to purchase the Bonds and in such case the deposit accompanying its bid will be returned. For purposes of the preceding sentence, interest will be treated as excluded from gross income for federal income tax purposes whether or not it is

includible as an item of tax preference for calculating alternative minimum taxes or is otherwise includible for the purpose of calculating certain other tax liabilities.

Legal Opinion. A complete copy of the proposed forms of opinions of Co-Bond Counsel is set forth in Appendix G to the Preliminary Official Statement. The legal opinions of Co-Bond Counsel with respect to the Bonds, approving the validity of the Bonds, will be furnished, without cost, to the Purchaser upon delivery of the Bonds.

TERMS OF SALE

Form of Bids; Delivery of Bids. Each bid for the Bonds must be (1) for not less than all of the Bonds hereby offered for sale, (2) for not less than 99.5% of the par value of the Bonds, (3) submitted with a Good Faith Deposit (see “—*Good Faith Deposit*”), (4) unconditional and (5) submitted on the Official Bid Form attached hereto as *Exhibit B* (the “*Official Bid Form*”) and signed by the bidder or submitted via Parity. Bids may include a premium on the par value of the Bonds. Electronic bids must conform with the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the Corporation c/o Angela Whittaker of the Office of Public Finance of the City and County of San Francisco at the address set forth on the cover of this Official Notice of Sale and clearly marked “Bid for the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program)” or words of similar import, or submitted in electronic form (in which event a financial surety bond for the good faith deposit must have been provided or a check delivered), as hereinafter described and received by 8:30 a.m. California time, at the offices of the Office of Public Finance, Attention: Angela Whittaker; at the address set forth on this Official Notice of Sale; phone: (415) 554-6643. No bid submitted by facsimile transmission will be accepted. If the sale of the Bonds is canceled or postponed, all sealed bids will be returned unopened. No bid submitted to the Corporation is subject to withdrawal or modification by the bidder. **All bids will be deemed to incorporate and be subject to all of the terms of this Official Notice of Sale.**

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale, but no bid will be accepted after the time specified for receiving bids. To the extent any instructions or directions set forth in Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor or Parity (phone: 212-849-5021).

The Corporation retains absolute discretion to determine whether any bid, whether sealed or electronic, is timely, legible and complete and conforms to this Official Notice of Sale. The Corporation takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

WARNING REGARDING ELECTRONIC BIDS: Bids for the Bonds may be submitted electronically, but only via Parity. The Corporation will attempt to accommodate bids submitted electronically via Parity. However, the Corporation neither endorses nor

encourages the use of such electronic bidding service. None of the Corporation, the City, the City Attorney, the Financial Advisor or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically, or for failure of any bid to be transmitted, received or opened at the official time for receipt of bids, and each bidder expressly assumes the risk of, any incomplete, illegible or untimely bid submitted by electronic transmission by such bidder, including without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission. The official time for receipt of bids will be determined by the Corporation at the place of bid opening, and the Corporation will not be required to accept the time kept by Parity as the official time.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through the News Services, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) neither the Corporation nor the City will have any duty or obligation to provide or assure access to Parity to any bidder, and neither the Corporation nor the City will be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the Corporation is permitting use of Parity as a communication mechanism, and not as an agent of the Corporation or the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the Corporation or the City; (5) neither the Corporation nor the City is responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the Corporation may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the Corporation, the winning bidder shall promptly after the verbal award fax to the Corporation the executed, completed and conforming Official Bid Form, and the Official Bid Form, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the Corporation unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder whose bid represents the lowest true interest cost ("TIC") to the Corporation, taking into account the interest rate or rates and the discount or premium, if any, specified in the bid. The TIC will be that nominal annual interest rate which, when compounded semiannually and used to discount to the dated date of the Bonds all payments of principal and interest payable on the Bonds, results in an amount equal to the purchase price of such Bonds to be received by

the Corporation. In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the Corporation will determine by lot which bidder will be awarded such Bonds. Bid evaluations or rankings made by Parity are not binding on the Corporation.

Estimate of True Interest Cost. Each bidder is requested, but not required, to state in its bid the amount of interest payable on the Bonds during the life of the issue and the percentage TIC to the Corporation (determined as described above), which estimate will be considered as informative only and not binding on either the bidder or the Corporation.

Multiple Bids. In the event multiple bids are received from a single bidder by any means or combination thereof, the Corporation will have the right to accept the bid representing the lowest TIC to the Corporation, and each bidder agrees by submitting any bid to be bound by the bid representing the lowest TIC to the Corporation.

Good Faith Deposit. Each bid must be accompanied by a cashier's check in immediately available funds drawn on a bank or trust company transacting business in the State of California, or by a financial surety bond, in each case in the amount of \$100,000 payable to the order of the "City and County of San Francisco Finance Corporation" (the "Good Faith Deposit"), to secure the Corporation from any loss resulting from the failure of the bidder to comply with the terms of its bid.

If a financial surety bond is used, it must be issued by an insurance company licensed to issue such a bond in the State of California, whose claims-paying ability is rated in the highest rating category (without regard to subcategories) by Moody's and Standard & Poor's. **Such financial surety bond must be in place by no later than the time bids are to be received by the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102, Attention: Angela Whittaker; Telephone: (415) 554-6643, Fax: (415) 554-4864.** The financial surety bond must identify each bidder whose Good Faith Deposit is guaranteed by such financial surety bond, and the Corporation has no responsibility for any failure of a financial surety bond to list any bidder or to be received on a timely basis as described in the preceding sentence. If the Bonds are awarded to a bidder utilizing a financial surety bond, then the Purchaser shall deliver its Good Faith Deposit to the Corporation, c/o the Trustee, in the form of a cashier's check (meeting the requirements set forth above) or by wire transfer no later than 12:00 noon (California time) on the business day immediately following the award. The wire transfer is to be made to U.S. Bank National Association, ABA: 091000022, 60 Livingston Avenue, St. Paul, Minnesota 55107, for credit to the City and County of San Francisco Finance Corporation, Account No. 180121167365, with notice thereof to Angela Whittaker, Telephone: (415) 554-6643, Fax: (415) 554-4864. If the Good Faith Deposit is not received by such time, the financial surety bond will be drawn on by the Corporation to satisfy the deposit requirement.

The Corporation does not endorse, encourage or discourage the use of a financial surety bond or any particular financial surety bond provider. The Corporation will accept a financial surety bond in lieu of a cashier's check under the terms described herein solely as an accommodation to bidders, and it is understood and agreed by each bidder using such a surety bond that the bidder must make its own arrangements with the provider of the surety bond.

No interest will be paid upon the Good Faith Deposit made by any bidder. Good Faith Deposit checks of all bidders (except the Purchaser) will be returned by the Corporation promptly following the award of the Bonds to the Purchaser or the rejection of all bids. No interest will be paid upon the deposit made by any bidder. The Good Faith Deposit of the Purchaser will, immediately upon acceptance of its bid, become the property of the Corporation and if in the form of a check, will be cashed. The Good Faith Deposit will be held and invested for the exclusive benefit of the Corporation. The principal amount of the Good Faith Deposit will be applied to the purchase price of the Bonds at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the Corporation will retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of the Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds cannot be validly issued if delivered to the Purchaser in the form and manner proposed. In the event of non-payment for the Bonds upon the valid tender thereof to the Purchaser, the Corporation reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the Corporation or the City.

Reoffering Prices and Certificate. Individual maturities of the Bonds may be offered at a discount or a premium, subject to the terms described in this section under the subheading "Form of Bids; Delivery of Bids." The Purchaser of the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

On or prior to the date of delivery of the Bonds, the Purchaser must deliver to the Corporation and Co-Bond Counsel a certificate, dated the date of delivery of the Bonds (the "*Purchaser's Certificate*"), in the form attached hereto as *Exhibit C*.

Right of Rejection and Waiver of Irregularity. The Corporation reserves the right, in its sole and absolute discretion, to reject any and all bids, for any reason, and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. The Corporation reserves the right to modify or amend this Official Notice of Sale in any respect; *provided*, that any such modification or amendment will be communicated to potential bidders through the News Services not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The Corporation may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation will be given through the News Services as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date will be given through the News Services not later than 1:00 p.m. (California time) on the business day preceding the date that bids are to be received. Failure of any potential bidder to receive notice

of postponement or cancellation will not affect the sufficiency of any such notice. In the event of a postponement of the sale only, any subsequent bid submitted by a bidder will supersede any prior bid made. If the sale is canceled, all sealed bids will be returned unopened.

Prompt Award. The Corporation will take action awarding the Bonds or rejecting all bids not later than thirty (30) hours after the time for receipt of bids, unless such time period is waived by the Purchaser.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. Delivery of the Bonds, in the form of one certificate for each maturity, will be made to the Purchaser through the facilities of DTC in New York, New York, or through the facilities of the Trustee via FAST transfer, and is presently expected to take place on [Wednesday, June 23, 2010]*. Payment for the Bonds (including any premium) must be made at the time of delivery by wire transfer in funds immediately available in San Francisco. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The costs of preparing the Bonds will be borne by the Corporation. The Corporation will deliver to the Purchaser, dated as of the delivery date, the separate legal opinions of Co-Bond Counsel in the form set forth in APPENDIX G—"PROPOSED FORMS OF CO-BOND COUNSEL OPINIONS" to the Preliminary Official Statement, subject to changes, as set forth in "LEGAL MATTERS" in the Preliminary Official Statement.

Qualification for Sale; "Blue Sky". The Corporation will furnish such information and take such action not inconsistent with law as the Purchaser may request and the Corporation may deem necessary or appropriate to qualify the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided, however,* that the Corporation will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the "Blue Sky" or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. **The Purchaser will not sell, offer to sell or solicit any offer to buy, the Bonds in any jurisdiction where it is unlawful for such Purchaser to make such sale, offer or solicitation, and the Purchaser shall comply with the "Blue Sky" and other securities laws and regulations of the states and jurisdictions in which the Purchaser sells the Bonds.**

Right of Cancellation. The Purchaser will have the right, at its option, to cancel its obligation to purchase the Bonds if the Corporation fails to execute the Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the Purchaser will only be entitled to the return of the Good Faith Deposit, without interest thereon.

*Subject to adjustment in accordance with this Official Notice of Sale.

No Litigation. Counsel to the Corporation will deliver an opinion stating that no litigation is pending (with service of process having been accomplished), or, to the knowledge of Counsel to the Corporation, threatened, concerning the validity of the Indenture, the Lease (as defined in the Preliminary Official Statement) or the Bonds, the corporate existence of the Corporation, or the title to their respective offices of the officers of the Corporation who will execute the Bonds, the Indenture and the Lease.

In addition, the City Attorney will deliver an opinion addressed only to the Corporation and the Board of Supervisors of the City stating that no litigation is pending (with service of process having been accomplished), or, to the knowledge of the City Attorney, threatened, concerning the validity of the Lease, the corporate existence of the City, or the title to their respective offices of the officers of the City who will execute the Lease.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds and in the Official Statement, but neither the failure to print such numbers nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The expenses associated with printing CUSIP numbers on the Bonds will be paid by the Corporation, however, the CUSIP Service Bureau charge for the assignment of said CUSIP numbers will be paid by the Purchaser. CUSIP data is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. Neither the Corporation nor the City will take any responsibility for the accuracy of such numbers.

California Debt and Investment Advisory Commission Fee. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission within 60 days from the sale date the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement prepared by the Corporation will be available electronically at www.i-dealprospectus.com or will be furnished to any interested bidder upon request to the Financial Advisor. The contact information for the Financial Advisor is set forth on the first page of this Official Notice of Sale. Within seven business days after the date of award of the Bonds, the Purchaser will be furnished with a reasonable number of copies (not to exceed 150) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. Upon the request of the Purchaser within two days of the award of the Bonds, the Corporation will supply additional copies of the Official Statement at the expense of the Purchaser.

By submitting a bid for the Bonds, each bidder agrees, if awarded the Bonds, (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the Corporation, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the Corporation, with a nationally recognized municipal securities information repository, as defined in Rule 15c2-12 of the Securities and Exchange Commission ("*Rule 15c2-12*"), and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal

Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers, including without limitation the delivery of a final Official Statement to each investor who purchases Bonds.

The form and content of the final Official Statement of the Corporation is within the sole discretion of the Corporation. The Purchaser's name will not appear on the cover of the Official Statement.

Certificates Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive certificates, signed by an officer of the Corporation and the Controller of the City, confirming to the Purchaser that, to the best knowledge of said officers, the Official Statement relating to the Bonds (excluding information regarding underwriting, the policy of municipal bond insurance and the provider thereof, if any, and The Depository Trust Company and its book-entry system, as to which no view will be expressed), as of the date of sale of the Bonds and as of the date of delivery thereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Continuing Disclosure. In order to assist the Purchaser in complying with paragraph (b)(5) of Rule 15c2-12, the City will undertake, on behalf of the Corporation, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("LBE") Ordinance, Chapter 14B of the Administrative Code of the City, the Corporation strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, 8th Floor, San Francisco, California; phone: (415) 252-2500.

Dated: May __, 2010

EXHIBIT A

CERTIFICATE OF BOND INSURER

The undersigned, the duly authorized and acting _____ of _____ (the "Bond Insurer"), hereby certifies on behalf of the Bond Insurer as follows:

1. The statements contained in the Official Statement dated May __, 2010 (the "Official Statement"), relating to the \$ _____ City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) (the "Bonds"), provided by the Insurer for use under the captions _____, which statements constitute descriptions or summaries of the municipal bond insurance policy (the "Policy") of the Bond Insurer covering the Bonds, the Bond Insurer, and financial information concerning the Bond Insurer, accurately reflect and fairly present the information set forth therein, and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; and

2. The form of Policy set forth in Appendix __ of the Official Statement is a true and complete copy of the Policy (except for omissions therefrom of particulars relating to the Bonds).

[NAME OF BOND INSURER]

By: _____
Title: _____
Phone: _____

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EXHIBIT B

**OFFICIAL BID FORM FOR THE PURCHASE OF
\$[Principal]*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2010A (EQUIPMENT PROGRAM)**

BIDDING FIRM'S NAME: _____

City and County of San Francisco Finance Corporation
c/o Director of Office of Public Finance
City Hall
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102
Confirmation Number: (415) 554-6643

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated May __, 2010 (the "Official Notice of Sale"), which is incorporated herein and made a part of this proposal, we have reviewed a Preliminary Official Statement relating to the above-referenced Bonds and hereby offer to purchase all of the Bonds described in the Official Notice of Sale on the following terms, including the submission of the required Good Faith Deposit in the amount of \$ _____ in the form of (check one): _____ cashier's check or _____ surety bond; and to pay therefor the price of \$ _____, which is equal to the par value of the Bonds, less an underwriters' discount of \$ _____ and (complete one): less a net discount of \$ _____ or plus a net premium of \$ _____. Bidders are permitted to bid different rates of interest, but (i) each interest rate specified in any bid must be a multiple of 1/8 or 1/20 of 1% per annum and a zero rate of interest cannot be named; (ii) the maximum interest rate shall not exceed ten percent (10%) per annum, payable semiannually on April 1 and October 1 in each year beginning October 1, 2010; (iii) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (iv) a single interest payment shall be due on each Bond on each interest payment date, and no supplemental payments will be permitted; and (v) all Bonds maturing at any one time shall bear the same interest rate.

MATURITY SCHEDULE

MATURITY	PRINCIPAL AMOUNT*	INTEREST RATE
April 1, 2011		_____ %
October 1, 2011		_____
April 1, 2012		_____
October 1, 2012		_____
April 1, 2013		_____
October 1, 2013		_____
April 1, 2014		_____
October 1, 2014		_____
April 1, 2015		_____
October 1, 2015		_____
April 1, 2016		_____

Authorized Signatory

Phone Number: _____

Fax Number: _____

TIC (optional and not binding): _____ %

Bond Insurer, if any: _____

Maturities Insured: _____

Bond Insurance Premium: _____

THE CORPORATION RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE AND COMPLETE AND CONFORMS TO THE OFFICIAL NOTICE OF SALE.

* Subject to adjustment in accordance with the Official Notice of Sale.

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EXHIBIT C

PURCHASER'S CERTIFICATE

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED UNDER
"REOFFERING PRICES AND CERTIFICATE" IN THE OFFICIAL NOTICE OF SALE)

_____ (the "Purchaser") is the purchaser of \$_____ aggregate principal amount of the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) (the "Bonds"). The Purchaser hereby certifies and represents the following:

1. We have made a bona fide offering of each maturity of the Bonds to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers [hereinafter "to the public"]) at the price for such maturity (the "first offer price") shown on the attached *Appendix A*.

2. Based on our assessment of the prevailing market conditions as of the Sale Date, the first offer price for the Bonds of each maturity was not less than the fair market value to the public for the Bonds of such maturity of as of such date.

3. As of the Sale Date, we reasonably expected (a) that the first sale to the public of a block of Bonds of each maturity equal to ten percent or more of such maturity of the Bonds (the "first substantial block") would be equal to the first offer price for such maturity and (b) that no Bonds of any maturity would be sold at a higher price before the first substantial block of Bonds of such maturity were sold to the public at the first offer price.

4. A marked "X" in column (VI) of *Appendix A* appears on the line relating to each maturity of the Bonds for which an actual sale to the public of the first substantial block of Bonds of such maturity did in fact occur at the first offer price. If an actual first sale to the public of the first substantial block of Bonds of a maturity has occurred at a different price, such price (the "First Sale Price") is shown (as a percentage) on the line for such maturity in column (VI). If an actual first sale to the public of the first substantial block of Bonds of a maturity has not yet occurred, no entry has been made on the line for such maturity in column (VI).

5. The present value of the fee paid for the municipal bond insurance policy (the "Credit Facility") (using as a discount rate the expected Yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the Credit Facility. The fee paid for the Credit Facility does not exceed a reasonable, arm's-length charge for the transfer of credit risk. The fee does not include any payment for any direct or indirect services other than the transfer of credit risk.

6. The absence of the Credit Facility would have materially affected in an adverse manner the interest rates or Yields at which the Bonds were sold. The provider of the Credit Facility has stated that it would not have issued the Credit Facility in the absence of the Reserve

Fund in the amount required by the Indenture. Such a requirement by credit enhancers is reasonable and customary in transactions similar to the issuance of the Bonds.

7. The Purchaser hereby confirms that the weighted average maturity of the Bonds is not greater than _____ years.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement of the City, dated the date of delivery of the Bonds.

Dated: June __, 2010

By: _____
Name: _____
Title: _____
Phone: _____

APPENDIX A

TO CERTIFICATE OF PURCHASER

Re: \$ _____ City and County of San Francisco Finance Corporation
 Lease Revenue Bonds, Series 2010A (Equipment Program)

The Bonds are dated June __, 2010, and are due on April 1 and October 1 of the years, in the amounts, bearing interest at the rates, and first offered to the public as described in the attached Certificate of Purchaser at the prices, , or yields in percentages and dollars, as follows. Purchasers also paid accrued interest. For completion of column (VI), see paragraph 5 of the foregoing certificate.

(I)	(II)	(III)	(IV)	(V)	(VI)
<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>	<u>OFFERING PRICE (%)</u>	<u>OFFERING PRICE (\$)</u>	"X" OR OTHER FIRST SALE PRICE (%)
Total	=====			=====	

NOTICE OF INTENTION TO SELL

NOT TO EXCEED \$11,500,000

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2010A (EQUIPMENT PROGRAM)

NOTICE IS HEREBY GIVEN that the City and County of San Francisco Finance Corporation (the "*Corporation*") intends to offer for public sale on

[Tuesday, June 8, 2010 at 8:30 a.m.],

California time by sealed bids at the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102, and by electronic bids solely through Ipreo LLC's Parity System ("*Parity*"), not to exceed \$11,500,000 aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Program) (the "*Bonds*").

The Corporation reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through the TM3 News Service and Parity (together, the "*News Services*") prior to the time bids are to be received. If the sale is postponed, bids will be received in the manner set forth above on any weekday during the period from [Wednesday, June 9, 2010, through Tuesday, July 6, 2010, as the Corporation may determine.]

Notice of the new date and time for receipt of bids (and any change in the terms of sale of the Bonds) shall be given through the News Services. As an accommodation to bidders, telephone or fax notice of the postponement of the sale date and the new sale date will be given to any bidder requesting such notice from the Corporation, c/o its financial advisor, Kitahata & Company, 137 Joost Avenue, San Francisco, California 94131, telephone: (415) 710-1251, fax: (415) 276-3777, Attention: Gary Kitahata; email: gkitahata@aol.com. Failure of any bidder to receive such notice shall not affect the legality of the sale.

NOTICE IS HEREBY FURTHER GIVEN that the Bonds will be offered for public sale to registered broker-dealers subject to the terms and conditions of the Official Notice of Sale of the Bonds. Copies of the Official Notice of Sale and of the Preliminary Official Statement relating to the Bonds will be available electronically at www.i-dealprospectus.com or will be furnished upon request to the Corporation, c/o Kitahata & Company.

Dated: May __, 2010.

**EQUIPMENT LEASE SUPPLEMENT NO. 16
(SERIES 2010A BONDS)**

This Equipment Lease Supplement No. 16 (Series 2010A Bonds) (the "*Supplement*"), dated as of June 1, 2010 and entered into by and between the CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "*Corporation*"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation duly organized and existing under its Charter and the Constitution of the State of California (the "*City*"), is supplemental to the Equipment Lease, dated as of January 1, 1991 (the "*Equipment Lease*"), by and between the Corporation and the City, as amended and restated as of October 15, 1998 (said Equipment Lease as supplemented by this Supplement and any earlier executed supplements is herein collectively referred to as the "*Lease*");

WITNESSETH:

WHEREAS, the Corporation desires to lease the 2010A Equipment, as hereinafter defined, to the City, and the City desires to hire the 2010A Equipment from the Corporation subject to the terms and conditions of, and for the purposes set forth in, the Lease; and

WHEREAS, the City is authorized under the Constitution and laws of the State of California and its Charter to enter into this Supplement for the purposes, and subject to the terms and conditions, set forth herein; and

WHEREAS, the City has approved this Supplement by delivering to the Trustee under the Indenture hereinafter mentioned, a Certificate of Approval acknowledged by the Corporation and accompanied by the Approving Resolution adopted on April 20, 2010; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Supplement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Supplement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS; LEASE PROVISIONS**

Section 1.01. Definitions. Capitalized undefined terms used herein which are defined in the Equipment Lease shall have the meanings ascribed to them in the Equipment Lease. The following terms shall have the meanings indicated below unless the context clearly requires otherwise:

(a) to pay to the Trustee, as Additional Rental under the Lease, the amount of any rebate payments required under the terms of the Tax Certificate to be deposited into the Series 2010A Rebate Account in the Rebate Fund; and

(b) to make such payment on or before the dates required by the Tax Certificate.

Section 1.04. Corporation to Comply with City Contracting Requirements. The Corporation further agrees to comply with and be bound by the current contracting requirements of the City Charter and Administrative Code as summarized in *Exhibit C* hereto; *provided, however*, that the parties acknowledge that the Corporation has no employees and transacts no business other than assisting the City in the financing of public facilities, land and equipment for the use and benefit of the City, and thus many of the requirements described in *Exhibit C* hereto are not applicable to the Corporation's operations.

Section 1.05. Execution in Counterparts. This Supplement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE II THE SERIES 2010A PROJECT

Section 2.01. Series 2010A Project. The Equipment Lease is hereby supplemented to allow the financing of the Series 2010A Project as described in the Equipment Schedule attached hereto as *Exhibit A* and pursuant to Section 14.01 of the Lease, hereby incorporated in *Exhibit A* to the Lease by reference.

The Base Rental for the Series 2010A Project shall be as set forth on *Exhibit B* hereto, which is hereby incorporated pursuant to Section 14.01 of the Lease in *Exhibit B* to the Lease by reference.

Section 2.02. Continuing Disclosure. The City hereby covenants and agrees that it will comply with the provisions of the Series 2010A Continuing Disclosure Certificate. Notwithstanding any other provision of the Lease, failure of the City to comply with the Series 2010A Continuing Disclosure Certificate shall not be considered an Event of Default; however, the obligations of the City under the Series 2010A Continuing Disclosure Certificate shall be subject to the provisions of Section 10 of the Seventeenth Supplemental Indenture dated of even date herewith, between the Corporation and the Trustee, providing for the Series 2010A Bonds.

IN WITNESS WHEREOF, the Corporation and the City have caused this Supplement to be executed in their respective names with their seals hereunto affixed and attested by their respective duly authorized officers, all as of the date first above written.

APPROVED AS TO FORM:

Dennis J. Herrera

City Attorney

By _____

Deputy City Attorney

APPROVED:

Director of Purchasing

Department	Equipment	# of Units	Estimated Total Cost	Lease Term (years)	
Recreation & Park	Infield Rake, Toro	1	23,870.00	3	
	Truck F150	1	46,655.00	3	
	Infield Rake, Toro	1	23,870.00	3	
	Truck F150 1/4 Ton, Pickup	1	30,380.00	3	
	Truck F150 1/4 Ton, Pickup	1	30,380.00	3	
	Truck F250 1/2 Ton Pickup, w/Dump Bed	1	47,266.00	3	
	Cargo Van	1	32,550.00	3	
	Truck F350 Utility Bed	1	59,675.00	3	
	Truck F250 Type 1/2 Ton Pickup, Dump Bed	1	48,825.00	3	
	Van, Custodial	1	30,380.00	3	
	Freightliner Truck M2106	1	118,265.00	3	
	Backhoe	1	113,925.00	3	
	Ford F 250 Truck with Dump Bed	1	32,008.00	3	
	Workman 3200 w/Highflow Hydraulic Kit	2	37,452.04	3	
	Ford F 250 Truck with Dump Bed	1	32,008.00	3	
	Chipper Truck	1	125,860.00	3	
	Ford F250 4X4	2	54,250.00	3	
	Toro Multi-Pro 4200	1	24,847.00	3	
	Toro Multi-Pro 5500	1	27,017.00	3	
	Toro Workman 3200	1	21,700.00	3	
	Freightliner Truck	2	271,250.00	3	
	Truck F250 Type 1/2 Ton Pickup	2	94,532.00	3	
	Workman 3200 w/Highflow Hydraulic Kit	1	23,870.00	3	
	Freightliner Truck M2106 - Dump Truck	1	135,625.00	3	
	Brush Bandit Chipper 150XP	3	126,945.00	3	
	Truck F150 Type 1/4 Ton Pick-up	1	30,380.00	3	
	Landscape Toro Workman 4200	1	30,380.00	3	
	Ford F350 XL 2WD Regular Cab	2	65,100.00	3	
	Technology	Passenger Van	1	30,380.00	3
		Cargo Mini-Van	1	33,635.00	3
		Cargo Mini-Van	1	33,635.00	3
		Splicer Van	1	61,215.70	3
One Ton Utility Truck		1	61,215.70	3	
Truck - Ford F350 or equivalent		1	46,500.93	3	
Cargo Van		1	28,210.00	3	
Totals:		139	9,188,836.39		

[CITY TO CONFIRM]

EXHIBIT C

ADDITIONAL CITY REQUIREMENTS

As used in this *Exhibit C*, "Agreement" means the Lease, as supplemented by Equipment Lease Supplement No. 16.

To the extent Sections 1511 through 1518 of the existing Lease, or *Exhibit C* to any existing Equipment Lease Supplement, are inconsistent with the provisions of this *Exhibit C*, the provisions of this *Exhibit C* shall control.

1. CONFLICT OF INTEREST

Through its execution of this Agreement, Corporation acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

2. EARNED INCOME CREDIT (EIC) FORMS

Administrative Code Section 120 requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Corporation shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Corporation has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Corporation; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Corporation of the terms of this Agreement. If, within thirty days after Corporation receives written notice of such a breach, Corporation fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Corporation fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

4. NONDISCRIMINATION; PENALTIES

a. Corporation Shall Not Discriminate

In the performance of this Agreement, Corporation agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Corporation shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Corporation's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Corporation does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Corporation shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Corporation agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Corporation, its employees, agents or assigns will constitute a material breach of this Agreement.

10. Sunshine Ordinance

In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Public Access to Meetings and Records

If the Corporation receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Corporation shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Corporation agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Corporation further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Corporation acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Corporation further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

12. Limitations on Contributions

Through execution of this Agreement, Corporation acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer of the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for the contract until the later of either (1) the termination of negotiations for such contract or (2) three months after the date the contract is approved by the City elective officer or the board on which that City elective officer serves.

13. Requiring Minimum Compensation for Covered Employees

Corporation agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Corporation of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Corporation from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Corporation represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Corporation shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Corporation from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

g. Corporation shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Corporation shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

i. The City may conduct random audits of Corporation. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Corporation every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Corporation shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Corporation and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Corporation shall notify the

a. For each Covered Employee, Corporation shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Corporation chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission..

b. Notwithstanding the above, if the Corporation is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Corporation's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Corporation if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Corporation fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Corporation fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Corporation shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Corporation shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Corporation shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Corporation based on the Subcontractor's failure to comply, *provided* that City has first provided Corporation with notice and an opportunity to obtain a cure of the violation.

e. Corporation shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Corporation's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Corporation represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Corporation shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Corporation shall keep itself informed of the current requirements of the HCAO.

i. Corporation shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

17. *Agreement Made in California; Venue*

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

18. *Nondisclosure of Private Information*

Corporation agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "*Nondisclosure of Private Information Ordinance*"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, Corporation agrees to all of the following:

a. Neither Corporation nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(1) The disclosure is authorized by this Agreement;

(2) The Corporation received advance written approval from the Contracting Department to disclose the information; or

(3) The disclosure is required by law or judicial order.

b. Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

c. Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

d. Any failure of Corporation to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar Corporation, or bring a false claim action against Corporation.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director *Nadia Sesay*
Controller's Office of Public Finance

SUBJECT: Resolution Authorizing the Sale of not to exceed \$11,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Lease Program)

DATE: April 20, 2010

Recommended Action:

The Controller's Office of Public Finance respectfully requests consideration of the attached resolution by the Budget and Finance Committee on Wednesday, May 5, 2010.

Attached are an original and four copies of the Resolution Authorizing the sale of not to exceed \$11,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2010A (Equipment Lease Program). The related financing documents—including the Equipment Lease Supplement No. 16, Certificate of Approval, Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate are also attached.

Background:

The Equipment Lease Program

In June 1990, the voters approved Proposition C which authorized the City to issue up to \$20,000,000 of lease revenue bonds to acquire equipment for City departments. The Proposition C authorization provides for a 5% annual adjustment to the original \$20,000,000 authorization. The annual 5% adjustment is made each July 1. As of July 1, 2010, the total authorized amount was \$50,539,004 (see Attachment A).

The City and County of San Francisco Finance Corporation (the "Finance Corporation") is a non profit public benefit corporation. The Finance Corporation was formed in 1991 to provide a means to finance equipment, the acquisition, construction and installation of facilities, and tangible, real and personal property for the City's general governmental purposes.

A complete list of the individual equipment items is included herewith as Attachment C. The equipment identified in Attachment C was previously approved by the Board of Supervisors as part of the Fiscal Year 2009-2010 budget process. The Mayor's Office and Controller's Office will ensure that the respective departments will budget sufficient money to make their annual rental payment in Fiscal Year 2010-2011 and in subsequent years.

The City requests that the Finance Corporation issue its Lease Revenue Bonds, Series 2010A in an amount not to exceed \$11,500,000 to finance the Fiscal Year 2009-2010 equipment acquisitions. While we currently only expect to issue \$10,710,000 in bonds, the added authorization gives the City sufficient flexibility to address any changes in bond market conditions.

The Series 2010A Bonds are expected to be sold by competitive bid in June 2010 assuming stable bond market conditions and close approximately two weeks after the sale. Debt service will be payable on April 1 and October 1 of each year commencing October 1, 2010. Principal repayment will begin on April 1, 2011 and will be made semi-annually through and including October 1, 2016. Because there is a time lag between the sale of the bonds and the receipt of the equipment, a portion of interest payments through October 1, 2011 will be capitalized from bond proceeds. That is to say that the Finance Corporation will borrow money to make those interest payments as required by California statutes pertaining to leases. Under State law, a lease payment cannot be made until the lessee has beneficial use of the asset being leased. Since there is a time delay in acquiring the equipment, the City will not have immediate beneficial use of the assets and therefore cannot immediately begin to make its lease payments. However, investors are still owed interest on their investment, so the interest payment is borrowed as part of the bond offering. This is known as "capitalized interest."

Financing Structure:

The financing is structured as a "lease-leaseback" whereby the Finance Corporation will lease the equipment from the City and the City will lease back the equipment at annual rentals sufficient to amortize the acquisition costs. The annual City lease payments will be pledged as security for the bonds. As such, the lease payments are due to the Trustee 15 days prior to a bond debt service payment.

Financing Parameters:

The anticipated amount of bonds required to be issued to fund the cost of the equipment acquisitions is estimated at \$10,710,000. The Resolutions authorizes the issuance of not to exceed par amount of \$11,500,000. Table 1 outlines anticipated sources and uses for the Series 2010A Bonds.

principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller and the Chief Financial Officer of the Finance Corporation certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A

The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolutions, City staff will revise the Official Statement, including the Appendix A, to conform to the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Continuing Disclosure Certificate

The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

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

Attachments (A, B & C)

Cc: Starr Terrell, Mayor's Office
Harvey Rose, Budget Analyst
Angela Calvillo, Clerk of the Board
Greg Wagner, Mayor's Budget Director
Ben Rosenfield, Controller
Kenneth D. Roux, Deputy City Attorney

City and County of San Francisco Finance Corporation
Equipment Lease Revenue Bond Program
Calculation of Outstanding Issuance Authorization

Fiscal Year Beginning (7/1)	Maximum Principal Amount	New Annual Authorization	Available for New Issuance	Annual Amount Issued	Plus Principal Reductions	Available for New Issuance
1991	\$20,000,000	n/a	\$20,000,000	\$7,020,000	\$0	\$12,980,000
1991-92	21,000,000	1,000,000	13,980,000	5,555,000	1,345,000	9,770,000
1992-93	22,050,000	1,050,000	10,820,000	10,200,000	2,190,000	2,810,000
1993-94	23,152,500	1,102,500	3,912,500	6,850,000	4,575,000	1,637,500
1994-95	24,310,125	1,157,625	2,795,125	6,075,000	5,710,000	2,430,125
1995-96	25,525,631	1,215,506	3,645,631	7,065,000	7,050,000	3,630,631
1996-97	26,801,913	1,276,282	4,906,913	0	7,875,000	12,781,913
1997-98	28,142,008	1,340,096	14,122,008	13,715,000	7,705,000	8,112,008
1998-99	29,549,109	1,407,100	9,519,109	10,835,000	7,060,000	5,744,109
1999-00	31,026,564	1,477,455	7,221,564	8,315,000	7,090,000	5,996,564
2000-01	32,577,893	1,551,328	7,547,893	0	7,575,000	15,122,893
2001-02	34,206,787	1,628,895	16,751,787	7,900,000	6,485,000	15,336,787
2002-03	35,917,127	1,710,339	17,047,127	10,975,000	5,880,000	11,952,127
2003-04	37,712,983	1,795,856	13,747,983	9,530,000	6,845,000	11,062,983
2004-05	39,598,632	1,885,649	12,948,632	0	8,450,000	21,398,632
2005-06	41,578,564	1,979,932	23,378,564	19,555,000	8,720,000	12,543,564
2006-07	43,657,492	2,078,928	14,622,492	11,830,000	10,450,000	13,242,492
2007-08	45,840,366	2,182,875	15,425,366	11,885,000	10,045,000	13,585,366
2008-09	48,132,385	2,292,018	15,877,385	0	10,860,000	26,737,385
2009-10	50,539,004	2,406,619	29,144,004	0	9,055,000	38,199,004
2010-11	53,065,954	2,526,950	40,725,954	0	7,020,000	47,745,954
2011-12	55,719,252	2,653,298	50,399,252	0	3,180,000	53,579,252
2012-13	58,505,214	2,785,963	56,365,214	0	1,255,000	57,620,214
2013-14	61,430,475	2,925,261	60,545,475	0	585,000	61,130,475
2014-15	64,501,999	3,071,524	64,201,999	0	300,000	64,501,999
As of April 1, 2010		\$ 30,539,004		\$ 147,305,000	\$ 134,965,000	

⁽¹⁾ Par amount available for issuance as of April 1, 2010

Finance Corporation of the City and County of San Francisco
Principal Schedule

Fiscal Year	1981A	1982A	1983A	1984A	1985A	1986A	1987A	1988A	1989A	1990A	2000A	2001A	2002A	2003A	2004A	2005A	2006A	2007A	2008A	Payment Sum	Fiscal Year Sum
Oct-81	645,000																			645,000	645,000
Apr-82	700,000																			700,000	1,345,000
Oct-82	385,000																			1,080,000	2,190,000
Apr-83	370,000																			1,110,000	2,230,000
Oct-83	780,000																			2,230,000	2,345,000
Apr-84	385,000																			2,800,000	4,575,000
Oct-84	805,000																			2,910,000	5,710,000
Apr-85	735,000																			3,420,000	7,050,000
Oct-85	485,000																			3,650,000	7,050,000
Apr-86	200,000																			3,975,000	7,875,000
Oct-86	180,000																			3,900,000	7,705,000
Apr-87	95,000																			3,545,000	7,705,000
Oct-87	105,000																			3,325,000	7,705,000
Apr-88	45,000																			3,735,000	7,060,000
Oct-88	50,000																			3,685,000	7,060,000
Apr-89	300,000																			3,435,000	7,090,000
Oct-89	310,000																			3,170,000	7,575,000
Apr-90																				3,275,000	8,465,000
Oct-90																				3,210,000	8,465,000
Apr-91																				3,080,000	8,880,000
Oct-91																				2,800,000	8,880,000
Apr-92																				3,315,000	6,845,000
Oct-92																				3,530,000	6,845,000
Apr-93																				4,870,000	8,450,000
Oct-93																				4,255,000	8,450,000
Apr-94																				4,465,000	8,720,000
Oct-94																				5,560,000	10,450,000
Apr-95																				4,880,000	10,450,000
Oct-95																				5,090,000	10,045,000
Apr-96																				5,655,000	10,890,000
Oct-96																				4,600,000	10,890,000
Apr-97																				4,455,000	9,055,000
Oct-97																				4,520,000	7,020,000
Apr-98																				2,500,000	7,020,000
Oct-98																				2,440,000	3,180,000
Apr-99																				7,400,000	3,180,000
Oct-99																				755,000	1,255,000
Apr-00																				500,000	1,255,000
Oct-00																				290,000	585,000
Apr-01																				290,000	585,000
Oct-01																				290,000	585,000
Apr-02																				300,000	300,000
Oct-02																				300,000	300,000
Apr-03																				300,000	300,000
Oct-03																				300,000	300,000
Apr-04																				300,000	300,000
Oct-04																				300,000	300,000
Apr-05																				300,000	300,000
Oct-05																				300,000	300,000
Apr-06																				300,000	300,000
Oct-06																				300,000	300,000
Apr-07																				300,000	300,000
Oct-07																				300,000	300,000
Apr-08																				300,000	300,000
Oct-08																				300,000	300,000
Apr-09																				300,000	300,000
Oct-09																				300,000	300,000
Apr-10																				300,000	300,000
Oct-10																				300,000	300,000
Apr-11																				300,000	300,000
Oct-11																				300,000	300,000
Apr-12																				300,000	300,000
Oct-12																				300,000	300,000
Apr-13																				300,000	300,000
Oct-13																				300,000	300,000
Apr-14																				300,000	300,000
Oct-14																				300,000	300,000

Repaid as of 4/1/2010 \$ 7,020,000 \$ 5,555,000 \$ 10,200,000 \$ 6,850,000 \$ 6,075,000 \$ 7,065,000 \$ 13,715,000 \$ 10,835,000 \$ 8,315,000 \$ 7,900,000 \$ 10,875,000 \$ 9,530,000 \$ 9,420,000 \$ 10,135,000 \$ 11,830,000 \$ 11,865,000 \$ 147,305,000 \$ 147,305,000
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 Outstanding as of 4/1/10 \$ - \$ 12,340,000 \$ 12,340,000
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City and County of San Francisco Finance Corporation
 Lease Revenue Bonds, Series 2010A
 Equipment Purchase Program

3/9/10

Dept.	Equipment	Use ful Life	Units	Unit Cost	Total Cost	Dept. Total	Estimated Delivery Date	Equip. Budget #	Lease Purchase Trans #	
Fire Department	Aerial Ladder Truck	5	1	792,050	792,050		4/1/2011	FC130R		
	Ambulance	7	2	146,475	292,950		1/6/2011	FC131R		
	Fire Engines/Triple Combination Pumper	5	1	300,000	300,000	1,385,000	7/1/2011	FC132R		
Police	Unmarked Police Vehicles	5	4	37,975	151,900		6/30/2010	PC277R		
	Marked Police Motorcycles (Off-Road)	5	5	13,563	67,815		6/30/2010	PC296R		
	Marked Police Motorcycles (Street)	5	10	32,984	329,840		6/30/2010	PC297R		
	Marked Police Vehicles (Sedan)	5	20	51,798	1,035,960	1,585,515	7/30/2010	PC298R		
Medical Examiner	Gas Chromatography/Magnetic Spectrometer	5	1	119,350	119,350		2/15/2010	AD093R		
	Liquid Chromatography	5	1	320,087	320,087	439,437	8/1/2010			
Dept. of Public Health	ADA Exam Room Tables	5	7	5,655	39,587		6/15/2010	HCO06R		
	CNG Passenger Buses	5	2	155,416	310,832	350,419	7/30/2010	HL180R		
Dept. of Public Works	Utility trucks with Steam/Pressure washers	5	1	57,505	57,505		6/15/2010	PW251R		
	Cement mixer truck	5	1	182,280	182,280		12/15/2010	PW252R		
	Green machine sweepers	5	1	86,800	86,800		1/29/2010	PW253R		
	Distributor Truck	5	1	108,500	108,500		6/15/2010	PW254N		
	Truck, pickup 3/4 ton	5	1	43,400	43,400		6/15/2010	PW255R		
	3/4 ton dump pickup trucks	5	2	34,720	69,440		6/15/2010	PW257R		
	Packer 20 yard	5	1	276,675	276,675		6/15/2010	PW258R		
	Toro Grandstand Mowers	5	8	6,781	54,250		1/29/2010	PW260R		
	Utility trucks with Steam/Pressure washers	5	1	57,505	57,505		6/15/2010	PW261R		
	Van 3/4 Ton	5	1	37,975	37,975		6/15/2010	PW262R		
	3/4 Yard Mini-Dump Trucks	5	4	67,704	270,816		6/15/2010	PW371R		
	Mechanical Sweeper	5	3	312,919	938,758		6/15/2010	PW372R		
	Front Loader	5	1	291,339	291,339		6/15/2010	PW373R		
	Pick up 3/4 Ton Dump	5	5	39,210	196,050		6/15/2010	PW374R		
	Green Machine	5	2	26,111	52,222		1/29/2010	PW375R		
	PU 1 Ton Crewcab D	5	2	87,606	175,212		6/15/2010	PW376R		
	Van 1 Ton	5	4	37,109	148,436		1/29/2010	PW377R		
	15" chipper	5	1	53,094	53,094		1/29/2010	PW378R		
	48" Toro ride-on mowers	5	2	30,608	61,216		6/15/2010	PW379R		
	Flusher	5	1	232,935	232,935	3,394,408	12/15/2010	PW380R		
	Rec & Park	Infield Rake, Toro	5	1	23,870	23,870		5/15/2010	RP379N	
		Truck F150	5	1	46,655	46,655		6/15/2010	RP380R	
		Infield Rake, Toro	5	1	23,870	23,870		5/15/2010	RP382N	
Truck F150 1/4 Ton, pickup		5	1	30,380	30,380		6/15/2010	RP383R		
Truck F150 1/4 Ton, pickup		5	1	30,380	30,380		6/15/2010	RP386N		
Truck F250 1/2 Ton pickup, w/dump bed		5	1	47,266	47,266		6/15/2010	RP384R		
Cargo Van		5	1	32,550	32,550		6/15/2010	RP385N		
Truck F350 Utility Bed		5	1	59,675	59,675		6/15/2010	RP387N		
Truck F250 Type 1/2 Ton pickup, dump bed		5	1	48,825	48,825		7/15/2010	RP388N		
Van, Custodial		5	1	30,380	30,380		6/15/2010	RP389N		
Freightliner Truck M2106		5	1	118,265	118,265		9/15/2010	RP390R		
Backhoe		5	1	113,925	113,925		9/15/2010	RP391R		
Ford F 250 Truck with dump bed		5	1	32,008	32,008		6/15/2010	RP392R		
Workman 3200 W/ Highflow Hydraulic Kit		5	2	18,726	37,452		5/15/2010	RP393N		
Ford F 250 Truck with dump bed		5	1	32,008	32,008		7/15/2010	RP395R		
Chipper Truck		5	1	125,860	125,860		9/15/2010	RP397R		
Ford F250 4X14		5	2	27,125	54,250		6/15/2010	RP398N		
Toro Multi-Pro 4200		5	1	24,847	24,847		5/15/2010	RP399R		
Toro Multi-Pro 5500		5	1	27,017	27,017		5/15/2010	RP400R		
Toro Workman 3200		5	1	21,700	21,700		5/15/2010	RP401N		
Freightliner Truck		5	2	135,625	271,250		9/15/2010	RP200R		
Truck F250 Type 1/2 Ton Pick up		5	2	47,266	94,532		6/15/2010	RP201R		
Workman 3200 W/Highflow Hydraulic Kit		5	1	23,870	23,870		5/15/2010	RP202R		
Freightliner Truck M2106 - Dump Truck		5	1	135,625	135,625		9/15/2010	RP203R		
Brush Bandit Chipper 150XP		5	3	42,315	126,945		5/15/2010	RP204R		
Truck F150 Type 1/4 Ton Pick-up		5	1	30,380	30,380		6/15/2010	RP205R		
Landscape Toro Workman 4200		5	1	30,380	30,380		5/15/2010	RP206R		
Ford F350 XL 2WD Regular Cab		5	2	32,550	65,100	1,739,265	6/15/2010	RP207R		
TIS		Passenger Van	5	1	30,380	30,380		6/30/2010	T1169R	
	Cargo Mini-Van	5	1	33,635	33,635		6/30/2010	T1170R		
	Cargo Mini-Van	5	1	33,635	33,635		6/30/2010	T1171R		
	Spicer Van	5	1	61,216	61,216		12/26/2010	T1172R		
	One Ton Utility Truck	5	1	61,216	61,216		12/23/2010	T1173R		
	Truck - Ford F350 or equivalent	5	1	46,501	46,501		6/30/2010	T1174R		
	Cargo Van	5	1	28,210	28,210	294,792	6/30/2010	T1175R		
				\$ 9,188,836	\$ 9,188,836					

