

File No. 110287

Committee Item No. 5
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee Date: March 23, 2011

Board of Supervisors Meeting Date _____

Cmte Board

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

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|-------------------------------------|--------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Equipment Lease Supplement No. 17 |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * 18th Supplemental Indenture |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Notice of Intention to Sell |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Official Notice of Sale |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | * Lease Revenue Bonds, Series 2010A |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Preliminary Official Statement |

Completed by: Victor Young
Completed by: Victor Young

Date: March 18, 2011
Date: _____

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

1 [Equipment Lease - 2011 Finance Corporation Equipment Program – Not to Exceed
2 \$16,500,000]

3
4 **Resolution approving the form of and authorizing execution and delivery by the City**
5 **and County of San Francisco of an Equipment Lease Supplement No. 17 (Series 2011A**
6 **Bonds) between the City and County of San Francisco Finance Corporation, as lessor,**
7 **and the City and County of San Francisco, as lessee, with respect to certain equipment**
8 **to be used for city purposes, a related certificate of approval and a continuing**
9 **disclosure certificate; approving the issuance of lease revenue bonds by said nonprofit**
10 **corporation in an amount not to exceed \$16,500,000; approving the form of the official**
11 **statement and the distribution thereof in preliminary and final form; providing for**
12 **reimbursement to the City and County of San Francisco of certain city expenditures**
13 **incurred prior to the issuance of lease revenue bonds; and providing for the execution**
14 **of documents in connection therewith.**

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

1 WHEREAS, The City and County of San Francisco Finance Corporation (the
2 "Corporation"), a California nonprofit public benefit corporation, has been formed to, among
3 other purposes, serve as the nonprofit corporation pursuant to Section 9.108(3) of the
4 Charter; and,

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

10 WHEREAS, The Board of Supervisors has determined to enter into an Equipment
11 Lease Supplement No. 17 (Series 2011A Bonds) (the "Equipment Lease Supplement" and,
12 together with the Equipment Lease, the "Lease") to provide for the acquisition, construction
13 and installation of additional equipment to be used for City purposes by the Corporation and
14 the leasing of said equipment to the City; and,

15 WHEREAS, The Corporation proposes to issue its lease revenue bonds designated as
16 the "City and County of San Francisco Finance Corporation Lease Revenue Bonds,
17 Series 2011A (Equipment Program)" (the "Bonds"), secured by base rentals to be paid by the
18 City under the Lease; and,

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

22 WHEREAS, Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule")
23 requires that an "obligated person" (as defined in the Rule) agree to provide certain annual
24 financial information and notice of certain specified events to Participating Underwriters (as
25

1 defined in the Rule), to bondholders and beneficial owners of the Bonds, and the City is an
2 obligated person; now, therefore, be it

3 RESOLVED By the Board of Supervisors of the City and County of San Francisco, as
4 follows:

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

6 Section 2. Approval of Form of Equipment Lease Supplement and Certificate of
7 Approval. In accordance with the recommendation of the Office of Public Finance of the City,
8 the form of the Equipment Lease Supplement, by and between the Corporation and the City,
9 and the related Certificate of Approval presented to this Board of Supervisors, copies of which
10 are on file with the Clerk of the Board of Supervisors in File No. 110287, and which are
11 hereby declared to be a part of this resolution as if set forth fully herein, are hereby approved.
12 The Mayor of the City or his designee (collectively, the "Mayor") is hereby authorized to
13 execute the Equipment Lease Supplement and the related Certificate of Approval, and the
14 Clerk of the Board of Supervisors or the designee of such officer (collectively, the "Clerk of the
15 Board") is hereby authorized to attest and affix the seal of the City on the Equipment Lease
16 Supplement, in substantially the forms presented to the Board of Supervisors, with such
17 modifications, changes, or additions as the Mayor may approve in accordance with Section 3
18 hereof.

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

20 The Mayor is hereby authorized to approve and make such modifications, changes or
21 additions to the Equipment Lease Supplement and the Certificate of Approval, upon
22 consultation with the City Attorney of the City, as may be necessary or desirable in the
23 interests of the City, and which changes do not materially increase the obligations of the City
24 under the Lease, such approval to be conclusively evidenced by the execution and delivery by
25 the Mayor and the Clerk of the Board of the Equipment Lease Supplement and by the Mayor

1 of the Certificate of Approval; provided, however, that the total project costs of the acquisition,
2 construction and installation of equipment to be financed with the proceeds of the Bonds (the
3 "Project") shall not exceed \$16,500,000, that the maximum interest rate on the Bonds shall
4 not exceed 10% per annum and that the Equipment Lease Supplement shall have a
5 termination date no later than April 1, 2018.

6 Section 4. Approval of Issuance of the Bonds. The issuance by the Corporation of not
7 to exceed \$16,500,000 aggregate principal amount of City and County of San Francisco
8 Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Program), to be
9 secured by the payment of base rental by the City pursuant to the Lease, is hereby approved;
10 provided, however, that the Bonds shall not be issued unless prior to the sale thereof the
11 Controller certifies that in his opinion the net interest cost to the City will be lower as a result of
12 the issuance of the Bonds than other financings involving a lease or leases.

13 Section 5. Approval of the Official Statement in Preliminary and Final Form. The form
14 of the Official Statement relating to the Bonds (the "Official Statement"), as presented to this
15 Board, a copy of which is on file in preliminary form with the Clerk of the Board in File
16 No. 110287, and which is hereby declared to be a part of this resolution as if set forth fully
17 herein, is hereby approved. The Director of Public Finance, or her designee (collectively, the
18 "Director of Public Finance") is hereby authorized to approve the distribution of the preliminary
19 Official Statement, with such changes, additions, modifications or deletions as the Director of
20 Public Finance may approve upon consultation with the City Attorney; such approval to be
21 conclusively evidenced by the distribution of the preliminary Official Statement to potential
22 purchasers of the Bonds. The Controller of the City is hereby authorized to execute, and the
23 Director of Public Finance is hereby further authorized to approve the distribution of, the
24 Official Statement in final form.

1 Section 6. Reimbursement of Certain Expenditures. In the event that the City pays
2 certain capital expenditures from its general fund in connection with the equipment listed on
3 Exhibit A to the Equipment Lease Supplement (the "Equipment") as finally executed and as
4 may be amended from time to time in connection with the issuance of the Bonds or other
5 indebtedness for the Equipment, and to the extent that the City has already made such
6 payments in connection with the Equipment, all such payments will be and have been made
7 with the reasonable expectation by the City that such payments for such expenditures will be
8 reimbursed from the proceeds of the Bonds or such other indebtedness. Pursuant to
9 Treasury Regulation Section 1.150-2, the City hereby declares its official intent to be
10 reimbursed from the proceeds of the Bonds or other indebtedness for such Equipment
11 expenditures. Section 6 of this Resolution is approved by the City solely for the purposes of
12 establishing compliance with the requirements of Section 1.150-2 of the Treasury
13 Regulations, and does not bind the City or the Corporation to make any expenditure, incur any
14 indebtedness or proceed with the Project.

15 Section 7. Title to the Equipment. The City will accept title to the Equipment, including
16 any additions to the Equipment, as provided under the Lease.

17 Section 8. Approval of Form of Continuing Disclosure Certificate. The form of
18 Continuing Disclosure Certificate (the "Certificate") to be executed and delivered by the City, a
19 copy of which is on file with the Clerk of the Board in File No. 110287, and which is hereby
20 declared to be a part of this resolution as if set forth fully herein, is hereby approved. The
21 Mayor or the Controller is hereby authorized to execute the Certificate, in substantially the
22 form presented to the Board of Supervisors, with such modifications, changes or additions as
23 the Mayor or the Controller may make or approve upon consultation with the City Attorney,
24 such approval to be conclusively evidenced by the execution and delivery of the Certificate.
25

1 Section 9. General Authorization. The Mayor, the City Attorney, the Controller, the
2 Director of Public Finance, the Clerk of the Board and the other officers of the City and their
3 duly authorized deputies and agents are hereby authorized and directed, jointly and severally,
4 to take such action as is necessary to authorize the purchase of the Equipment by the
5 Corporation, to execute and deliver such certificates, requests or other documents and
6 agreements, including, but not limited to, certificates relating to the Official Statement for the
7 Bonds in preliminary or final form or to other offering material relating to the Bonds, or relating
8 to the purchase of bond insurance, if any, on the Bonds, as they may deem necessary or
9 desirable to facilitate the execution and delivery by the City of the Equipment Lease
10 Supplement and of the Certificate of Approval and the consummation of the financing
11 contemplated thereby, and to otherwise carry out the provisions of this Resolution.

12
13 APPROVED AS TO FORM:

14 DENNIS J. HERRERA, City Attorney

15 See File for Signature

16
17 By: _____

18 KENNETH DAVID ROUX
19 Deputy City Attorney

Item 5
File 11-0287

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

EXECUTIVE SUMMARY

Legislative Objective

- Proposed resolution authorizing (a) the issuance of Equipment Lease Revenue Bonds in an amount not-to-exceed \$16,500,000 to fund the purchase of various equipment, and (b) various related financing documents.

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 \$53,065,954.
- The City previously issued \$157,560,000 in Equipment Lease Revenue Bonds and repaid \$139,485,000, such that the current amount of outstanding bonds is \$18,075,000 (\$157,560,000 less \$139,485,000), or \$34,990,954 less than the maximum amount of outstanding bonds of \$53,065,954.
- The proposed issuance of Equipment Lease Revenue Bonds would finance the purchase of 94 pieces of equipment which were approved by the Board of Supervisors in the FY 2010-2011 budget, including (a) 58 vehicles, and (b) 36 other pieces of equipment. The equipment proposed to be financed would be provided to five City Departments, including the (a) Fire Department, (b) Police Department, (c) Department of Public Health, (d) Department of Public Works, and (e) Recreation and Park Department.
- Ms. Nadia Sesay, Director of the Office of Public Finance, anticipates issuing \$16,029,415 in Equipment Revenue Bonds, or \$470,585 less than the proposed not-to-exceed amount of \$16,500,000 to allow for interest rate fluctuations which may occur in the financial markets. The anticipated issuance of \$16,029,415 includes (a) \$13,658,814 for equipment purchases as approved by the Board of Supervisors in the FY 2010-2011 budget, and (b) \$2,370,601 in financing costs.

Fiscal Impact

- The debt service on the proposed Equipment Lease Revenue Bonds, which is estimated to average \$2,925,983 per year over six years, payable from October 1, 2011 to October 1, 2017, or a total of \$17,555,901, including \$15,675,000 in principal and \$1,880,901 in interest. Such debt service would be paid proportionally by the five City General Fund departments who acquire the equipment. All debt service expenditures would be subject to annual appropriation approval by the Board of Supervisors in future year budgets for each of the City departments.

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 as of March 1, 2011, the maximum amount of outstanding bonds allowable is \$53,065,954.

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 equipment because debt financing allows the cost of purchasing the equipment to be spread over the useful life of the assets.

The City, through the San Francisco Finance Corporation, has previously issued \$157,560,000 in Equipment Lease Revenue Bonds and has repaid \$139,485,000 of the outstanding debt, such that the current outstanding bond amount is \$18,075,000 (\$157,560,000 less \$139,485,000), or \$34,990,954 less than the maximum amount of outstanding bonds of \$53,065,954.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize (a) the issuance of Equipment Lease Revenue Bonds in an amount not-to-exceed \$16,500,000 to fund the purchase of various equipment, and (b) related financing documents.

Although the proposed resolution would approve the issuance of up to \$16,500,000 in Equipment Lease Revenue Bonds, Ms. Sesay estimates issuing \$16,029,415 in Equipment Lease Revenue Bonds, or \$470,585 less than the maximum authorized to allow for interest rate fluctuations in market conditions until the time of the bond issuance. Ms. Sesay anticipates issuing the proposed bonds on, or about, April 19, 2011.

¹According 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, identifies the dollar value of equipment to be purchased by each of five City departments, under the proposed issuance of \$16,029,415 in Equipment Lease Revenue Bonds, including (a) \$13,658,814 in equipment, and (b) \$2,370,601 in financing costs.

Table: Uses of Bond Proceeds

Equipment	
Fire	\$7,540,840
Police	1,432,820
Public Health	2,779,482
Public Works	781,118
Recreation and Park	1,124,554
Subtotal	\$13,658,814
Financing Costs	
Debt Service Reserve Fund	1,567,500
Capitalized Interest	407,193
Costs of Issuance	395,908
Subtotal	\$2,370,601
Total	\$16,029,415

Attachment I, provided by Ms. Sesay, lists the 94 specific pieces of equipment including (a) 58 vehicles, and (b) 36 various pieces of other equipment totaling \$13,658,814, to be purchased by each of these five City departments and financed by the proposed Equipment Lease Revenue Bonds. The specific equipment and cost of such equipment totaling \$13,658,814 is shown in Attachment I. Such equipment was previously approved by the Board of Supervisors in the FY 2010-2011 budget. According to Ms. Angela Whittaker, Compliance and Administrative Officer, Office of Public Finance, for most of the equipment shown in Attachment I, the City departments will purchase and take delivery over a period of time that ends April 2012.

Attachment II is a March 4, 2011 memorandum from Ms. Sesay to the Board of Supervisors. Ms. Sesay's memorandum includes background information on the Equipment Lease Program, as well as the proposed financing structure, financing parameters, and the related financing documents pertaining to the issuance for the proposed Equipment Lease Revenue Bonds.

FISCAL IMPACTS

Ms. Sesay estimates that the anticipated bond issuance totaling \$16,029,415, including par amount² of \$15,675,000 and original issue premium³ of \$354,415, will have an estimated interest rate of 3.75 percent and a term of six years. Total debt service for the \$16,029,415 in proposed bonds over the six years is estimated at \$17,555,901, including \$15,675,000 in principal and \$1,880,901 in interest, with average annual debt service of \$2,925,983 over the six-year period. All such debt service costs, including the financing costs, are subject to Board

² Par amount of bonds is the nominal dollar amount, or the face value, assigned to a security by the issuer.

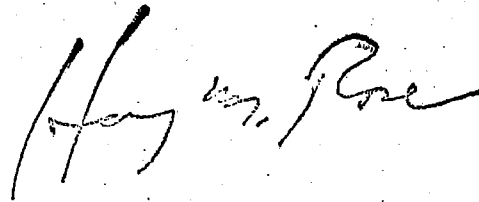
³ Original issue premium is the amount of proceeds received over the par paid for the bonds. The Office of Public Finance estimates that the amount of \$16,029,415 will be received in proceeds but the par amount of the bonds will be \$15,675,000, a difference of \$354,415 (represents the original issue premium) which will be applied to financing costs.

of Supervisors appropriation approval. All of the equipment shown in Attachment I was previously approved by the Board of Supervisors in the FY 2010-2011 budget. Debt service costs are subject to Board of Supervisors appropriation approval annually in future year budgets for each of the City departments through FY 2016-2017.

City lease payments are scheduled to begin October 1, 2011 and end on April 1, 2017.

RECOMMENDATION

Approve the proposed resolution.



Harvey M. Rose

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

City and County of San Francisco Finance Corporation
 Lease Revenue Bonds, Series 2011A
 Equipment Purchase

5/24/10

Dept.	Equipment	Useful Life	Units	Unit Cost	Total Cost	Dept. Total	Estimated Delivery Date	Equip. Budget #
DPW	Asphalt Crew Truck - Flat Bed (fire)		1	78,490	78,490			PW1120
DPW	Skid Steer Loader (Bobcat)		1	87,600	87,600			PW1121
DPW	Aerial Truck - 40' - 45'		1	264,518	264,518			PW1122
DPW	Asphalt Paver		1	350,510	350,510	\$ 781,118		PW1123
FIR	Aerial Ladder Trucks		4	910,660	3,642,640			FC1103
FIR	Fire Engine		8	487,275	3,898,200	\$ 7,540,840		FC1104
POL	Marked sedans		20	49,604	992,080			PC1110
POL	Unmarked vehicles		3	27,375	82,125			PC1111
POL	Street motorcycles		5	28,470	142,350			PC1112
POL	Off-road motorcycles		5	13,688	68,440			PC1113
POL	SUVs (canine)		2	54,750	109,500			PC1114
POL	van		1	38,325	38,325	\$ 1,432,820		PC1115
REC	VAN FORD TRANSIT CONNECT		1	52,560	52,560			RP1112
REC	TOMKATSU FG16HT-20 FORKLIFT		1	24,796	24,796			RP1113
REC	FORD RANGER		1	53,655	53,655			RP1114
REC	TORO WORKMAN		1	26,280	26,280			RP1115
REC	52" CUTTING DECK RIDING MOWER		1	27,375	27,375			RP1116
REC	TORO 3150 MOWER		1	27,375	27,375			RP1117
REC	TORO MH400 SANDING UNIT		1	28,063	28,063			RP1118
REC	TOYOTA PRIUS HYBRID		1	28,470	28,470			RP1119
REC	TORO WORKMAN HDX, 4WD		1	30,680	30,680			RP1120
REC	FORD RANGER-EXTENDED CAB		1	54,750	54,750			RP1121
REC	TORO SIDEWINDER MOWER		1	38,325	38,325			RP1122
REC	CHIPPER BUSH BANDIT 160 TYPE		1	49,275	49,275			RP1123
REC	TORO WITH DAKOTA TOP DRESSER		1	49,275	49,275			RP1124
REC	FORD F250, CNG		1	52,560	52,560			RP1125
REC	TRUCK F250, CNG		1	52,560	52,560			RP1126
REC	TORO 5910 ROTARY MOWER		3	98,550	295,650			RP1127
REC	TURF FIELD ROLLER		1	38,325	38,325			RP1128
REC	TURF FIELD ROLLER		1	38,325	38,325			RP1129
REC	TORO WITH DAKOTA TOP DRESSER		1	49,275	49,275			RP1130
REC	TRAILER TE80 HTW S48DD		1	75,000	75,000			RP1132R
REC	FORD F250 UTILIBODY W/RHINO COATING		1	32,000	32,000	\$ 1,124,554		RP1133R
DPH	MAMMOGRAPHY SYSTEM		2	319,758	639,516			HG1106
DPH	TISSUE PROCESSOR		1	54,055	54,055			HG1107
DPH	MASS SPECTROMETER		1	262,109	262,109			HG1108
DPH	ULTRASOUND PORTABLE W/PROBE		1	44,016	44,016			HG1109
DPH	STEAMER CONVECTION 24 IN.		1	33,609	33,609			HG1110
DPH	STEAMER CONVECTION 42 IN.		1	48,424	48,424			HG1111
DPH	CT PORTABLE HEAD		1	413,925	413,925			HG1112
DPH	C-ARM MINI FLUOROSCOPIC		1	68,876	68,876			HG1113
DPH	ULTRASOUND OBSTETRIC PORTABLE		1	31,081	31,081			HG1114
DPH	VENTILATOR OSCILLATOR PEDI		1	30,633	30,633			HG1115
DPH	PROCESSOR SPEC MICROBIOLOGY		1	216,263	216,263			HG1116
DPH	ULTRASOUND		4	158,403	633,612			HG1117
DPH	VENTILATOR OSCILLATOR ADULT		1	33,662	33,662			HG1118
DPH	ULTRASOUND ANTENATAL TESTING		1	50,918	50,918			HG1119
DPH	C-ARM MOBILE DIGITAL		1	218,803	218,803	\$ 2,779,482		HG1120
Total					13,668,814	\$ 13,668,814		



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
Controller's Office of Public Finance

SUBJECT: Resolution Authorizing the Sale of not to exceed \$16,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Lease Program)

DATE: March 4, 2011

Recommended Action:

The Controller's Office of Public Finance respectfully requests consideration of the attached resolution by the Budget and Finance Committee on Wednesday, March 23, 2011.

Attached are an original and four copies of the Resolution Authorizing the sale of not to exceed \$16,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Lease Program). The related financing documents—including the Preliminary Official Statement which includes Appendix A, Official Notice of Sale, Notice of Intention to Sell, Continuing Disclosure Certificate, Eighteenth Supplemental Indenture, and Equipment Lease Supplement No. 17 which includes the Certificate of Approval 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 March 1, 2011, the total authorized amount was \$53,065,954 (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. The Finance Corporation has issued \$157,560,000 in equipment lease revenue bonds. To date, \$139,485,000 has been repaid leaving \$18,075,000 in

1 DR. CARLTON B. GOODLETT PLACE, ROOM 336 SAN FRANCISCO, CALIFORNIA 94102

(415) 554-5956

RECYCLED PAPER

equipment lease revenue bonds outstanding (see Attachment B). Given the annual adjustment factor of 5% on July 1, 2010, as of March 1, 2011 the amount available for issuance will be \$34,990,954 (\$30,470,954 plus the amount principal (\$4,520,000) paid on October 1, 2010).

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 2011-2012 budget.

The Proposed Series 2010A Bonds:

The Series 2010A Bonds will fund part of the City's annual equipment purchase program for Fiscal year 2010-2011. The request for equipment to be financed by Series 2010A Bonds is for approximately \$13,658,814. The City Departments requesting equipment consists of the following:

<u>Department</u>	<u>Amount</u>
Fire	\$7,540,840
Police	1,432,820
Public Health - DPH	2,779,482
Public Works - DPW	781,118
Recreation & Park	1,124,554
TOTAL	\$13,658,814

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 2010-2011 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 2011-2012 and in subsequent years.

The City requests that the Finance Corporation issue its Lease Revenue Bonds, Series 2010A Bonds in an amount not to exceed \$16,500,000 to finance part of the Fiscal 2010-2011 equipment acquisitions. While we currently only expect to issue \$16,029,415 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 on or about April 19, 2011 assuming stable bond market conditions and close approximately two weeks after the sale. A tentative financing schedule is attached as Attachment D. Debt service will be payable on April 1 and October 1 of each year

commencing October 1, 2011. Principal repayment will begin on October 1, 2012 and will be made semi-annually through and including April 1, 2017. Because there is a time lag between the sale of the bonds and the receipt of the equipment, a portion of interest payment through October 1, 2012 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 will be 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 \$16,029,415. The Resolutions authorizes the issuance of not to exceed par amount of \$16,500,000. Table 1 outlines anticipated sources and uses for the Series 2011A Bonds.

Table 1: Anticipated Sources and Uses from the Issuance of the 2011A Bonds.

Estimated Sources of Funds:	
Par Amount of Bonds	\$15,675,000
Original Issue Premium	<u>354,415</u>
Total Estimated Sources	\$16,029,415
Estimated Uses of Funds	
Acquisition Fund	\$13,658,814
Debt Service Reserve Fund	1,567,500
Interest Fund (Capitalized Interest)	407,193
Underwriters Discount	78,375
Working Capital	5,000
Cost of Issuance	<u>312,533</u>
Total Estimated Uses of Funds:	\$16,029,415

The acquisition costs for the equipment includes 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 amounts for legal fees, trustee fees, financial advisory fees, rating agency fees, printing costs and other costs associated with issuing the bonds.

Table 2 below shows the Cost of Issuance Assumptions.

TABLE 2: COSTS OF ISSUANCE ASSUMPTIONS	
\$9,750.00	Moody's Rating
10,500.00	S&P Rating
9,000.00	Fitch Rating
3,000.00	Trustee
20,960.00	Financial Advisor
10,000.00	Corporation Counsel
20,000.00	City Attorney Office
25,000.00	Controller's Office
55,000.00	Office of Public Finance
3,000.00	Financial Printing
1,500.00	Electronic Posting
10,000.00	Insurance
2,500.00	Advertising
140,000.00	Misc/ Contingencies
320,210.00	Total estimated gross costs of issuance
(5,000.00)	Less Working Capital Fund
\$315,210.00	Total estimated net costs of issuance

Fiscal Impact:

Annual debt service for fiscal year 2011-2012 is \$126,350.00, which includes \$354,975.83 in capitalized interest (See Table 3 below). Based upon conservative estimates given current market conditioning, our office estimates that the overall effective interest rate on the bonds will be approximately 3.75%.

Each department will pay annual debt service for each item of equipment acquired. The number of years the debt service is payable varies according to the useful life of the equipment acquired. Debt service on majority of the equipment being acquired is payable from October 1, 2011 through October 1, 2013. The debt service on the equipment with the longest useful life is payable through and including October 1, 2017.

Table 3 below shows the Aggregate Debt Service Schedule.

TABLE 3: AGGREGATED DEBT SERVICE SCHEDULE COMBINING ALL DEPARTMENTS										
Payment Date	Coupon	Yield	Principal	Interest	Gross Debt Service	Gross D/S by FY	Less Cap. Int.	Less DSRF Release	Net Debt Service	Net D/S by FY
10/1/2011				216,375.83	216,375.83		198,325.83		18,050.00	
4/1/2012				264,950.00	264,950.00	481,325.83	156,650.00		108,300.00	126,350.00
10/1/2012	3.00%	1.65%	1,155,000	264,950.00	1,419,950.00		52,216.67	115,500	1,252,233.33	
4/1/2013	3.00%	1.83%	2,090,000	247,625.00	2,337,625.00	3,757,575.00			2,337,625.00	3,589,858.33
10/1/2013	3.00%	2.13%	2,120,000	216,275.00	2,336,275.00			421,000	1,915,275.00	
4/1/2014	3.00%	2.37%	2,155,000	184,475.00	2,339,475.00	4,675,750.00			2,339,475.00	4,254,750.00
10/1/2014	3.00%	2.62%	2,190,000	152,150.00	2,342,150.00			434,500	1,907,650.00	
4/1/2015	4.00%	2.96%	1,430,000	119,300.00	1,549,300.00	3,891,450.00			1,549,300.00	3,456,950.00
10/1/2015	4.00%	3.10%	1,455,000	90,700.00	1,545,700.00			288,500	1,257,200.00	
4/1/2016	4.00%	3.34%	1,005,000	61,600.00	1,066,600.00	2,612,300.00			1,066,600.00	2,323,800.00
10/1/2016	4.00%	3.50%	1,025,000	41,500.00	1,066,500.00			203,000	863,500.00	
4/1/2017	4.00%	3.70%	1,050,000	21,000.00	1,071,000.00	2,137,500.00		105,000	966,000.00	1,829,500.00
			\$15,675,000	\$1,880,900.83	\$17,555,900.83	\$17,555,900.83	\$407,192.50	\$1,567,500	\$15,581,208.33	\$15,581,208.33

The proposed Series 2011A Bonds are scheduled to be heard at the Budget and Finance Committee of the Board of Supervisors on March 23, 2011.

Additional Information:

Financial Advisor for the Series 2011A Bonds is Kitahata & Company. Co-Bond Counsel for the bonds is Squire, Sanders & Dempsey and Amira Jackmon, Attorney at Law. The Finance Corporation's Counsel is Dannis Woliver Kelley.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Preliminary 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 Statement are final as of their respective dates.

The Preliminary Official Statement: The Resolution also approves the form of Preliminary and final Official Statement relating to the Bonds (the "Official Statement"). The Official Statement has been updated to reflect the City's financial condition, including the Controller's release of the Nine-Month Budget Status Report and the Three-Year Joint Report. The information contained in the Appendix A to the Official Statement was updated as of February 9, 2011 and was prepared by City staff for inclusion in the Official Statement.

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

Documents Enclosed Herewith:

In preparation for the meeting, enclosed please find the following items:

- 1) Draft bond documents, in substantially final form, for the Finance Corporation's Lease Revenue Bonds, Series 2011A enabling the financing of the Fiscal years 2010-2011 equipment acquisition which consist of the following:
 - a) Preliminary Official Statement describing the Bonds, the Lease and the Project for the purpose of selling the Bonds to investors. It also contains Appendix A which describes the City's government and organization, the budget, property taxation, other City tax revenues, other revenue sources, general fund programs and expenditures, employment costs, post retirement obligations, investments, capital financing, bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management; and
 - b) Official Notice of Sale describing the bid process for the Bonds and the sale and award thereof;
 - c) Notice of Intention to Sell representing the advertisement of the sale of the Bonds, to be published in The Bond Buyer and the Independent;
 - d) Continuing Disclosure Certificate representing the agreement between the City, Finance Corporation and Trustee to provide specified financial information on an annual basis pursuant to U.S. Securities and Exchange Commission regulations.
 - e) Eighteenth Supplemental Indenture representing the supplement to the Indenture dated January 1991 and as amended and restated as of October 15, 1998 between the Trustee (as fiduciary for the bondholders), the Finance Corporation and the City;

f) Equipment Lease Supplement No.17 representing the supplement to the Equipment Lease dated January 1991 and as amended and restated as of October 1998 between the Finance Corporation as lessor and the City as lessee of the Equipment, defining the equipment and describing the rental stream pledged as security for the Bonds. It also contains the Certificate of Approval;
Attachments (A, B C & D)

Enclosures (1, a through f)

Cc:	Jason Elliott, Mayor's Liaison	Greg Wagner, Mayor's Budget Director
	Harvey Rose, Budget Analyst	Ben Rosenfield, Controller
	Angela Cavillo, Clerk of the Board	Kenneth D. Roux, Deputy City Attorney



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

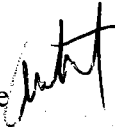
Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

DATE: March 4, 2011

TO: Supervisor Carmen Chu, Chair, Budget & Finance Committee
Supervisor Ross Mirkarimi
Supervisor Jane Kim
Scott Wiener

Cc: Supervisor Chiu, President, Board of Supervisors
Victor Young, Clerk of the Board
Jason Elliott, Mayor's Liaison
Harvey Rose, Budget Analyst

FROM: Nadia Sesay, Director of Public Finance 

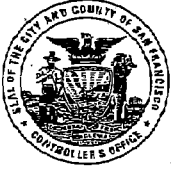
SUBJECT: City and County of San Francisco Finance Corporation
Lease Revenue Bonds, Series 2011A
(Equipment Program)

On behalf of the City and County of San Francisco Finance Corporation, the Controller's Office of Public Finance respectfully requests the introduction and consideration to the Board of Supervisors at its meeting Tuesday, March 8, 2011, the Resolution authorizing the issuance of not to exceed \$16,500,000 in aggregate principal amount in City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Program). The Resolution also approves the related financing documents to be executed in connection with this financing- including the Preliminary Official Statement which includes Appendix A, Official Notice of Sale, Notice of Intention to Sell, Continuing Disclosure Certificate, Eighteenth Supplemental Indenture, and Equipment Lease Supplement No. 17 which includes the Certificate of Approval.

Attached, please find one original and four copies of the Resolution and related financing documents.

We respectfully request that the attached legislation be considered at the meeting of the Budget & Finance Committee of the Board of Supervisors on Wednesday, March 23, 2011.

Should you have any questions or comments, please do not hesitate to contact me at 554-5956.



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
Controller's Office of Public Finance 

SUBJECT: Resolution Authorizing the Sale of not to exceed \$16,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Lease Program)

DATE: March 4, 2011

Recommended Action:

The Controller's Office of Public Finance respectfully requests consideration of the attached resolution by the Budget and Finance Committee on Wednesday, March 23, 2011.

Attached are an original and four copies of the Resolution Authorizing the sale of not to exceed \$16,500,000 in aggregate principal amount of City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2011A (Equipment Lease Program). The related financing documents—including the Preliminary Official Statement which includes Appendix A, Official Notice of Sale, Notice of Intention to Sell, Continuing Disclosure Certificate, Eighteenth Supplemental Indenture, and Equipment Lease Supplement No. 17 which includes the Certificate of Approval 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, 2011, the total authorized amount was \$53,065,954 (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. The Finance Corporation has issued \$157,560,000 in equipment lease revenue bonds. To date, \$139,485,000 has been repaid leaving \$18,075,000 in

equipment lease revenue bonds outstanding (see Attachment B). Given the annual adjustment factor of 5% on July 1, 2010, as of March 1, 2011 the amount available for issuance will be \$34,990,954 (\$30,470,954 plus the amount principal (\$4,520,000) paid on October 1, 2010).

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 2011-2012 budget.

The Proposed Series 2010A Bonds:

The Series 2011A Bonds will fund part of the City's annual equipment purchase program for Fiscal year 2010-2011. The request for equipment to be financed by Series 2011A Bonds is for approximately \$13,658,814. The City Departments requesting equipment consists of the following:

<u>Department</u>	<u>Amount</u>
Fire	\$7,540,840
Police	1,432,820
Public Health - DPH	2,779,482
Public Works - DPW	781,118
Recreation & Park	<u>1,124,554</u>
TOTAL	\$13,658,814

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 2010-2011 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 2011-2012 and in subsequent years.

The City requests that the Finance Corporation issue its Lease Revenue Bonds, Series 2011A Bonds in an amount not to exceed \$16,500,000 to finance part of the Fiscal 2010-2011 equipment acquisitions. While we currently only expect to issue \$16,029,415 in bonds, the added authorization gives the City sufficient flexibility to address any changes in bond market conditions.

The Series 2011A Bonds are expected to be sold by competitive bid on or about April 19, 2011 assuming stable bond market conditions and close approximately two weeks after the sale. A tentative financing schedule is attached as Attachment D. Debt service will be payable on April 1 and October 1 of each year

commencing October 1, 2011. Principal repayment will begin on October 1, 2012 and will be made semi-annually through and including April 1, 2017. Because there is a time lag between the sale of the bonds and the receipt of the equipment, a portion of interest payment through October 1, 2012 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 will be 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 \$16,029,415. The Resolutions authorizes the issuance of not to exceed par amount of \$16,500,000. Table 1 outlines anticipated sources and uses for the Series 2011A Bonds.

Table 1: Anticipated Sources and Uses from the Issuance of the 2011A Bonds.

Estimated Sources of Funds:	
Par Amount of Bonds	\$15,675,000
Par Amount of Bonds	<u>354,415</u>
Total Estimated Sources	\$16,029,415
Estimated Uses of Funds	
Acquisition Fund	\$13,658,814
Debt Service Reserve Fund	1,567,500
Interest Fund (Capitalized Interest)	407,193
Underwriters Discount	78,375
Working Capital	5,000
Cost of Issuance	<u>312,533</u>
Total Estimated Uses of Funds:	\$16,029,415

The acquisition costs for the equipment includes 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 amounts for legal fees, trustee fees, financial advisory fees, rating agency fees, printing costs and other costs associated with issuing the bonds.

Table 2 below shows the Cost of Issuance Assumptions.

TABLE 2: COSTS OF ISSUANCE ASSUMPTIONS	
\$9,750.00	Moody's Rating
10,500.00	S&P Rating
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20,960.00	Financial Advisor
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10,000.00	Insurance
2,500.00	Advertising
140,000.00	Misc/ Contingencies
320,210.00	Total estimated gross costs of issuance
(5,000.00)	Less Working Capital Fund
\$315,210.00	Total estimated net costs of issuance

Fiscal Impact:

Annual debt service for fiscal year 2011-2012 is \$126,350.00, which includes \$354,975.83 in capitalized interest (See Table 3 below). Based upon conservative estimates given current market conditioning, our office estimates that the overall effective interest rate on the bonds will be approximately 3.75%.

Each department will pay annual debt service for each item of equipment acquired. The number of years the debt service is payable varies according to the useful life of the equipment acquired. Debt service on majority of the equipment being acquired is payable from October 1, 2011 through October 1, 2013. The debt service on the equipment with the longest useful life is payable through and including October 1, 2017.

Table 3 below shows the Aggregate Debt Service Schedule.

TABLE 3: AGGREGATE DEBT SERVICE SCHEDULE - COMBINING ALL DEPARTMENTS										
Payment Date	Coupon	Yield	Principal	Interest	Gross Debt Service	Gross D/S by FY	Less Cap. Int.	Less DSRF Release	Net Debt Service	Net D/S by FY
10/1/2011				216,375.83	216,375.83		198,325.83		18,050.00	
4/1/2012				264,950.00	264,950.00	481,325.83	156,650.00		108,300.00	126,350.00
10/1/2012	3.00%	1.65%	1,155,000	264,950.00	1,419,950.00		52,216.67	115,500	1,252,233.33	
4/1/2013	3.00%	1.83%	2,090,000	247,625.00	2,337,625.00	3,757,575.00			2,337,625.00	3,589,858.33
10/1/2013	3.00%	2.13%	2,120,000	216,275.00	2,336,275.00			421,000	1,915,275.00	
4/1/2014	3.00%	2.37%	2,155,000	184,475.00	2,339,475.00	4,675,750.00			2,339,475.00	4,254,750.00
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10/1/2015	4.00%	3.10%	1,455,000	90,700.00	1,545,700.00			288,500	1,257,200.00	
4/1/2016	4.00%	3.34%	1,005,000	61,600.00	1,066,600.00	2,612,300.00			1,066,600.00	2,323,800.00
10/1/2016	4.00%	3.50%	1,025,000	41,500.00	1,066,500.00			203,000	863,500.00	
4/1/2017	4.00%	3.70%	1,050,000	21,000.00	1,071,000.00	2,137,500.00		105,000	966,000.00	1,829,500.00
			\$15,675,000	\$1,880,900.83	\$17,555,900.83	\$17,555,900.83	\$407,192.50	\$1,567,500	\$15,581,208.33	\$15,581,208.33

The proposed Series 2011A Bonds are scheduled to be heard at the Budget and Finance Committee of the Board of Supervisors on March 23, 2011.

Additional Information:

Financial Advisor for the Series 2011A Bonds is Kitahata & Company. Co-Bond Counsel for the bonds is Squire, Sanders & Dempsey and Amira Jackmon, Attorney at Law. The Finance Corporation's Counsel is Dannis Woliver Kelley.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Preliminary 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 Statement are final as of their respective dates.

The Preliminary Official Statement: The Resolution also approves the form of Preliminary and final Official Statement relating to the Bonds (the "Official Statement"). The Official Statement has been updated to reflect the City's financial condition, including the Controller's release of the Nine-Month Budget Status Report and the Three-Year Joint Report. The information contained in the Appendix A to the Official Statement was updated as of February 9, 2011 and was prepared by City staff for inclusion in the Official Statement.

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

Documents Enclosed Herewith:

In preparation for the meeting, enclosed please find the following items:

- 1) Draft bond documents, in substantially final form, for the Finance Corporation's Lease Revenue Bonds, Series 2011A enabling the financing of the Fiscal years 2010-2011 equipment acquisition which consist of the following:
 - a) Preliminary Official Statement describing the Bonds, the Lease and the Project for the purpose of selling the Bonds to investors. It also contains Appendix A which describes the City's government and organization, the budget, property taxation, other City tax revenues, other revenue sources, general fund programs and expenditures, employment costs, post retirement obligations, investments, capital financing, bonds, major economic development projects, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management; and
 - b) Official Notice of Sale describing the bid process for the Bonds and the sale and award thereof;
 - c) Notice of Intention to Sell representing the advertisement of the sale of the Bonds, to be published in The Bond Buyer and the Independent;
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 - e) Eighteenth Supplemental Indenture representing the supplement to the Indenture dated January 1991 and as amended and restated as of October 15, 1998 between the Trustee (as fiduciary for the bondholders), the Finance Corporation and the City;

- f) Equipment Lease Supplement No.17 representing the supplement to the Equipment Lease dated January 1991 and as amended and restated as of October 1998 between the Finance Corporation as lessor and the City as lessee of the Equipment, defining the equipment and describing the rental stream pledged as security for the Bonds. It also contains the Certificate of Approval;

Attachments (A, B C & D)

Enclosures (1, a through f)

Cc:	Jason Elliott, Mayor's Liaison	Greg Wagner, Mayor's Budget Director
	Harvey Rose, Budget Analyst	Ben Rosenfield, Controller
	Angela Cavillo, Clerk of the Board	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	10,255,000	9,055,000	27,944,004
2010-11	53,065,954	2,526,950	30,470,954	0	4,520,000	34,990,954
2011-12	55,719,252	2,653,298	37,644,252	0	4,825,000	42,469,252
2012-13	58,505,214	2,785,963	45,255,214	0	4,920,000	50,175,214
2013-14	61,430,475	2,925,261	53,100,475	0	4,370,000	57,470,475
2014-15	64,501,999	3,071,524	60,541,999	0	0	60,541,999
As of March 1, 2011		\$ 33,065,954		\$ 157,560,000	\$ 139,485,000	

(1) Par amount available for issuance as of March 1, 2011

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

Fiscal Year	1991A	1992A	1993A	1994A	1995A	1996A	1997A	1998A	1999A	2002A	2003A	2004A	2005A	2006A	2007A	2008A	2010A	Payment Sum	Fiscal Year Sum
1991A	646,000																	646,000	646,000
1992A	700,000																	700,000	1,346,000
1993A	740,000	365,000																1,105,000	2,451,000
1994A	760,000	370,000	1,090,000															2,230,000	4,681,000
1995A	780,000	385,000	1,180,000	350,000														2,345,000	7,026,000
1996A	805,000	395,000	1,240,000	600,000	405,000													2,810,000	9,836,000
1997A	735,000	405,000	1,270,000	840,000	820,000	880,000												3,420,000	13,256,000
1998A	465,000	420,000	1,315,000	875,000	820,000	880,000	880,000											3,650,000	16,906,000
1999A	180,000	435,000	690,000	915,000	865,000	880,000	880,000											3,890,000	20,796,000
2000A	95,000	390,000	600,000	590,000	930,000	1,020,000	1,020,000											3,845,000	24,641,000
2001A	105,000	400,000	610,000	610,000	935,000	1,025,000	815,000											3,325,000	27,966,000
2002A	45,000	285,000	445,000	610,000	875,000	1,070,000	1,320,000	185,000										3,735,000	31,701,000
2003A	50,000	285,000	165,000	230,000	465,000	1,080,000	1,345,000	1,370,000	1,335,000									3,655,000	35,356,000
2004A		300,000	175,000	180,000	20,000	280,000	1,380,000	1,370,000	1,390,000									3,435,000	38,791,000
2005A		310,000	180,000	185,000	20,000	280,000	1,390,000	1,380,000	1,390,000									3,370,000	42,161,000
2006A			180,000	180,000		175,000	1,415,000	1,415,000	1,415,000									3,210,000	45,371,000
2007A			185,000	185,000		175,000	1,445,000	1,415,000	1,415,000									3,275,000	48,646,000
2008A						660,000	560,000	1,200,000	1,200,000									3,090,000	51,736,000
2009A						660,000	560,000	1,200,000	1,200,000									3,090,000	54,826,000
2010A						660,000	560,000	1,200,000	1,200,000									3,090,000	57,916,000
2011A						660,000	560,000	1,200,000	1,200,000									3,090,000	61,006,000
2012A						660,000	560,000	1,200,000	1,200,000									3,090,000	64,096,000
2013A						660,000	560,000	1,200,000	1,200,000									3,090,000	67,186,000
2014A						660,000	560,000	1,200,000	1,200,000									3,090,000	70,276,000
2015A						660,000	560,000	1,200,000	1,200,000									3,090,000	73,366,000
2016A						660,000	560,000	1,200,000	1,200,000									3,090,000	76,456,000
2017A						660,000	560,000	1,200,000	1,200,000									3,090,000	79,546,000
2018A						660,000	560,000	1,200,000	1,200,000									3,090,000	82,636,000
2019A						660,000	560,000	1,200,000	1,200,000									3,090,000	85,726,000
2020A						660,000	560,000	1,200,000	1,200,000									3,090,000	88,816,000
2021A						660,000	560,000	1,200,000	1,200,000									3,090,000	91,906,000
2022A						660,000	560,000	1,200,000	1,200,000									3,090,000	95,000,000
2023A						660,000	560,000	1,200,000	1,200,000									3,090,000	98,090,000
2024A						660,000	560,000	1,200,000	1,200,000									3,090,000	101,180,000
2025A						660,000	560,000	1,200,000	1,200,000									3,090,000	104,270,000
2026A						660,000	560,000	1,200,000	1,200,000									3,090,000	107,360,000
2027A						660,000	560,000	1,200,000	1,200,000									3,090,000	110,450,000
2028A						660,000	560,000	1,200,000	1,200,000									3,090,000	113,540,000
2029A						660,000	560,000	1,200,000	1,200,000									3,090,000	116,630,000
2030A						660,000	560,000	1,200,000	1,200,000									3,090,000	119,720,000
2031A						660,000	560,000	1,200,000	1,200,000									3,090,000	122,810,000
2032A						660,000	560,000	1,200,000	1,200,000									3,090,000	125,900,000
2033A						660,000	560,000	1,200,000	1,200,000									3,090,000	129,000,000
2034A						660,000	560,000	1,200,000	1,200,000									3,090,000	132,100,000
2035A						660,000	560,000	1,200,000	1,200,000									3,090,000	135,200,000
2036A						660,000	560,000	1,200,000	1,200,000									3,090,000	138,300,000
2037A						660,000	560,000	1,200,000	1,200,000									3,090,000	141,400,000
2038A						660,000	560,000	1,200,000	1,200,000									3,090,000	144,500,000
2039A						660,000	560,000	1,200,000	1,200,000									3,090,000	147,600,000
2040A						660,000	560,000	1,200,000	1,200,000									3,090,000	150,700,000
2041A						660,000	560,000	1,200,000	1,200,000									3,090,000	153,800,000
2042A						660,000	560,000	1,200,000	1,200,000									3,090,000	156,900,000
2043A						660,000	560,000	1,200,000	1,200,000									3,090,000	160,000,000
2044A						660,000	560,000	1,200,000	1,200,000									3,090,000	163,100,000
2045A						660,000	560,000	1,200,000	1,200,000									3,090,000	166,200,000
2046A						660,000	560,000	1,200,000	1,200,000									3,090,000	169,300,000
2047A						660,000	560,000	1,200,000	1,200,000									3,090,000	172,400,000
2048A						660,000	560,000	1,200,000	1,200,000									3,090,000	175,500,000
2049A						660,000	560,000	1,200,000	1,200,000									3,090,000	178,600,000
2050A						660,000	560,000	1,200,000	1,200,000									3,090,000	181,700,000
2051A						660,000	560,000	1,200,000	1,200,000									3,090,000	184,800,000
2052A						660,000	560,000	1,200,000	1,200,000									3,090,000	187,900,000
2053A						660,000	560,000	1,200,000	1,200,000									3,090,000	191,000,000
2054A						660,000	560,000	1,200,000	1,200,000									3,090,000	194,100,000
2055A						660,000	560,000	1,200,000	1,200,000									3,090,000	197,200,000
2056A						660,000	560,000	1,200,000	1,200,000									3,090,000	200,300,000
2057A						660,000	560,000	1,200,000	1,200,000									3,090,000	203,400,000
2058A						660,000	560,000	1,200,000	1,200,000									3,090,000	206,500,000
2059A						660,000	560,000	1,200,000	1,200,000									3,090,000	209,600,000
2060A						660,000	560,000	1,200,000											

City and County of San Francisco Finance Corporation
 Lease Revenue Bonds, Series 2011A
 Equipment Purchase

Dept.	Equipment	Use ful Life	Units	Unit Cost	Total Cost	Dept. Total	Estimated Delivery Date	Equip. Budget #
DPW	Asphalt Crew Truck - Flat Bed (fire)		1	78,490	78,490			PW1120
DPW	Skid Steer Loader (Bobcat)		1	87,600	87,600			PW1121
DPW	Aerial Truck - 40' - 45'		1	264,518	264,518			PW1122
DPW	Asphalt Paver		1	350,510	350,510	\$ 781,118		PW1123
FIR	Aerial Ladder Trucks		4	910,660	3,642,640			FC1103
FIR	Fire Engine		8	487,275	3,898,200	\$ 7,540,840		FC1104
POL	Marked sedans		20	49,604	992,080			PC1110
POL	Unmarked vehicles		3	27,375	82,125			PC1111
POL	Street motorcycles		5	28,470	142,350			PC1112
POL	Off-road motorcycles		5	13,688	68,440			PC1113
POL	SUVs (canine)		2	54,750	109,500			PC1114
POL	van		1	38,325	38,325	\$ 1,432,820		PC1115
REC	VAN FORD TRANSIT CONNECT		1	52,560	52,560			RP1112
REC	TOMKATSU FG15HT-20 FORKLIFT		1	24,796	24,796			RP1113
REC	FORD RANGER		1	53,655	53,655			RP1114
REC	TORO WORKMAN		1	26,280	26,280			RP1115
REC	52" CUTTING DECK RIDING MOWER		1	27,375	27,375			RP1116
REC	TORO 3150 MOWER		1	27,375	27,375			RP1117
REC	TORO MH400 SANDING UNIT		1	28,063	28,063			RP1118
REC	TOYOTA PRIUS HBRID		1	28,470	28,470			RP1119
REC	TORO WORKMAN HDX, 4WD		1	30,660	30,660			RP1120
REC	FORD RANGER- EXTENDED CAB		1	54,750	54,750			RP1121
REC	TORO SIDEWINDER MOWER		1	38,325	38,325			RP1122
REC	CHIPPER BUSH BANDIT 150 TYPE		1	49,275	49,275			RP1123
REC	TORO WITH DAKOTA TOP DRESSER		1	49,275	49,275			RP1124
REC	FORD F250, CNG		1	52,560	52,560			RP1125
REC	TRUCK F250, CNG		1	52,560	52,560			RP1126
REC	TORO 5910 ROTARY MOWER		3	98,550	295,650			RP1127
REC	TURF FIELD ROLLER		1	38,325	38,325			RP1128
REC	TURF FIELD ROLLER		1	38,325	38,325			RP1129
REC	TORO WITH DAKOTA TOP DRESSER		1	49,275	49,275			RP1130
REC	TRAILER TE80 HTW S48DD		1	75,000	75,000			RP1132R
REC	FORD F250 UTILIBODY W/RHINO COATING		1	32,000	32,000			RP1133R
DPH	MAMMOGRAPHY SYSTEM		2	319,758	639,516			HG1106
DPH	TISSUE PROCESSOR		1	54,055	54,055			HG1107
DPH	MASS SPECTROMETER		1	262,109	262,109			HG1108
DPH	ULTRASOUND PORTABLE W/PROBE		1	44,016	44,016			HG1109
DPH	STEAMER CONVECTION 24 IN.		1	33,609	33,609			HG1110
DPH	STEAMER CONVECTION 42 IN.		1	48,424	48,424			HG1111
DPH	CT PORTABLE HEAD		1	413,925	413,925			HG1112
DPH	C-ARM MINI FLUOROSCOPIC		1	68,876	68,876			HG1113
DPH	ULTRASOUND OBSTETRIC PORTABLE		1	31,061	31,061			HG1114
DPH	VENTILATOR OSCILLATOR PEDI		1	30,633	30,633			HG1115
DPH	PROCESSOR SPEC MICROBIOLOGY		1	216,263	216,263			HG1116
DPH	ULTRASOUND		4	158,403	633,612			HG1117
DPH	VENTILATOR OSCILLATOR ADULT		1	33,662	33,662			HG1118
DPH	ULTRASOUND ANTENATAL TESTING		1	50,918	50,918			HG1119
DPH	C-ARM MOBILE DIGITAL		1	218,803	218,803	\$ 2,779,482		HG1120
Total					13,658,814	\$ 12,534,260		



CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
 Lease Revenue Bonds, Series 2011A
 (Equipment Program)

FINANCING SCHEDULE
 (as of February 18, 2011)

<u>Date</u>	<u>Events/Actions</u>
Week of 2/22	<input type="checkbox"/> Office of Public Finance distributes revised draft of Appendix A, reflecting 2/16 due-diligence meeting. <input type="checkbox"/> Second drafts of documents distributed.
Wed. 3/2	Working group conference call at 10:00am Pacific to review revised documents before submission to Board. Dial 1-213-342-3000 and use access code 938-140#.
Fri. 3/4	Clean documents due to Office of Public Finance for next week's Board of Supervisors' introduction.
Tues. 3/8	Office of Public Finance: introduction of resolution to Board by sponsor.
Thurs. 3/10	FA distributes materials to rating agencies.
Week of 3/14	Finance Corp. board meeting ____m, City Hall Room ____.
Wed. 3/23	Budget & Finance Committee approval of resolution.
Tues. 3/29	Board of Supervisors approval of resolution.
Mon. 4/4	<input type="checkbox"/> Publication of Notice of Intention to Sell in The Bond Buyer by bond counsel (must be at least 15 days prior to sale if issue under \$10 million par value). <input type="checkbox"/> Disclosure certificates to be signed by Controller and Corporation Director; Charter certificate to be signed by Controller.
Tues. 4/5	<input type="checkbox"/> Underlying ratings expected. <input type="checkbox"/> FA revises bond sizing numbers for POS/NOS.
Thurs. 4/7	Finalize POS and submit to printer to post electronically.
Fri. 4/8	<input type="checkbox"/> Mayor signs resolution. <input type="checkbox"/> POS and NOS posted on i-Deal Prospectus. <input type="checkbox"/> FA sets up competitive sale worksheet and forward calendar with Parity.
Tues. 4/19	Competitive sale at 8:30am Pacific.
Fri. 4/22	Bond counsel distributes first draft of closing documents.
Mon. 4/25	Final OS to printer for production of checking copies.
Tues. 4/26	<input type="checkbox"/> Clear checking copies and print/mail final OS <input type="checkbox"/> Bond counsel distributes final set of closing documents to Office of Public Finance.
Tues. 5/3	Preclose Series 2011A at bond counsel's office.
Wed. 5/4	Close Series 2011A at 8:30am Pacific, funds delivered.

	30	31	1	2	3	4	5
February	6	7	8	9	10	11	12
	13	14	15	16	17	18	19
	20	21	22	23	24	25	26
	27	28	29	30	31	1	2
March	3	4	5	6	7	8	9
	10	11	12	13	14	15	16
	17	18	19	20	21	22	23
	24	25	26	27	28	29	30
April	1	2	3	4	5	6	7
	8	9	10	11	12	13	14
	15	16	17	18	19	20	21
May	22	23	24	25	26	27	28
	29	30	31	1	2	3	4
	5	6	7	8	9	10	11
	12	13	14	15	16	17	18
	19	20	21	22	23	24	25
	26	27	28	29	30	31	1

■ Bond market holiday

**EQUIPMENT LEASE SUPPLEMENT NO. 17
(SERIES 2011A BONDS)**

This Equipment Lease Supplement No. 17 (Series 2011A Bonds) (the "Supplement"), dated as of May 1, 2011, is entered into by and between the CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION, a non-profit 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"), and 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 all earlier executed Lease Supplements, is herein collectively referred to as the "Lease"). (Capitalized terms used in the Whereas clauses which are not defined therein shall have the meaning set forth in Section 1.01 hereof.)

WITNESSETH:

WHEREAS, the Corporation desires to lease the 2011A Equipment, as hereinafter defined, to the City and the City desires to hire the 2011A 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 _____, 2011; 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;

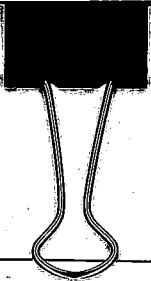
NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

**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:

2011A Equipment

The term "2011A Equipment" means the Equipment to be financed with the proceeds of the Series 2011A Bonds and listed on the 2011A Equipment Schedule attached



EIGHTEENTH 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 May 1, 2011

relating to the

**[\$[PAR]]
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS,
SERIES 2011A (EQUIPMENT PROGRAM)**

and

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

NOTICE OF INTENTION TO SELL
NOT TO EXCEED \$16,500,000

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2011A (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, April 19, 2011 at 8:30 a.m., California time

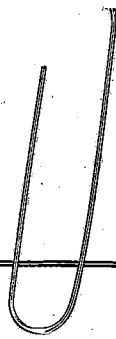
by sealed bids at the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102, and by electronic bids solely through Ipreo LLC's Parity System ("Parity"), captioned Bonds.

The Corporation reserves the right to postpone or cancel the sale of the Bonds or change the terms thereof upon notice given through Parity prior to the time bids are to be received.

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 Parity. 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: April 4, 2011.



OFFICIAL NOTICE OF SALE

AND

OFFICIAL BID FORM

for

[\$[PAR]*

**CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2011A (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, April 19, 2011
(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

TIME: 8:30 a.m. (California time)

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

DELIVERY DATE: Wednesday, May 4, 2011
(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.

\$[15,675,000]*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2011A
(EQUIPMENT PROGRAM)

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the City and County of San Francisco Finance Corporation (the "Corporation") of the above-named Bonds (the "Bonds"). Any capitalized term not defined herein shall have the meaning given to such term in APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE - CERTAIN DEFINED TERMS."

The Bonds are being sold to provide funds to finance the acquisition and installation of certain equipment (as more fully described herein, the "Equipment") to be leased to the City and County of San Francisco (the "City"). The City, exercising its Charter powers to lease-purchase equipment through a nonprofit corporation, will lease the Equipment from the Corporation for the general governmental purposes of the City. The City will be obligated under the Lease (as hereinafter defined) to pay Base Rental payments and other payments to the Corporation related to the Equipment each year during the term of the Lease, subject to certain conditions under which the obligation to pay Base Rental may be abated as discussed herein. Pursuant to the Indenture (as hereinafter defined), the Corporation has assigned to U.S. Bank National Association, as trustee (the "Trustee"), for the benefit of the Owners, substantially all of its rights under the Lease (excluding certain rights as set forth herein) including its right to receive and collect Base Rental payments from the City under the Lease and its right as may be necessary to enforce payment of the Base Rental payments. The Trustee will apply Base Rental it receives to pay principal and interest on the Bonds when due according to the Indenture, which governs the security and terms of payment of the Bonds. The Corporation has entered into an agreement with the City pursuant to which the City is appointed as agent of the Corporation in connection with the acquisition and installation of the Equipment.

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

Quotations from and summaries and explanations of the Bonds, the Indenture, the Lease, the resolutions providing for the execution and delivery of the Bonds, provisions of the constitution and statutes of the State of California (the "State"), the City's charter and ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Office of Public Finance, City Hall Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which are not incorporated herein by such references nor deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's most recently completed Comprehensive Annual Financial Report (the "CAFR") for fiscal year 2009-10 estimated the City's 2010 population at 821,790.

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2011

New Issue - Book-Entry Only

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

In the separate opinions of Squire, Sanders & Dempsey (US) LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



[\$15,675,000]*
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION
LEASE REVENUE BONDS, SERIES 2011A
(EQUIPMENT PROGRAM)

Dated: Date of Delivery

Due: April 1 and October 1, see inside cover

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

The Bonds captioned above (the "Bonds") are being issued to: (i) finance the acquisition and installation of certain equipment (the "Equipment" or the "Project"); (ii) pay costs associated with the issuance of the Bonds; (iii) fund the Series 2011A Reserve Account established under the Indenture for the Bonds; (iv) fund the Working Capital Fund established under the Indenture; and (v) fund capitalized interest payable with respect to a portion of the Bonds through [June 1, 2012]. See "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds are executed and delivered pursuant to an Indenture, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by the Eighteenth Supplemental Indenture, dated as of [May] 1, 2011 (collectively, the "Indenture"), by and between the City and County of San Francisco Finance Corporation (the "Corporation"), and U.S. Bank National Association, as trustee (the "Trustee"), and in accordance with the Charter of the City and County of San Francisco (the "Charter"). See "THE BONDS - Authority For Execution and Delivery." Principal of and interest on the Bonds are payable from certain funds held under the Indenture, including principally Base Rental payable by the City related to the Equipment pursuant to an Equipment Lease, dated as of January 1, 1991, as amended and restated as of October 15, 1998, and as supplemented by Equipment Lease Supplement No. 17, dated as of [May] 1, 2011, by and between the Corporation, as lessor, and the City, as lessee (collectively, the "Lease"). The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental payments in its annual budget, and to make necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Covenant to Budget." The obligation of the City to pay Base Rental is in consideration for the use and possession of the Equipment, and such obligation may be abated in whole or in part if there is substantial interference with the City's use and possession of the Equipment. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS - Abatement."

The Bonds will be issued only as fully registered bonds without coupons, and when issued will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the Trustee to DTC, which in turn is required to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS - Form and Registration" and APPENDIX F: "DTC AND THE BOOK-ENTRY ONLY SYSTEM." The Bonds will be dated and bear interest from their date of delivery. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2011. Principal is payable in accordance with the maturity schedule shown on the inside cover.

The Bonds are subject to special redemption prior to their respective stated maturities. The Bonds are not subject to optional redemption. See "THE BONDS - Redemption Provisions."

THE BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS MADE BY THE CITY PURSUANT TO THE LEASE RELATED TO THE EQUIPMENT AND OTHER AMOUNTS (INCLUDING THE PROCEEDS OF THE SALE OF THE BONDS) HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED PURSUANT TO THE INDENTURE, OTHER THAN THE REBATE FUND. USE OF AMOUNTS HELD IN SUCH FUNDS AND ACCOUNTS IS SUBJECT TO THE PROVISIONS OF THE INDENTURE PERMITTING THE APPLICATION OF SUCH AMOUNTS FOR THE PURPOSES AND ON THE TERMS AND CONDITIONS SET FORTH IN THE INDENTURE. THE CORPORATION SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS ONLY FROM THE FUNDS DESCRIBED IN THE INDENTURE AND NEITHER THE CORPORATION NOR ANY MEMBER OF ITS BOARD OF DIRECTORS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE ISSUANCE OF THE BONDS. THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS UNDER THE LEASE CONSTITUTES A DEBT OF THE CITY,

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

* Preliminary, subject to change.