

**APPENDIX I**  
**Municipal Finance Disclosure Policies and Procedures**

**TABLE OF CONTENTS**

ARTICLE I – General.....	I-1
Purpose	I-1
Disclosure Practices Working Group	I-1
Definitions	I-2
Meetings of the Disclosure Practices Working Group	I-3
ARTICLE II – Disclosure Documents.....	I-3
Disclosure Documents	I-3
ARTICLE III – Continuing Disclosure.....	I-3
Annual Reports	I-4
Significant Events	I-4
ARTICLE IV – Review Process.....	I-6
Review of Form and Content of Disclosure Documents	I-6
Review of Other Types of Disclosure Documents	I-8
ARTICLE V – Training Policy.....	I-9
Training Sessions	I-9
ARTICLE VI – Document Retention Policies.....	I-10
Official Statements	I-10
Disclosure Documents other than Official Statements	I-10
ARTICLE VII – Confidential Submissions.....	I-11
Whistle Blower Complaints Program	I-11
ARTICLE VIII – Miscellaneous.....	I-11
Bi-Annual Review	I-11
Suspension of Requirements by Disclosure Practices Working Group	I-11
Periodic Review and Update of Investor Relations Website	I-11

Article I  
*General*

Section 1.1. Purpose. The purpose of the City and County of San Francisco Disclosure Policies and Procedures (these “Procedures”) is to establish processes and controls (i) so that the financial disclosures that the City and County of San Francisco (the “City”) makes are accurate and comply with all applicable federal and state securities laws, and (ii) to promote best practices regarding disclosures relating to bonds, certificates of participation, or other financial obligations of the City (“Obligations”).

These Procedures apply to Obligations issued under the supervision of the City’s Office of Public Finance (“OPF”). These Procedures do not apply to obligations issued by other departments or enterprises of the City, including the Airport Commission, the Mayor’s Office of Housing and Community Development, the Municipal Transportation Agency, the Port Commission, or the Public Utilities Commission. Further, certain types of transactions, such as bonds issued for Community Facilities Districts, Infrastructure Financing Districts, Assessment Districts or Green Bond financings, may require additional disclosures that are unrelated to the requirements of federal and state securities laws. OPF may develop additional procedures from time to time for those types of disclosures.

The City’s policy for when the City serves as a conduit issuer is to require the conduit borrower to enter into any required continuing disclosure agreement to provide for the continuing disclosure of information relating to such issuance, the borrower and other matters as specifically provided therein. The conduit borrower shall also indemnify the City against any untrue statement made in relation to a disclosure document for such issuance. The offering documents for conduit issuances shall also contain appropriate disclaimers specifying the limited information supplied by the City.

These Procedures should be read in conjunction with Article XIV of the Debt Policy of the City and County of San Francisco (the “Debt Policy”).

**The failure of OPF to comply with any provision of these Procedures shall not affect the authorization or the validity or enforceability of any Obligations that are otherwise issued by the City in accordance with law.**

Section 1.2. Disclosure Practices Working Group. To better carry out the purposes set forth in Section 1.1 of these Procedures, a Disclosure Practices Working Group (the “DPWG”) is established. Membership of the DPWG shall consist of: (1) the Director of Public Finance, (2) the Mayor’s Budget Director (or the Director’s designee), (3) the Controller (or the Controller’s designee), and (4) the Treasurer (or the Treasurer’s designee). The City Attorney (or the City Attorney’s designee, who shall be a Deputy City Attorney specializing in public finance), together with Disclosure Counsel, shall advise the DPWG on requirements of the federal securities laws. Even though the members of the DPWG may meet and discuss disclosure-related matters from time to time, such meetings

shall not constitute a meeting of the DPWG unless the City Attorney (or Deputy City Attorney) and Disclosure Counsel also participate in the meeting.

Section 1.3. Definitions. Unless otherwise defined in this document, initially capitalized terms used in these Procedures shall have the meanings set forth below:

“*CAFR*” means the City’s Comprehensive Annual Financial Report.

“*CDA*” means a Continuing Disclosure Agreement of the City entered into pursuant to SEC Rule 15c2-12.

“*City*” means the City and County of San Francisco, California.

“*City Financial Statements*” means that portion of the CAFR that are the audited financial statements, including the notes and management letter relating thereto.

“*Contributor*” means each person contacted by the Disclosure Coordinator or the Disclosure Practices Working Group to assist with the review or preparation of a Disclosure Document as described in Section 4.1, or such person’s designee.

“*Debt Policy*” means the Debt Policy of the City and County of San Francisco.

“*Disclosure Counsel*” means the law firm or law firms engaged by the City Attorney to advise the City with respect to disclosure obligations and requirements under federal securities laws.

“*Disclosure Coordinator*” means the Director of Public Finance, or such other City official designated by the Controller from time to time.

“*Disclosure Documents*” means those documents defined as such in Section 2.1.

“*Disclosure Practices Working Group*” or “*DPWG*” means the Disclosure Practices Working Group as identified under Section 1.2 of these Procedures.

“*Dissemination Agent*” means the dissemination agent appointed by the City to disseminate reports and post notices on EMMA pursuant to the City’s secondary market obligations. The Dissemination Agent may be an employee of the OPF or a third-party dissemination agent.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive filings pursuant to Rule 15c2-12 under the federal Securities Exchange Act of 1934, as the same may be amended and modified from time to time.

“*Obligations*” means bonds, certificates of participation, or other financial obligations of the City.

“*OPF*” means the City’s Office of Public Finance.

“*Preparer*” means those persons defined as such in Section 4.2.

“*Procedures*” means these Municipal Finance Disclosure Policies and Procedures, as the same may be supplemented and amended from time to time.

“*SEC*” shall mean the United States Securities and Exchange Commission.

Section 1.4. Meetings of the Disclosure Practices Working Group. The DPWG shall meet as often as necessary to fulfill its obligations, and generally shall meet at least once every two years to discuss matters related to these Procedures. Meetings of the DPWG are intended to be internal meetings of City staff and shall not be deemed to be public meetings for purposes of the Brown Act or the City’s Sunshine Ordinance.

Any member of the DPWG may request a meeting of the DPWG to discuss any topic within the scope of these Procedures. If requested, the Disclosure Coordinator will endeavor to convene a meeting of the DPWG. Members of the DPWG may participate in meetings by telephone. The Disclosure Coordinator shall keep a record of DPWG meetings and a brief summary of the matters discussed.

## Article II *Disclosure Documents*

Section 2.1. Disclosure Documents. For purposes of these Procedures, the term “Disclosure Documents” shall mean (i) the City’s documents and materials prepared or distributed in connection with the City’s disclosure obligations under applicable federal and state securities laws relating to its securities and (ii) other disclosure that the DPWG shall determine to review and approve. Disclosure Documents shall include, but not be limited to, the following:

- (A) Preliminary and final Official Statements and Private Placement Memoranda relating to the City’s Obligations or containing City financial information, together with any supplements; and
- (B) any disclosure filing made by the City with the MSRB through EMMA, whether made under a continuing disclosure agreement to which the City is a party or made voluntarily.

The term “Disclosure Documents” shall also include any other disclosure that the DPWG designates as such pursuant to Section 4.2(A) below.

Article III  
*Continuing Disclosure*

In connection with each public offering of Obligations, the City enters into a Continuing Disclosure Agreement (“CDA”) in order to assist underwriters in complying with their obligations under SEC Rule 15c2-12(b)(5). The provisions of the CDAs relate to 1) the City’s provision of annual reports to MSRB, specifying the contents and timeliness of those reports; and 2) the City’s timely disclosure of certain categories of so-called “significant events”.

Section 3.1 Annual Reports.

The CDAs provide that the City shall, or shall cause its Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year (which is June 30), provide the MSRB through filing with EMMA an Annual Report, which shall contain or incorporate by reference the information required by SEC Rule 15c2-12 and each of the City’s CDAs.

Before any Annual Report is filed with EMMA:

1. Disclosure Counsel and City Attorney’s office shall have confirmed in writing to the Disclosure Coordinator that each has reviewed the Annual Report; and
2. The members of the DPWG shall have confirmed, in writing or verbally at a DPWG or due diligence meeting, to the Disclosure Coordinator that they have reviewed the Annual Report and that they are not aware of any material inaccuracies or omissions in the Annual Report.

The Annual Report is required to include a copy of the City Financial Statements. The Controller shall determine which City officials will play a role in preparing and reviewing the City Financial Statements and shall implement such internal procedures for this review as the Controller deems appropriate, if any.

Section 3.2 Significant Events.

SEC Rule 15c2-12 provides that the City shall give, or cause to be given, in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the I.R.S. of proposed or final determinations of taxability, Notices of Proposed Issue, or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. Consummation of a merger, consolidation, or acquisition, acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

SEC Rule 15c2-12 defines the term *financial obligation* to mean a:

- (A) Debt obligation;
- (B) Derivative instrument entered in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) Guarantee of paragraph (A) or (B).

The term “financial obligation” under SEC Rule 15c2-12 does not include municipal securities for which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

Financial obligations can take various forms. With respect to leases, a lease only constitutes a financial obligation if it operates as a vehicle to borrow money, *i.e.*, where both (1) the City is the lessee and (2) the lease rentals represent obligations (whether by the City or the lessor) to repay money over time. All other leases, whether real property or equipment, entered in the ordinary course of business shall **not** constitute financial obligations.

Commercial paper notes are financial obligations, but an event notice is only filed when a major legal document associated with the commercial paper note program is entered into, amended or extended. The major legal documents include any bank reimbursement agreement, any letter of credit, or any other notes credit facility. An event notice need **not** be filed when the outstanding amount of commercial paper increases or decreases, or the utilized or unutilized portion of a related credit facility changes, because notes are issued or repaid.

Any debt obligation, or guarantee of a debt obligation, that has an aggregate principal amount of \$25,000,000 or greater, shall be evaluated as potentially being material.

Each member of the DPWG shall notify the Disclosure Coordinator if such member becomes aware of any of the events listed above. The DPWG shall meet to discuss the event or correspond via email, as appropriate, and determine in consultation with Disclosure Counsel and the City Attorney's office whether a filing is required or is otherwise desirable.

If any member of the DPWG has reason to believe that the City is experiencing financial difficulty, such member shall inform the Controller of the relevant circumstances, and the Controller shall determine, in consultation with the City Attorney's office and Disclosure Counsel, as appropriate, whether a financial difficulty exists. If the Controller determines that a financial difficulty does exist, the Disclosure Coordinator shall convene a meeting or email discussion of the DPWG to determine what enhanced procedures might be appropriate to identify events of the type described in numbered paragraph 16 above.

If a DPWG member or the chief financial officer of a City department has reason to believe that a City department is experiencing financial difficulty that is resulting or may result in an event of the type described in numbered paragraph 16 above, such official shall notify the Disclosure Coordinator who shall consult with the Director of Public Finance and the City Attorney's office and decide whether to convene the DPWG to consider whether a material event filing may be warranted.

#### Article IV *Review Process*

Section 4.1. Review of Form and Content of Disclosure Documents. The DPWG shall review each Disclosure Document described in Section 2.1(A) and (B). This DPWG review may occur at a meeting or via e-mail. The DPWG may require the attendance of all persons involved in the preparation or review of the Disclosure Document.

In addition, the following procedures shall apply to Official Statements, Remarketing Memoranda and Private Placement Memoranda:

When applicable, a draft offering document shall be submitted to the Board of Supervisors together with each resolution or ordinance authorizing an Obligation. Such resolution or ordinance shall include a provision for Board approval of the draft offering document together with a delegation to the Controller or the Director of Public Finance to finalize the offering document to, among other things, include the most recent City financial information or other material information relevant to investors, and to otherwise make corrections and clarifications needed so that such offering document complies with federal securities laws.

(A) Disclosure Coordinator. The Disclosure Coordinator shall work with the bond financing team (*i.e.*, bond counsel, underwriter(s), underwriter's counsel, municipal advisors, and appropriate City staff), Disclosure Counsel, and such other individuals as appropriate given the nature of the financing, to confirm that these Procedures are followed with respect to the preparation and/or dissemination of any Disclosure Document.

(1) The Disclosure Coordinator shall be responsible for soliciting material information from appropriate City departments in a timely manner and shall identify Contributors who may have information necessary to prepare or who should review portions of the Disclosure Document. These Contributors should be timely contacted and informed that their assistance will be needed for the preparation of the Disclosure Document. See Exhibit A for the form of Request for Information from Contributors. Each Contributor shall determine which individuals or groups shall participate in the preparation of the Disclosure Document (or relevant portion) and the sources from which to derive the information the Contributor is asked to summarize or update in the Disclosure Document.

(2) The Disclosure Coordinator shall confirm to the DPWG that each section of and all financial and operating information contained in the Disclosure Document has been provided for review by departments and Contributors as described above and that the Disclosure Coordinator has received a response from each Contributor. The Disclosure Coordinator shall also confirm that "Appendix A" and other information concerning the City's financial condition has been compared for accuracy against the City Financial Statements, including the notes of said financial statements, and the other financial reports prepared and released by the Controller and the Mayor's Office.

(3) The Disclosure Coordinator shall coordinate an internal City due diligence session in connection with any substantial update to the City's "Appendix A" disclosure, such as an update reflecting a new CAFR.

(4) The Disclosure Coordinator or another member of the DPWG shall report any significant disclosure issues, if any, and concerns to the DPWG. The



DPWG shall consider whether such disclosure issues or concerns are material or otherwise warrant changes to the draft Disclosure Document.

(5) Prior to posting a preliminary Official Statement, the Disclosure Coordinator shall have received written signoff on the Official Statement from the Controller (or the Controller's designee), the Director of Public Finance (or the Director's designee), the City Attorney or one or more Deputy City Attorneys, and Disclosure Counsel for the transaction. For purposes of this policy, the Controller's execution of a certificate deeming a Preliminary Official Statement final shall also serve as the Controller's written signoff on the contents of the Preliminary Official Statement.

(B) Responsibilities of Contributors. Contributors shall assist in reviewing and preparing the Disclosure Document using their knowledge of the City and by discussing the Disclosure Document with other members of their department to validate the accuracy of the information and to determine whether any other information should be discussed or disclosed. Once Contributors are notified of their need to participate in preparing a Disclosure Document, each of the Contributors shall cooperate with DPWG requests. Each Contributor shall represent to the Controller (in a form satisfactory to the Controller) the accuracy and completeness of the section or sections for which the Contributor is responsible. See Exhibit B herein.

Section 4.2. Review of Other Types of Disclosure Documents. The following procedures shall apply to those Disclosure Documents that are not addressed in Section 4.1:

(A) Public Document Releases and Other Communications. The anti-fraud provisions of the Securities Laws apply to public document releases (including annual and continual disclosures accessible on the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board) and other communications that are reasonably likely to reach investors or the securities markets and could be material to investors. Without limitation, such releases could include press releases, reports, web site postings, and other public communications of City officials and staff. While the DPWG will not review all such communications, any City employee preparing ("Preparer") information for public release may request the DPWG to determine whether such document or other communication should be filed as a material event or voluntary notice with the MSRB (as provided in Section 2.1(B) above). Any member of the DPWG may request that the Disclosure Coordinator convene the DPWG to determine whether any such document should be treated as a Disclosure Document.

(B) Notify Disclosure Practices Working Group. If the DPWG determines that a document is a Disclosure Document, the Preparer shall inform the DPWG of the (i) expected completion date of the Disclosure Document and (ii) the expected dissemination date of the Disclosure Document. The DPWG shall be provided with a reasonable opportunity to review such Disclosure Document.

(C) Involvement of Deputy City Attorney. The Deputy City Attorney specializing in municipal finance whom the City Attorney assigns to work on the matter, in consultation with Disclosure Counsel, shall assist the Preparer to:

- (1) identify material information that should be disclosed; and
- (2) identify other persons that may have material information or knowledge of any information omitted from such Disclosure Document.

(D) Dissemination of Disclosure Document. If the DPWG determines that dissemination of the Disclosure Document or a material event or voluntary notice regarding the contents of the Disclosure Document on EMMA is appropriate, the Disclosure Coordinator shall cause the Dissemination Agent to timely file the Disclosure Document on EMMA, as described in Article XIV of the Debt Policy.

Article V  
*Training Policy*

Section 5.1. Training Sessions.

(A) City officials or employees with responsibility for providing, collecting or analyzing information that may be material to the preparation of a Disclosure Document shall attend disclosure training sessions as conducted from time to time. The Controller and/or the Director of Public Finance shall, through Contributors or directly, cause training material to be distributed to employees of the City who will participate in the preparation of Disclosure Documents for the first time. Such training materials shall include information on the City's disclosure obligations under applicable federal and state securities laws and such individual's responsibilities and potential liability regarding such obligations. Such training sessions may be conducted by automated online training, in person, or by video, if available.

(B) If there is a question as to whether a class of employees shall receive such training, the determination shall be made by the Controller, in consultation (if necessary) with the City Attorney. The DPWG may also require training for a particular employee not otherwise specified.

(C) At the request of the DPWG, the City Attorney's office shall organize separate training sessions for the members of the Board of Supervisors; provided however such training should be undertaken no less than once every three years.

(D) The Director of Public Finance and the City Attorney's office will discuss and develop training material for new developments under federal securities laws, or otherwise, with the objective that the City maintains the best practices regarding its disclosure obligations.

*Article VI*  
*Document Retention Policies*

Section 6.1. Official Statements.

(A) Materials retained. For a Disclosure Document that is an Official Statement or similar document as referenced in Section 2.1(A), the OPF, on behalf of the DPWG, shall maintain a transcript for the relevant financing, for a period of at least five years from the date of delivery of the securities referenced in such Disclosure Document. Such transcript shall include, at a minimum:

- (1) the printed copy of the preliminary and final Official Statement (or preliminary and final Offering Memoranda);
- (2) the “deemed final” certification provided by a City official to the underwriter of the securities in accordance with paragraph (b)(1) of Rule 15c2-12;
- (3) the bond purchase agreement or official notice of sale, as applicable;  
and
- (4) any written certification or opinions executed by a City official or another financing party relating to disclosure matters, delivered at the time of delivery of the related securities.

(B) Materials not retained. These Procedures shall not require the DPWG to retain after the date of delivery of the related securities the drafts of any of the materials referenced in subsection (A) above.

Section 6.2. Disclosure Documents other than Official Statements. For Disclosure Documents other than those described in Section 5.1(A) above, the OPF, on behalf of the DPWG, shall maintain a central depository with the following materials, for a period of five years from the date the respective Disclosure Document is published, posted, or otherwise made publicly available:

- (1) the final version of the Disclosure Document, and
- (2) if the Disclosure Document is posted on EMMA, a copy of the receipt of filing generated by EMMA.

The DPWG shall not retain the drafts of any such materials.

*Article VII*  
*Confidential Submissions*

Section 7.1. Whistle Blower Complaint Program. The City shall encourage City employees to contact the Controller’s Whistle Blower Complaint program with any significant disclosure questions or concerns. The Controller’s office shall contact the

DPWG as soon as practical for any matter which would have a serious impact on the City's Disclosure Documents.

*Article VIII*  
*Miscellaneous*

Section 8.1. Bi-Annual Review. The DPWG shall conduct a bi-annual review and evaluation of these Procedures. As appropriate, the DPWG shall amend these Procedures to be consistent with changes in the federal and state securities laws, pronouncements of the SEC, and such other matters as the DPWG deems necessary or desirable.

Section 8.2. Suspension of Requirements by Disclosure Practices Working Group. The DPWG may waive or suspend any of the procedures set forth in these Procedures for a particular transaction or type of transaction, or for all transactions, should the DPWG determine that compliance with such procedure is not practical or necessary to confirm the accuracy and completeness of the related Disclosure Document(s).

Section 8.3 Periodic Review and Update of Investor Relations Website. The Disclosure Coordinator shall review the City's investor relations website at least annually to confirm that it is up to date and shall maintain a written record of the dates such review has been completed. The Disclosure Coordinator shall request and confirm the posting or removal of information identified as necessary and appropriate as a result of such review.

**Table of Exhibits**

- A. Form of Request for Information from Contributors
- B. Form of Transmittal by Contributor to Disclosure Coordinator

**Form of Request for Information from Contributors**

The Office of Public Finance is requesting information from [department or division name] to be included in a detailed disclosure of the City's financial and operating data for an [official statement] [annual report] to be issued by the City in connection with [the sale of bonds or other securities] [federal annual reporting requirements for municipal securities]. This information will be disseminated publicly to the investing public, including bondholders, rating agencies, municipal advisors and other members of the investment community.

Federal securities laws require that the information be complete, accurate, and in no way misleading. Please review carefully and critically the information you are providing to be certain, to the best of your knowledge after reasonable inquiry of the appropriate persons, that it is accurate, complete and not misleading. Please be certain that the source documentation is reliable and auditable, should any future inquiry arise. Please provide a copy of all source documentation. Please describe any exceptions or other caveats to the information you are providing.

Please review the information in its entirety, rather than simply updating that which has already been provided, to determine whether any material changes have occurred or if any new or additional information should be included to make the information you are providing not misleading and as complete and accurate as possible.

Please provide the information by no later than [X date], and please advise of any subsequent changes to such information through [Y date].

If you require additional information regarding this request for information, please contact \_\_\_\_\_, at x\_\_\_\_\_. Thank you for your assistance.

**Form of Transmittal by Contributor  
to Disclosure Coordinator**

I am the individual responsible for reviewing the portion of the Disclosure Document that is attached [on behalf of [Department]]. I have reviewed this disclosure [and have made certain that the following individuals also reviewed the disclosure: [list additional reviewers]]. [In addition, the attached disclosure was discussed at a meeting of the \_\_\_\_\_ department on [date].] I have also attached copies of any materials that were a source for all or a portion of this disclosure. In the event of any material change to the attached disclosure between the date of this letter and the scheduled delivery date for the bonds (X date), I shall promptly advise the Disclosure Coordinator.

\_\_\_\_\_  
[Name and Title]

**Attachments**

- reviewed disclosure
- source materials

