

File No. 140811

Committee Item No. 22

Board Item No. 39

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date July 23, 2014

Board of Supervisors Meeting

Date July 29, 2014

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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Completed by: Linda Wong

Date July 18, 2014

Completed by: Linda Wong

Date 7/23/14

1 [General Obligation Bonds - Earthquake Safety and Emergency Response - Not to Exceed
2 \$106,095,000]

3 **Resolution authorizing and directing the sale of not to exceed \$106,095,000 aggregate**
4 **principal amount of City and County of San Francisco General Obligation Bonds**
5 **(Earthquake Safety and Emergency Response Bonds, 2014), Series 2014D; prescribing**
6 **the form and terms of said bonds; authorizing the execution, authentication, and**
7 **registration of said bonds; providing for the appointment of depositories and other**
8 **agents for said bonds; providing for the establishment of accounts related to said**
9 **bonds; providing for the manner of sale of said bonds by competitive sale; approving**
10 **the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the**
11 **publication of the Notice of Intention to Sell Bonds; approving the form of the**
12 **Preliminary Official Statement and the form and execution of the Official Statement**
13 **relating to the sale of said bonds; approving the form of the Continuing Disclosure**
14 **Certificate; authorizing and approving modifications to documents; declaring the City's**
15 **intent to reimburse certain expenditures; ratifying certain actions previously taken; and**
16 **granting general authority to City officials to take necessary actions in connection with**
17 **the authorization, issuance, sale, and delivery of said bonds.**

18
19 WHEREAS, By Resolution No. 34-14, adopted by the Board of Supervisors (the "Board
20 of Supervisors") of the City and County of San Francisco (the "City") on February 4, 2014, and
21 signed by the Mayor of the City (the "Mayor") on February 14, 2014, it was determined that
22 public interest and necessity demands the construction, acquisition, improvement, and
23 retrofitting of earthquake safety and emergency responsiveness facilities and infrastructure
24 therein described (the "Project"); and
25

1 WHEREAS, By Ordinance No. 16-14, passed by the Board of Supervisors on February
2 14, 2014 (the "Bond Ordinance"), the Board of Supervisors duly called a special election to be
3 held on June 3, 2014 (the "Bond Election"), for the purpose of submitting to the electors of the
4 City a proposition to incur bonded indebtedness in the amount of \$400,000,000 to finance the
5 Project, and such proposition was approved by not less than a two-thirds vote of the qualified
6 electors of the City voting on such proposition; and

7 WHEREAS, By Resolution adopted on the date hereof (the "Authorizing Resolution"),
8 the City authorized the issuance of its General Obligation Bonds (Earthquake Safety and
9 Emergency Response Bonds, 2014) (the " Bonds"); and

10 WHEREAS, none of the previously authorized Bonds have been issued to date; and

11 WHEREAS, It is necessary and desirable to issue an aggregate principal amount of the
12 Bonds not to exceed \$106,095,000 (the "Series 2014D Bonds"), to finance a portion of the
13 costs of the Project (as defined in the Authorizing Resolution); and

14 WHEREAS, The Series 2014D Bonds are being issued pursuant to the Authorizing
15 Resolution and Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government
16 Code, the Charter of the City (the "Charter"), the Bond Ordinance and the Bond Election; and

17 WHEREAS, The Citizens' General Obligation Bond Oversight Committee shall conduct
18 an annual review of bond spending and shall provide an annual report on the management of
19 the program to the Mayor and the Board, and, to the extent permitted by law, one-tenth of one
20 percent (0.1%) of the gross proceeds of the Series 2014D Bonds shall be deposited in a fund
21 established by the Controller's Office and appropriated by the Board at the direction of the
22 Citizens' General Obligation Bond Oversight Committee to cover the costs of such Committee
23 and its review process; and

24 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City and
25 County of San Francisco, as follows:

1 Section 1. Recitals. All of the recitals in this Resolution are true and correct.

2 Section 2. Conditions Precedent. All conditions, things and acts required by law to
3 exist, to happen and to be performed precedent to and in connection with the issuance of the
4 Series 2014D Bonds exist, have happened and have been performed in due time, form and
5 manner in accordance with applicable law, and the City is now authorized pursuant to the
6 Bond Election, the Charter and applicable law to incur indebtedness in the manner and form
7 provided in this Resolution.

8 Section 3. Documents. The documents presented to the Board and on file with the
9 Clerk of the Board of Supervisors or his or her designee (the "Clerk of the Board of
10 Supervisors") are contained in File No. 140811.

11 Section 4. Issuance and Sale of Series 2014D Bonds; Determination of Certain Terms;
12 Designation. The Board authorizes the issuance and sale of not to exceed \$106,095,000 in
13 aggregate principal amount of Bonds to be designated as "City and County of San Francisco
14 General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014),
15 Series 2014D," for the purposes set forth in the Bond Election Ordinance and Proposition A
16 approved by the voters at the Bond Election.

17 The Director of Public Finance of the City or designee thereof (the "Director of Public
18 Finance") is authorized to determine, for the Series 2014D Bonds, the sale date, the interest
19 rates, the definitive principal amount, the maturity dates and the redemption dates, if any, and
20 the terms of any optional or mandatory redemption, subject to the other specific provisions of
21 this Resolution, including the following terms and conditions: (i) the Series 2014D Bonds shall
22 not have a true interest cost in excess of 12% (as such term is defined in the Official Notice of
23 Sale (as defined in Section 17)); and (ii) the Series 2014D Bonds shall not have a final
24 maturity date after June 15, 2035. The Director of Public Finance is further authorized to give
25 the Series 2014D Bonds such additional or other series designation, or to modify such series

1 designation, as may be necessary or appropriate to distinguish the Series 2014D Bonds from
2 every other series of Bonds and from other bonds issued by the City.

3 Section 5. Execution, Authentication and Registration of the Series 2014D Bonds.

4 Each of the Series 2014D Bonds shall be in fully registered form without coupons in
5 denominations of \$5,000 or any integral multiple of that amount. The officers of the City are
6 directed to cause the Series 2014D Bonds to be prepared in sufficient quantity for delivery to
7 or for the account of their purchaser and the Controller is directed to cause the blanks in the
8 Series 2014D Bonds to be completed in accordance with the Authorizing Resolution and the
9 Bond Award (as defined in Section 13), to procure their execution by the proper officers of the
10 City (including by facsimile signature if necessary or convenient) and authentication as
11 provided in this Section, and to deliver the Series 2014D Bonds when so executed and
12 authenticated to said purchaser in exchange for their purchase price, all in accordance with
13 the Authorizing Resolution.

14 The Series 2014D Bonds and the certificate of authentication and registration, to be
15 manually executed by the Treasurer of the City or designee thereof (the "City Treasurer"), and
16 the form of assignment to appear on the Series 2014D Bonds shall be substantially in the
17 form attached as Exhibit A (a copy of which is on file with the Clerk of the Board of
18 Supervisors and which is declared to be a part of this Resolution as if fully set forth in this
19 Resolution), with necessary or appropriate variations, omissions and insertions as permitted
20 or required by this Resolution.

21 Only Series 2014D Bonds bearing a certificate of authentication and registration
22 executed by the City Treasurer shall be valid or obligatory for any purpose or entitled to the
23 benefits of the Authorizing Resolution and this Resolution, and such certificate of the City
24 Treasurer, executed as provided in this Resolution, shall be conclusive evidence that the
25

1 Series 2014D Bonds so authenticated have been duly authenticated and delivered under, and
2 are entitled to the benefits of, the Authorizing Resolution and this Resolution.

3 The Controller shall assign a distinctive letter, or number, or letter and number to each
4 Series 2014D Bond authenticated and registered by the City Treasurer and shall maintain a
5 record thereof which shall be available for inspection.

6 Section 6. Registration Books. The City Treasurer shall keep or cause to be kept, at
7 the office of the City Treasurer or at the designated office of any registrar appointed by the
8 City Treasurer, separate and sufficient books for the registration and transfer of Series 2014D
9 Bonds, which books shall at all times be open to inspection, and upon presentation for such
10 purpose, the City Treasurer shall, under such reasonable regulations as he or she may
11 prescribe, register or transfer or cause to be registered or transferred, on said books, Series
12 2014D Bonds as provided in this Resolution. The City and the City Treasurer may treat the
13 registered owner of each Series 2014D Bond as its absolute owner for all purposes, and the
14 City and the City Treasurer shall not be affected by any notice to the contrary.

15 Section 7. Transfer or Exchange of Series 2014D Bonds. Any Series 2014D Bond
16 may, in accordance with its terms, be transferred upon the books required to be kept pursuant
17 to the provisions of Section 6, by the person in whose name it is registered, in person or by
18 the duly authorized attorney of such person in writing, upon surrender of such Series 2014D
19 Bond for cancellation, accompanied by delivery of a duly executed written instrument of
20 transfer in a form approved by the City Treasurer.

21 Any Series 2014D Bond may be exchanged at the office of the City Treasurer for a like
22 aggregate principal amount of other authorized denominations of the same interest rate and
23 maturity.

24 Whenever any Series 2014D Bond shall be surrendered for transfer or exchange, the
25 designated City officials shall execute (as provided in Section 5) and the City Treasurer shall

1 authenticate and deliver a new Series 2014D Bond of the same interest rate and maturity in a
2 like aggregate principal amount. The City Treasurer shall require the payment by any bond
3 owner requesting any such transfer of any tax or other governmental charge required to be
4 paid with respect to such transfer or exchange.

5 No transfer or exchange of Series of 2014D Bonds shall be required to be made by the
6 City Treasurer during the period from the Record Date (as defined in Section 8(b)) next
7 preceding each interest payment date to such interest payment date or after a notice of
8 redemption shall have been mailed with respect to such Series 2014D Bonds.

9 Section 8. Terms of the Series 2014D Bonds; General Redemption Provisions.

10 (a) Date of the Series 2014D Bonds. The Series 2014D Bonds shall be dated the
11 date of their delivery or such other date (the "Dated Date") as is specified in the Bond Award.

12 (b) Payment of the Series 2014D Bonds. The principal of the Series 2014D Bonds
13 shall be payable in lawful money of the United States of America to their owners, upon
14 surrender at maturity or earlier redemption at the office of the City Treasurer. The interest on
15 the Series 2014D Bonds shall be payable in like lawful money to the person whose name
16 appears on the bond registration books of the City Treasurer as the owner as of the close of
17 business on the last day of the month immediately preceding an interest payment date (the
18 "Record Date"), whether or not such day is a Business Day (as defined below).

19 Except as may be otherwise provided in connection with any book-entry only system
20 applicable to the Series 2014D Bonds, payment of the interest on any Series 2014D Bond
21 shall be made by check mailed on the interest payment date to such owner at such owner's
22 address as it appears on the registration books as of the Record Date; provided, that if any
23 interest payment date occurs on a day that banks in California or New York are closed for
24 business or the New York Stock Exchange is closed for business, then such payment shall be
25 made on the next succeeding day that banks in both California and New York are open for

1 business and the New York Stock Exchange is open for business (each, a "Business Day");
2 and provided, further, that the registered owner of an aggregate principal amount of at least
3 \$1,000,000 of Series 2014D Bonds may submit a written request to the City Treasurer on or
4 before a Record Date preceding an interest payment date for payment of interest on the next
5 succeeding interest payment date and thereafter by wire transfer to a commercial bank
6 located within the United States of America.

7 For so long as any Series 2014D Bonds are held in book-entry form by a securities
8 depository selected by the City pursuant to Section 11, payment shall be made to the
9 registered owner of the Series 2014D Bonds designated by such securities depository by wire
10 transfer of immediately available funds.

11 (c) Interest on the Series 2014D Bonds. The Series 2014D Bonds shall bear
12 interest at rates to be determined upon the sale of the Series 2014D Bonds, calculated on the
13 basis of a 360-day year comprised of twelve 30-day months, payable on June 15, 2015 (or
14 such other date as may be designated in the Bond Award), and semiannually thereafter on
15 June 15 and December 15 of each year. Each Series 2014D Bond shall bear interest from the
16 interest payment date next preceding the date of its authentication unless it is authenticated
17 as of a day during the period from the Record Date next preceding any interest payment date
18 to the interest payment date, inclusive, in which event it shall bear interest from such interest
19 payment date, or unless it is authenticated on or before the first Record Date, in which event it
20 shall bear interest from the Dated Date; provided, that if, at the time of authentication of any
21 Series 2014D Bond, interest is in default on the Series 2014D Bonds, such Series 2014D
22 Bond shall bear interest from the interest payment date to which interest has previously been
23 paid or made available for payment on the Series 2014D Bonds or from the Dated Date if the
24 first interest payment is not made.
25

1 (d) Optional Redemption. The Series 2014D Bonds shall be subject to optional
2 redemption prior to maturity as provided in the Official Notice of Sale or the Bond Award.

3 (e) Mandatory Redemption. The Series 2014D Bonds shall be subject to
4 mandatory redemption at par, by lot, in any year in which the purchaser has designated that
5 the principal amount payable with respect to that year shall constitute a mandatory sinking
6 fund payment as permitted by the Official Notice of Sale. Any Series 2014D Bonds subject to
7 mandatory redemption shall be designated as such in the Official Notice of Sale or the Bond
8 Award.

9 The principal of and interest on the Series 2014D Bonds subject to mandatory
10 redemption shall be paid from the Series 2014D Bond Account (as defined in Section 9),
11 pursuant to Section 9. In lieu of any such mandatory redemption for Series 2014D Bonds, at
12 any time prior to the selection of Series 2014D Bonds for mandatory redemption, the City may
13 apply amounts on deposit in the Series 2014D Bond Account to make such payment to the
14 purchase, at public or private sale, of Series 2014D Bonds subject to such mandatory
15 redemption, and when and at such prices not in excess of the principal amount thereof
16 (including sales commission and other charges but excluding accrued interest), as the City
17 may determine.

18 (f) Selection of Series 2014D Bonds for Redemption. Whenever less than all of the
19 outstanding Series 2014D Bonds are called for redemption on any date, the City Treasurer
20 will select the maturities of the Series 2014D Bonds to be redeemed in the sole discretion of
21 the City Treasurer. Whenever less than all of the outstanding Series 2014D Bonds maturing
22 on any one date are called for redemption on any one date, the City Treasurer will select the
23 Series 2014D Bonds or portions thereof, in denominations of \$5,000 or any integral multiple
24 thereof, to be redeemed from the outstanding Series 2014D Bonds maturing on such date not
25 previously selected for redemption, by lot, in any manner which the City Treasurer deems fair.

1 (g) Notice of Redemption. The date on which Series 2014D Bonds that are called
2 for redemption are to be presented for redemption is called the "Redemption Date." The City
3 Treasurer shall mail, or cause to be mailed, notice of any redemption of Series 2014D Bonds,
4 postage prepaid, to the respective registered owners at the addresses appearing on the bond
5 registration books not less than twenty (20) nor more than sixty (60) days prior to the
6 Redemption Date. The notice of redemption shall (a) state the Redemption Date; (b) state the
7 redemption price; (c) state the maturity dates of the Series 2014D Bonds to be redeemed and,
8 if less than all of any such maturity is called for redemption, the distinctive numbers of the
9 Series 2014D Bonds of such maturity to be redeemed, and in the case of any Series 2014D
10 Bonds to be redeemed in part only, the respective portions of the principal amount to be
11 redeemed; (d) state the CUSIP number, if any, of each Series 2014D Bond to be redeemed;
12 (e) require that such Series 2014D Bonds be surrendered by the owners at the office of the
13 City Treasurer or his or her agent; and (f) give notice that interest on such Series 2014D
14 Bonds or portions of Series 2014D Bonds to be redeemed will cease to accrue after the
15 Redemption Date. Notice of optional redemption may be conditional upon receipt of funds or
16 other event specified in the notice of redemption as provided in subsection (j) of this
17 Section 8.

18 The actual receipt by the owner of any Series 2014D Bond of notice of such
19 redemption shall not be a condition precedent to redemption, and failure to receive such
20 notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings
21 for the redemption of such Series 2014D Bonds or the cessation of accrual of interest on such
22 Series 2014D Bonds on the Redemption Date.

23 Notice of redemption also shall be given, or caused to be given by the City Treasurer,
24 by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii)
25 overnight delivery service, or (iv) to the extent acceptable to the intended recipient, email or

1 similar electronic means, to (a) all organizations registered with the Securities and Exchange
2 Commission as securities depositories and (b) such other services or organizations as may
3 be required in accordance with the Continuing Disclosure Certificate described in Section 19.

4 The notice or notices required for redemption shall be given by the City Treasurer or
5 any agent appointed by the City. A certificate of the City Treasurer or such other appointed
6 agent of the City that notice of redemption has been given to the owner of any Series 2014D
7 Bond to be redeemed in accordance with this Resolution shall be conclusive against all
8 parties.

9 (h) Series 2014D Redemption Account. At the time the City Treasurer or the
10 Controller of the City or his or her designee (the "Controller") determines to optionally call and
11 redeem any of the Series 2014D Bonds, the City Treasurer or his or her agent shall establish
12 a redemption account to be described or known as the "General Obligation Bonds, Series
13 2014D Redemption Account" (the "Series 2014D Redemption Account"), and prior to or on the
14 Redemption Date there must be set aside in the Series 2014D Redemption Account moneys
15 available for the purpose and sufficient to redeem, as provided in this Resolution, the Series
16 2014D Bonds designated in said notice of redemption, subject to the provisions of subsection
17 (j) of this Section. Said moneys must be set aside in the Series 2014D Redemption Account
18 solely for the purpose of, and shall be applied on or after the Redemption Date to, payment of
19 the redemption price of the Series 2014D Bonds to be redeemed upon presentation and
20 surrender of such Series 2014D Bonds. Any interest due on or prior to the Redemption Date
21 may be paid from the Series 2014D Bond Account as provided in Section 9 or from the Series
22 2014D Redemption Account. Moneys held from time to time in the Series 2014D Redemption
23 Account shall be invested by the City Treasurer pursuant to the City's policies and guidelines
24 for investment of moneys in the General Fund of the City. If, after all of the Series 2014D
25 Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining

1 in the Series 2014D Redemption Account, said moneys shall be transferred to the General
2 Fund of the City or to such other fund or account as required by applicable law; provided, that
3 if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred
4 pursuant to the resolution authorizing such refunding bonds.

5 (i) Effect of Redemption. When notice of optional redemption has been given
6 substantially as provided in this Resolution, and when the amount necessary for the
7 redemption of the Series 2014D Bonds called for redemption (principal, premium, if any, and
8 accrued interest to such Redemption Date) is set aside for that purpose in the Series 2014D
9 Redemption Account, the Series 2014D Bonds designated for redemption shall become due
10 and payable on the Redemption Date, and upon presentation and surrender of said Series
11 2014D Bonds at the place specified in the notice of redemption, such Series 2014D Bonds
12 shall be redeemed and paid at said redemption price out of said Series 2014D Redemption
13 Account. No interest will accrue on such Series 2014D Bonds called for redemption after the
14 Redemption Date and the registered owners of such Series 2014D Bonds shall look for
15 payment of such Series 2014D Bonds only to the Series 2014D Redemption Account. All
16 Series 2014D Bonds redeemed shall be canceled immediately by the City Treasurer and shall
17 not be reissued.

18 (j) Conditional Notice of Redemption; Rescission of Redemption. Any notice of
19 optional redemption given as provided in Section 8(g) may provide that such redemption is
20 conditioned upon: (i) deposit in the Series 2014D Redemption Account of sufficient moneys to
21 redeem the Series 2014D Bonds called for optional redemption on the anticipated
22 Redemption Date, or (ii) the occurrence of any other event specified in the notice of
23 redemption. If conditional notice of redemption has been given substantially as provided in
24 this subsection (j), and on the scheduled Redemption Date (i) sufficient moneys to redeem the
25 Series 2014D Bonds called for optional redemption on the Redemption Date have not been

1 deposited in the Series 2014D Redemption Account, or (ii) any other event specified in the
2 notice of redemption as a condition to the redemption has not occurred, then (y) the Series
3 2014D Bonds for which conditional notice of redemption was given shall not be redeemed on
4 the anticipated Redemption Date and shall remain Outstanding for all purposes of this
5 Resolution, and (z) the redemption not occurring shall not constitute a default under this
6 Resolution or the Authorizing Resolution.

7 The City may rescind any optional redemption and notice of it for any reason on any
8 date prior to any Redemption Date by causing written notice of the rescission to be given to
9 the owners of all Series 2014D Bonds so called for redemption. Notice of any such rescission
10 of redemption shall be given in the same manner notice of redemption was originally given.
11 The actual receipt by the owner of any Series 2014D Bond of notice of such rescission shall
12 not be a condition precedent to rescission, and failure to receive such notice or any defect in
13 such notice so mailed shall not affect the validity of the rescission.

14 Section 9. Series 2014D Bond Account. There is established with the City Treasurer a
15 special subaccount in the General Obligation Bonds (Earthquake Safety and Emergency
16 Response General Obligation Bonds, 2014) Bond Account (the "Bond Account") created
17 pursuant to the Authorizing Resolution to be designated the "General Obligation Bonds,
18 Series 2014D Bond Subaccount" (the "Series 2014D Bond Account"), to be held separate and
19 apart from all other accounts of the City. All interest earned on amounts on deposit in the
20 Series 2014D Bond Account shall be retained in the Series 2014D Bond Account.

21 On or prior to the date on which any payment of principal of or interest on the Series
22 2014D Bonds is due, including any Series 2014D Bonds subject to mandatory redemption on
23 said date, the City Treasurer shall allocate to and deposit in the Series 2014D Bond Account,
24 from amounts held in the Bond Account, an amount which, when added to any available
25

1 moneys contained in the Series 2014D Bond Account, is sufficient to pay principal of and
2 interest on the Series 2014D Bonds on such date

3 On or prior to the date on which any Series 2014D Bonds are to be redeemed at the
4 option of the City pursuant to this Resolution, the City Treasurer may allocate to and deposit
5 in the Series 2014D Redemption Account, from amounts held in the Bond Account pursuant
6 to Section 8 of the Authorizing Resolution, an amount which, when added to any available
7 moneys contained in the Series 2014D Redemption Account, is sufficient to pay principal,
8 interest and premium, if any, with respect to such Series 2014D Bonds on such date. The
9 City Treasurer may make such other provision for the payment of principal of and interest and
10 any redemption premium on the Series 2014D Bonds as is necessary or convenient to permit
11 the optional redemption of the Series 2014D Bonds.

12 Amounts in the Series 2014D Bond Account may be invested in any investment of the
13 City in which moneys in the General Fund of the City are invested. The City Treasurer may (i)
14 commingle any of the moneys held in the Series 2014D Bond Account with other City moneys
15 or (ii) deposit amounts credited to the Series 2014D Bond Account into a separate fund or
16 funds for investment purposes only; provided, that all of the moneys held in the Series 2014D
17 Bond Account shall be accounted for separately notwithstanding any such commingling or
18 separate deposit by the City Treasurer.

19 Section 10. Series 2014D Project Account. There is established with the City
20 Treasurer a special subaccount in the General Obligation Bonds (Earthquake Safety and
21 Emergency Response General Obligation Bonds, 2014) Project Account (the "Project
22 Account") created pursuant to the Authorizing Resolution to be designated the "General
23 Obligation Bonds, Series 2014D Project Subaccount" (the "Series 2014D Project Account"), to
24 be held separate and apart from all other accounts of the City. All interest earned on amounts
25 on deposit in the Series 2014D Project Account shall be retained in the Series 2014D Project

1 Account. Amounts in the Series 2014D Project Account shall be expended in accordance
2 with the provisions of the Authorizing Resolution for the acquisition, construction or
3 reconstruction of the Project (as defined in the Authorizing Resolution).

4 Amounts in the Series 2014D Project Account may be invested in any investment of
5 the City in which moneys in the General Fund of the City are invested. The City Treasurer
6 may (i) commingle any of the moneys held in the Series 2014D Project Account with other
7 City moneys or (ii) deposit amounts credited to the Series 2014D Project Account into a
8 separate fund or funds for investment purposes only; provided, that all of the moneys held in
9 the Series 2014D Project Account (including interest earnings) shall be accounted for
10 separately notwithstanding any such comingling or separate deposit by the City Treasurer.

11 The City Treasurer is authorized to pay or cause to be paid from the proceeds of the
12 Series 2014D Bonds, on behalf of the City, the costs of issuance associated with the Series
13 2014D Bonds. Costs of issuance of the Series 2014D Bonds shall include, without limitation,
14 bond and financial printing expenses, mailing and publication expenses, rating agency fees,
15 the fees and expenses of paying agents, registrars, financial consultants, disclosure counsel
16 and co-bond counsel, and the reimbursement of departmental expenses in connection with
17 the issuance of the Series 2014D Bonds.

18 Section 11. Appointment of Depositories and Other Agents. The City Treasurer is
19 authorized and directed to appoint one or more depositories as he or she may deem desirable
20 and the procedures set forth in Section 6, Section 7 and Section 8 relating to registration of
21 ownership of the Series 2014D Bonds and payments and redemption notices to owners of the
22 Series 2014D Bonds may be modified to comply with the policies and procedures of such
23 depository. The City will not have any responsibility or obligation to any purchaser of a
24 beneficial ownership interest in any Series 2014D Bonds or to any participants in such a
25 depository with respect to (i) the accuracy of any records maintained by such securities

1 depository or any participant therein; (ii) any notice that is permitted or required to be given to
2 the owners of Series 2014D Bonds under this Resolution; (iii) the selection by such securities
3 depository or any participant therein of any person to receive payment in the event of a partial
4 redemption of Series 2014D Bonds; (iv) the payment by such securities depository or any
5 participant therein of any amount with respect to the principal or redemption premium, if any,
6 or interest due with respect to Series 2014D Bonds; (v) any consent given or other action
7 taken by such securities depository as the owner of Series 2014D Bonds; or (vi) any other
8 matter.

9 The Depository Trust Company ("DTC") is appointed as depository for the Series
10 2014D Bonds. The Series 2014D Bonds shall be initially issued in book-entry form. Upon
11 initial issuance, the ownership of each Series 2014D Bond shall be registered in the bond
12 register in the name of Cede & Co., as nominee of DTC. So long as each Series 2014D Bond
13 is registered in book-entry form, each Series 2014D Bond shall be registered in the name of
14 Cede & Co. or in the name of such successor nominee as may be designated from time to
15 time by DTC or any successor as depository.

16 The City Treasurer is also authorized and directed to appoint one or more agents as he
17 or she may deem necessary or desirable. To the extent permitted by applicable law and
18 under the supervision of the City Treasurer, such agents may serve as paying agent, fiscal
19 agent, rebate calculation agent, escrow agent or registrar for the Series 2014D Bonds or may
20 assist the City Treasurer in performing any or all of such functions and such other duties as
21 the City Treasurer shall determine. Such agents shall serve under such terms and conditions
22 as the City Treasurer shall determine. The City Treasurer may remove or replace agents
23 appointed pursuant to this paragraph at any time.

24 Section 12. Defeasance Provisions. Payment of all or any portion of the Series 2014D
25 Bonds may be provided for prior to such Series 2014D Bonds' respective stated maturities by

1 irrevocably depositing with the Treasurer (or any commercial bank or trust company
2 designated by the Treasurer to act as escrow agent with respect thereto):

3 (a) An amount of cash equal to the principal amount of all of such Series 2014D
4 Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case
5 of Series 2014D Bonds which are to be redeemed prior to such Series 2014D Bonds'
6 respective stated maturities and in respect of which notice of such redemption shall have
7 been given as provided in Section 8 hereof or an irrevocable election to give such notice shall
8 have been made by the City, the amount to be deposited shall be the principal amount
9 thereof, all unpaid interest thereon to the redemption date, and any premium due on such
10 redemption date; or

11 (b) Defeasance Securities (as herein defined) not subject to call, except as provided
12 below in the definition thereof, maturing and paying interest at such times and in such
13 amounts; together with interest earnings and cash, if required, as will, without reinvestment,
14 as certified by an independent certified public accountant, be fully sufficient to pay the
15 principal and all unpaid interest to maturity, or to the redemption date, as the case may be,
16 and any premium due on the Series 2014D Bonds to be paid or redeemed, as such principal
17 and interest come due; provided, that, in the case of the Series 2014D Bonds which are to be
18 redeemed prior to maturity, notice of such redemption shall be given as provided in Section 8
19 hereof or an irrevocable election to give such notice shall have been made by the City; then,
20 all obligations of the City with respect to said outstanding Series 2014D Bonds shall cease
21 and terminate, except only the obligation of the City to pay or cause to be paid from the funds
22 deposited pursuant to paragraphs (a) or (b) of this Section 12, to the owners of said Series
23 2014D Bonds all sums due with respect thereto; provided, that the City shall have received an
24 opinion of nationally recognized bond counsel, that provision for the payment of said Series
25 2014D Bonds has been made in accordance with this Section 12.

1 For purpose of this Section 12, "Defeasance Securities" shall mean any of the following
2 which at the time are legal investments under the laws of the State of California for the
3 moneys proposed to be invested therein:

4 (1) United States Obligations (as defined below); and

5 (2) Pre-refunded fixed interest rate municipal obligations meeting the following
6 conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the
7 trustee has been given irrevocable instructions concerning their calling and redemption and
8 the issuer has covenanted not to redeem such obligations other than as set forth in such
9 instructions; (b) the municipal obligations are secured by cash and/or United States
10 Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in
11 the escrow fund or the redemption account) are sufficient to meet the liabilities of the
12 municipal obligations; (d) the United States Obligations serving as security for the municipal
13 obligations are held by an escrow agent or trustee; (e) the United States Obligations are not
14 available to satisfy any other claims, including those against the trustee or escrow agent; and
15 (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus
16 sign or other modifier), at the time of original deposit to the escrow fund, by any two of the
17 three Rating Agencies (as defined herein) not lower than the rating then maintained by the
18 respective Rating Agency on United States Obligations

19 For purposes of this Section 12, "United States Obligations" shall mean (i) direct and
20 general obligations of the United States of America, or obligations that are unconditionally
21 guaranteed as to principal and interest by the United States of America, including without
22 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds
23 which have been stripped by request to the Federal Reserve Bank of New York in book-entry
24 form or (ii) any security issued by an agency or instrumentality of the United States of America
25 which is selected by the Director of Public Finance that results in the escrow fund being rated

1 by any two of the three Rating Agencies (as defined herein), at the time of the initial deposit to
2 the escrow fund and upon any substitution or subsequent deposit to the escrow fund, no
3 lower than the rating then maintained by the respective Rating Agency on United States
4 Obligations described in (i) herein.

5 For purposes of this Section 12, "Rating Agencies" shall mean Moody's Investors
6 Service Inc. ("Moody's"), Fitch Ratings ("Fitch"), and Standard and Poor's Rating Services, a
7 division of The McGraw-Hill Companies, Inc. ("S&P"), or any other nationally-recognized bond
8 rating agency which is the successor to any of the foregoing rating agencies.

9 For purposes of this Section 12, "Rating Agencies" means Moody's Investors Service,
10 Inc., Fitch Ratings, and Standard and Poor's Rating Services, a division of The McGraw-Hill
11 Companies, Inc., or any other nationally recognized bond rating agency that is the successor
12 to any of the foregoing rating agencies or that is otherwise established after the date hereof.

13 Section 13. Official Notice of Sale; Receipt of Bids; Bond Award.

14 (a) Official Notice of Sale. The form of proposed Official Notice of Sale inviting bids
15 for the Series 2014D Bonds (the "Official Notice of Sale") submitted to the Board is approved
16 and adopted as the Official Notice of Sale inviting bids for the Series 2014D Bonds, with such
17 changes, additions and modifications as may be made in accordance with Section 20. The
18 Director of Public Finance is authorized and directed to cause to be mailed or otherwise
19 circulated to prospective bidders for the Series 2014D Bonds copies of the Official Notice of
20 Sale, subject to such corrections, revisions or additions as may be acceptable to the Director
21 of Public Finance.

22 (b) Receipt of Bids. Bids shall be received on the date designated by the Director
23 of Public Finance pursuant to Section 4.

24 (c) Bond Award. As provided in the Official Notice of Sale, the City may reject any
25 and all bids received for any reason. The Controller is authorized to award the Series 2014D

1 Bonds to the responsible bidder whose bid (a) is timely received and conforms to the Official
2 Notice of Sale, except to the extent informalities and irregularities are waived by the City as
3 permitted by the Official Notice of Sale, and (b) represents the lowest true interest cost to the
4 City in accordance with the procedures described in the Official Notice of Sale. The award, if
5 made, shall be set forth in a certificate signed by the Controller setting forth the terms of the
6 Series 2014D Bonds and the original purchasers (the "Bond Award"). The Controller shall
7 provide a copy of the Bond Award as soon as practicable to the Clerk of the Board of
8 Supervisors and the Director of Public Finance; provided, that failure to provide such copy
9 shall not affect the validity of the Bond Award.

10 Section 14. Publication of Notice of Intention to Sell Bonds. The form of proposed
11 Notice of Intention to Sell the Series 2014D Bonds (the "Notice of Intention to Sell Bonds")
12 submitted to the Board is approved and adopted as the Notice of Intention to Sell the Series
13 2014D Bonds, and the Director of Public Finance is authorized and directed to cause the
14 Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as may be
15 made in accordance with Section 20, to be published once in *The Bond Buyer* or another
16 financial publication generally circulated throughout the State of California.

17 Section 15. Sale of Series 2014D Bonds; Solicitation of Competitive Bids. The Board
18 authorizes the sale of the Series 2014D Bonds by solicitation of competitive bids for the
19 purchase of the Series 2014D Bonds on the date and at the place determined in accordance
20 with the Official Notice of Sale and Section 4.

21 Section 16. Disposition of Proceeds of Sale. The proceeds of sale of the Series
22 2014D Bonds shall be applied by the City Treasurer as follows: (a) accrued interest, if any,
23 shall be deposited into the Series 2014D Bond Account; (b) premium, if any, shall be
24 deposited into the Series 2014D Bond Account; and (iii) remaining proceeds of sale shall be
25 deposited into the Series 2014D Project Account.

1 Section 17. Official Statement. The form of proposed Preliminary Official Statement
2 describing the Series 2014D Bonds (the "Preliminary Official Statement") submitted to the
3 Board is approved and adopted as the Preliminary Official Statement describing the Series
4 2014D Bonds, with such additions, corrections and revisions as may be determined to be
5 necessary or desirable made in accordance with Section 20. The Controller is authorized to
6 cause the distribution of a Preliminary Official Statement deemed final for purposes of
7 Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities
8 Exchange Act of 1934, as amended (the "Rule"), and to sign a certificate to that effect. The
9 Director of Public Finance is authorized and directed to cause to be printed and mailed or
10 electronically distributed to prospective bidders for the Series 2014D Bonds the Preliminary
11 Official Statement in substantially the form of the Preliminary Official Statement approved and
12 adopted by this Resolution, as completed, supplemented, corrected or revised. The
13 Controller is authorized and directed to approve, execute, and deliver the final Official
14 Statement with respect to the Series 2014D Bonds, which final Official Statement shall be in
15 the form of the Preliminary Official Statement, with such additions, corrections and revisions
16 as may be determined to be necessary or desirable made in accordance with Section 20 and
17 as are permitted under the Rule. The Director of Public Finance is authorized and directed to
18 cause to be printed and mailed or electronically distributed the final Official Statement to all
19 actual initial purchasers of the Series 2014D Bonds.

20 Section 18. Tax Covenants.

21 (a) General. The City covenants with the holders of the Series 2014D Bonds that,
22 notwithstanding any other provisions of this Resolution, it shall not take any action, or fail to
23 take any action, if any such action or failure to take action would adversely affect the
24 exclusion from gross income of interest on the Series 2014D Bonds under Section 103 of the
25 Code, and the regulations issued thereunder, as the same may be amended from time to

1 time, and any successor provisions of law. Reference to a particular section of the Code shall
2 be deemed to be a reference to any successor to any such section. The City shall not,
3 directly or indirectly, use or permit the use of proceeds of the Series 2014D Bonds or any of
4 the property financed or refinanced with proceeds of the Series 2014D Bonds, or any portion
5 thereof, by any person other than a governmental unit (as such term is used in Section 141 of
6 the Code), in such manner or to such extent as would result in the loss of exclusion of interest
7 on the Series 2014D Bonds from gross income for federal income tax purposes.

8 (b) Use of Proceeds. The City shall not take any action, or fail to take any action, if
9 any such action or failure to take action would cause the Series 2014D Bonds to be "private
10 activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof,
11 shall not make any use of the proceeds of the Series 2014D Bonds or any of the property
12 financed or refinanced with proceeds of the Series 2014D Bonds, or any portion thereof, or
13 any other funds of the City, that would cause the Series 2014D Bonds to be "private activity
14 bonds" within the meaning of Section 141 of the Code. To that end, so long as any Series
15 2014D Bonds are outstanding, the City, with respect to such proceeds and property and such
16 other funds, will comply with applicable requirements of the Code and all regulations of the
17 United States Department of the Treasury issued thereunder, to the extent such requirements
18 are, at the time, applicable and in effect. The City shall establish reasonable procedures
19 necessary to ensure continued compliance with Section 141 of the Code and the continued
20 qualification of the Series 2014D Bonds as "governmental bonds."

21 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the use of any
22 proceeds of the Series 2014D Bonds, or of any property financed or refinanced by the Series
23 2014D Bonds, or other funds of the City, or take or omit to take any action, that would cause
24 the Series 2014D Bonds to be "arbitrage bonds" within the meaning of Section 148 of the
25 Code. To that end, the City shall comply with all requirements of Section 148 of the Code and

1 all regulations of the United States Department of the Treasury issued thereunder to the
2 extent such requirements are, at the time, in effect and applicable to the Series 2014D Bonds.

3 (d) Federal Guarantee. The City shall not make any use of the proceeds of the
4 Series 2014D Bonds or any other funds of the City, or take or omit to take any other action,
5 that would cause the Series 2014D Bonds to be "federally guaranteed" within the meaning of
6 Section 149(b) of the Code.

7 (e) Information Reporting. The City shall take or cause to be taken all necessary
8 action to comply with the information reporting requirement of Section 149(e) of the Code with
9 respect to the Series 2014D Bonds.

10 (f) Hedge Bonds. The City shall not make any use of the proceeds of the Series
11 2014D Bonds or any other amounts or property, regardless of the source, or take any action
12 or refrain from taking any action that would cause the Series 2014D Bonds to be considered
13 "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all
14 necessary action to assure compliance with the requirements of Section 149(g) of the Code.

15 (g) Compliance with Tax Certificate. In furtherance of the foregoing tax covenants
16 of this Section 18, the City covenants that it will comply with the provisions of the Tax
17 Certificate to be executed by the City with respect to the Series 2014D Bonds, dated the date
18 of issuance of the Series 2014D Bonds, as such Tax Certificate may be amended from time to
19 time. This covenant shall survive payment in full or defeasance of the Series 2014D Bonds.

20 Section 19. Continuing Disclosure Certificate. The form of Continuing Disclosure
21 Certificate (the "Continuing Disclosure Certificate"), to be signed by the City to permit the
22 original purchasers of the Series 2014D Bonds to comply with the Rule, submitted to the
23 Board is approved and adopted as the Continuing Disclosure Certificate, with such additions,
24 corrections and revisions as may be determined to be necessary or desirable made in
25 accordance with Section 20. The Controller is authorized and directed to execute the

1 Continuing Disclosure Certificate on behalf of the City and deliver the Continuing Disclosure
2 Certificate to the original purchasers of the Series 2014D Bonds.

3 Section 20. Modification to Documents. Any City official authorized by this Resolution
4 to execute any document is further authorized, in consultation with the City Attorney and co-
5 bond counsel, to approve and make such changes, additions, amendments or modifications
6 to the document or documents such official is authorized to execute as may be necessary or
7 advisable (provided, that such changes, additions, amendments or modifications shall not
8 authorize an aggregate principal amount of Series 2014D Bonds in excess of \$106,095,000 or
9 conflict with the provisions of Section 4). The approval of any change, addition, amendment
10 or modification to any of the aforementioned documents shall be evidenced conclusively by
11 the execution and delivery of the document in question.

12 Section 21. Ratification. All actions previously taken by officials, employees and
13 agents of the City with respect to the sale and issuance of the Series 2014D Bonds are
14 approved, confirmed and ratified.

15 Section 22. Relationship to Authorizing Resolution. In the event of any conflict
16 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall
17 control. Without limiting the foregoing and notwithstanding the provisions of the Authorizing
18 Resolution, the City is not obligated to transfer money from the General Fund of the City to
19 the Bond Account to pay the principal of or interest on the Series 2014D Bonds.

20 Section 23. Reimbursement. The City declares its official intent to reimburse prior
21 expenditures of the City incurred prior to the issuance and sale of the Series 2014D Bonds in
22 connection with the Project or portions thereof to be financed by the Series 2014D Bonds.
23 The Board declares the City's intent to reimburse the City with the proceeds of the Series
24 2014D Bonds for the expenditures with respect to the Project (the "Expenditures" and each an
25 "Expenditure") made on and after that date that is no more than 60 days prior to adoption of

1 this Resolution. The City reasonably expects on the date of adoption of this Resolution that it
2 will reimburse the Expenditures with the proceeds of the Series 2014D Bonds.

3 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
4 account under general federal income tax principles (determined in each case as of the date
5 of the Expenditure), (b) a cost of issuance with respect to the Series 2014D Bonds, (c) a
6 nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a
7 party that is not related to or an agent of the City so long as such grant does not impose any
8 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
9 City. The maximum aggregate principal amount of the Series 2014D Bonds expected to be
10 issued for the Project is \$106,095,000. The City shall make a reimbursement allocation,
11 which is a written allocation by the City that evidences the City's use of proceeds of the Series
12 2014D Bonds to reimburse an Expenditure, no later than 18 months after the later of the date
13 on which the Expenditure is paid or the Project is placed in service or abandoned, but in no
14 event more than three years after the date on which the Expenditure is paid. The City
15 recognizes that exceptions are available for certain "preliminary expenditures," costs of
16 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of
17 issuance and not the year of expenditure) and expenditures for construction projects of at
18 least 5 years.

19 Section 24. Accountability Reports. The Series 2014D Bonds are subject to
20 accountability requirements under the City's Administrative Code and the Bond Election
21 Ordinance. Accountability report(s) with respect to the Series 2014D Bonds shall be
22 submitted at the time(s) and in the manner required by the Administrative Code and the Bond
23 Election Ordinance.

24 Section 25. Citizens' Oversight Committee. The Series 2014D Bonds are subject to,
25 and incorporate by reference, the applicable provisions of the San Francisco Administrative

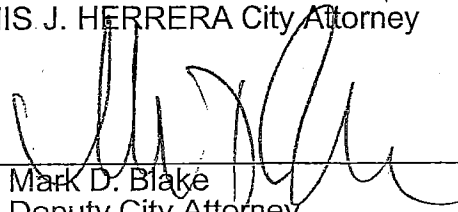
1 Code Sections 5.30-5.36 (the "Citizens' General Obligation Bond Oversight Committee"), and,
2 to the extent permitted by law, one tenth of one percent (0.1%) of the gross proceeds of the
3 Series 2014D Bonds shall be deposited into a fund established by the Controller's Office and
4 appropriated by the Board at the direction of the Citizens' General Obligation Bond Oversight
5 Committee to cover the costs of such committee.

6 Section 26. CEQA Determination. The Board hereby reaffirms and incorporates by
7 reference the CEQA findings and determinations set forth in Ordinance 40-10 as if set forth in
8 full herein. The use of bond proceeds to finance any identified project or portion of any
9 identified project will be subject, as necessary, to approval of the Board upon completion of
10 planning and any further required environmental review under CEQA for the individual
11 facilities and projects.

12 Section 27. General Authority. The Clerk of the Board of Supervisors, the Mayor, the
13 City Treasurer, the Director of Public Finance, the City Attorney and the Controller are each
14 authorized and directed in the name and on behalf of the City to take any and all steps and to
15 issue, deliver or enter into any and all certificates, requisitions, agreements, notices,
16 consents, and other documents as may be necessary to give effect to the provisions of this
17 Resolution, including but not limited to letters of representations to any depository or
18 depositories, which they or any of them might deem necessary or appropriate in order to
19 consummate the lawful issuance, sale and delivery of the Series 2014D Bonds.

20
21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA City Attorney

23
24 By:


25 Mark D. Blake
Deputy City Attorney

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Exhibit A

1 Unless this bond is presented by an authorized representative of The Depository Trust
2 Company, a New York corporation ("DTC"), to City or its agent for registration of transfer,
3 exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in
4 such other name as is requested by an authorized representative of DTC (and any payment is
5 made to Cede & Co. or to such other entity as is requested by an authorized representative of
6 DTC), ANY TRANSFER, PLEDGE, OR OTHER USE OF THIS BOND FOR VALUE OR
7 OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner
8 hereof, Cede & Co., has an interest herein.
9

10 Number R-__ UNITED STATES OF AMERICA Amount

11 STATE OF CALIFORNIA

12
13 CITY AND COUNTY OF SAN FRANCISCO

14 GENERAL OBLIGATION BONDS

15 (EARTHQUAKE SAFETY AND EMERGENCY RESPONSE BONDS, 2014),

16 SERIES 2014D

17
18 Interest Rate Maturity Date Dated CUSIP Number
19 ____% June 15, 20__ _____, 2014 _____
20

21 REGISTERED OWNER: Cede & Co.

22 PRINCIPAL AMOUNT: _____ Dollars

23 The City and County of San Francisco, State of California (the "City"), acknowledges
24 itself indebted to and promises to pay to the Registered Owner specified above or registered
25

1 assigns, on the Maturity Date specified above, the Principal Amount of this bond specified
2 above in lawful money of the United States of America, and to pay interest on the Principal
3 Amount in like lawful money from the interest payment date next preceding the date of
4 authentication of this bond (unless this bond is authenticated as of the day during the period
5 from the last day of the month next preceding any interest payment date (the "**Record Date**")
6 to such interest payment date, inclusive, in which event it shall bear from such interest
7 payment date, or unless this bond is authenticated on or before [May 30, 2014], in which
8 event it shall bear interest from its dated date) until payment of such Principal Amount, at the
9 Interest Rate per year specified above calculated on the basis of a 360-day year comprised of
10 twelve 30-day months, payable on [June 15], 2015 and semiannually thereafter on June 15
11 and December 15 in each year; *provided*, that if any interest payment date occurs on a day
12 that banks in California or New York are closed for business or the New York Stock Exchange
13 is closed for business, then such payment shall be made on the next succeeding day that
14 banks in both California and New York are open for business and the New York Stock
15 Exchange is open for business (a "**Business Day**"). The principal of this bond is payable to
16 the Registered Owner of this bond upon the surrender of this bond at the office of the
17 Treasurer of the City (the "**City Treasurer**"). The interest on this bond is payable to the
18 person whose name appears on the bond registration books of the City Treasurer as the
19 Registered Owner of this bond as of the close of business on the Record Date immediately
20 preceding an interest payment date, whether or not such day is a Business Day, such interest
21 to be paid by check mailed on the interest payment date to such Registered Owner at the
22 owner's address as it appears on such registration books; *provided*, that the Registered
23 Owner of bonds in an aggregate principal amount of at least \$1,000,000 may submit a written
24 request to the City Treasurer on or before the Record Date preceding any interest payment
25 date for payment of interest by wire transfer to a commercial bank located in the United States

1 of America.

2 This bond is one of a duly authorized issue of bonds (the "**Bonds**") of like tenor (except
3 for such variations, if any, as may be required to designate varying numbers, denominations,
4 interest rates and maturities), in the aggregate principal amount of \$_____, which is
5 part of a bond authorization in the aggregate original principal amount of \$400,000,000
6 authorized by the affirmative votes of more than two-thirds of the voters voting at a special
7 election duly and legally called, held and conducted in the City on June 4, 2014 and is issued
8 and sold by the City pursuant to and in strict conformity with the provisions of the Constitution
9 and laws of the State of California, the Charter of the City and resolutions adopted by the
10 Board of Supervisors of the City (the "**Board of Supervisors**") on _____, 2014 (together
11 with the related Certificate of Award, the "**Resolution**").

12 The Bonds are issuable as fully registered bonds without coupons in the
13 denominations of \$5,000 or any integral multiple of such amount, *provided* that no bond shall
14 have principal maturing on more than one principal maturity date. Subject to the limitations
15 and conditions and upon payment of the charges, if any, provided in the Resolutions, the
16 Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized
17 denominations of the same interest rate and maturity.

18 This bond is transferable by its registered owner, in person or by its attorney duly
19 authorized in writing, at the office of the City Treasurer, but only in the manner, subject to the
20 limitations and upon payment of the charges provided in the Resolutions, and upon surrender
21 and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized
22 denomination or denominations for the same interest rate and same aggregate principal
23 amount will be issued to the transferee in exchange for this bond.

24 The City Treasurer will not be required to exchange or register the transfer of this bond
25 during the period (a) from the Record Date for an interest payment date to the opening of

1 business on such interest payment date or (b) after notice of redemption of this bond or any
2 portion of this bond has been mailed.

3 Bonds maturing on and before June 15, 20__, are not redeemable prior to their
4 maturity.

5 Bonds maturing on and after June 15, 20__, are subject to optional redemption from
6 any available funds, in whole or in part, on any date on or after June 15, 20__, at a price
7 equal to their principal amount plus in each case accrued interest to the date of redemption,
8 without redemption premium. If less than all of the outstanding Bonds are to be redeemed,
9 they may be redeemed in any order of maturity as determined by the City. If less than all of
10 the outstanding Bonds of a maturity are to be redeemed, the Bonds or portions of Bonds of
11 such maturity to be redeemed shall be selected by the City Treasurer, in authorized
12 denominations of \$5,000 or integral multiples of that amount, from among Bonds of that
13 maturity not previously called for redemption, by lot, in any manner which the City Treasurer
14 deems fair.

15 Bonds maturing on June 15, 20__, are subject to mandatory sinking fund redemption
16 on June 15 of each of the years 20__ through 20__, inclusive, and at maturity in the
17 respective amounts provided in the Resolutions.

18 Bonds maturing on June 15, 20__, are subject to mandatory sinking fund redemption
19 on June 15 of each of the years 20__ through 20__, inclusive, and at maturity in the
20 respective amounts provided in the Resolutions.

21 Notice of the redemption of Bonds which by their terms shall have become subject to
22 redemption shall be given or caused to be given to the registered owner of each bond or
23 portion of a bond called for redemption not less than 20 or more than 60 days before any date
24 established for redemption of Bonds, by the City Treasurer on behalf of the City, first class
25 mail, postage prepaid, sent to the registered owner's last address, if any, appearing on the

1 registration books kept by the City Treasurer. Official notices of redemption will contain the
2 information specified in the Resolutions.

3 On or prior to any redemption date, the City is required to deposit an amount of money
4 sufficient to pay the redemption price of all of the Bonds or portions of Bonds which are to be
5 redeemed on that date or, in the case of optional redemptions only, the optional redemption
6 and notice of it will be rescinded and the City's failure to deposit such amount will not be a
7 default. In addition, the City may at its option rescind any optional redemption and notice of it
8 for any reason on any date prior to the applicable redemption date. Notice of rescission of an
9 optional redemption shall be given in the same manner as notice of redemption was originally
10 given,

11 Official notice of redemption having been given as aforesaid, the Bonds or portions of
12 Bonds so to be redeemed shall, on the redemption date, become due and payable at the
13 redemption price therein specified, and from and after such date (unless such redemption and
14 notice of it shall have been rescinded or unless the City shall default in the payment of the
15 redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the
16 failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular
17 registered owner, shall affect the sufficiency of such notice with respect to other Bonds.

18 Notice of redemption, or notice of rescission of an optional redemption, having been
19 properly given, failure of a registered owner to receive such notice shall not be deemed to
20 invalidate, limit or delay the effect of the notice or redemption action described in the notice.

21 The City and the City Treasurer may treat the registered owner of this bond as the
22 absolute owner of this bond for all purposes, and the City and the City Treasurer shall not be
23 affected by any notice to the contrary.

24 The City Treasurer may appoint agents to serve as bond registrar or paying agent, as
25 provided in the Resolutions.

1 The Board of Supervisors certifies, recites and declares that the total amount of
2 indebtedness of the City, including the amount of this bond, is within the limit provided by law,
3 that all acts, conditions and things required by law to be done or performed precedent to and
4 in the issuance of this bond have been done and performed in strict conformity with the laws
5 authorizing the issuance of this bond, that this bond is in the form prescribed by order of the
6 Board of Supervisors duly made and entered on its minutes, and the money for the payment
7 of principal of this bond, and the payment of interest thereon, shall be raised by taxation upon
8 the taxable property of the City as provided in the Resolutions.

9 This bond shall not be entitled to any benefit under the Resolutions, or become valid or
10 obligatory for any purpose, until the certificate of authentication and registration on this bond
11 shall have been signed by the City Treasurer.

12 IN WITNESS WHEREOF the Board of Supervisors has caused this bond to be
13 executed by the Mayor of the City and to be countersigned by the Clerk of the Board of
14 Supervisors, all as of August __, 2014.

15
16 _____
Mayor of the City and
County of San Francisco

17 Countersigned:
18
19
20

21 _____
Clerk of the Board of Supervisors
22
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CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This is one of the bonds described in the within-mentioned Resolutions, which has been authenticated on the date set forth below.

Date of Authentication: _____

Treasurer of the City and
County of San Francisco

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ASSIGNMENT

The following abbreviations, when used in the inscription on this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

Unif Gift Min Act - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act _____
(State)

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not
as tenants in common

(Name and Address of Assignee)

the within Bond and does irrevocably constitute and appoint _____
attorney to transfer the said Bond on the books kept for registration thereof with full power of
substitution in the premises.

/s/ _____

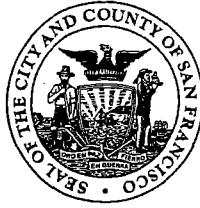
Dated:

Signature guaranteed:

Notice: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Notice: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in approved Signature Guarantee Medallion Program).

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *Edwin M. Lee* Mayor Edwin M. Lee
RE: Earthquake Safety and Emergency Response General Obligation Bonds,
2014, Series 2014D – Not to Exceed \$106,095,000 – Sale Resolution
DATE: July 15, 2014

Attached for introduction to the Board of Supervisors is the resolution authorizing and directing the sale of not to exceed \$106,095,000 Aggregate Principal Amount of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014), Series 2014D; prescribing the form and terms of said bonds; authorizing the execution, authentication, and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related to said bonds; providing for the manner of sale of said bonds by competitive sale; approving the forms of Official Notice of Sale and Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of said bonds; Approving the Form of the Continuing Disclosure Certificate; Authorizing and approving modifications to documents; declaring the City's intent to reimburse certain expenditures; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of said bonds.

I request that this item be calendared in Budget and Finance Committee on July 23rd.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

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BOARD OF SUPERVISORS
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<p>Items 20, 21, 22, 23 and 24 Files 14-0801, 14-0802, 14-0811, 14-0812, and 14-0840</p>	<p>Department: Office of Public Finance (OPF)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • File 14-0840 authorizes the issuance \$400,000,000 in aggregate principal amount of Earthquake Safety and Emergency Response general obligation bonds that were approved by the voters on June 4, 2014; • File 14-0811 allows for the sale of not-to-exceed \$106,095,000 of 2014 Earthquake Safety and Emergency Response general obligation bonds, Series 2014D; • File 14-0812 allows for the sale of not-to-exceed \$57,840,000 of 2010 Earthquake Safety and Emergency Response general obligation bonds, Series 2014C; • File 14-0801 appropriates \$106,095,000 in Series 2014D bond proceeds; and • File 14-0802 appropriates \$57,840,000 in Series 2014C bond proceeds. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • In June 2010, voters approved Proposition B, authorizing the issuance of not-to-exceed \$412,300,000 in general obligation bonds to finance earthquake safety and emergency response projects. Four series of the 2010 bonds, totaling \$332,135,000, have been issued to date. The sale of \$57,840,000 (Series 2014C) is the fifth series of the 2010 bonds. • In June 2014, voters approved Proposition A, authorizing the issuance of up to \$400,000,000 in general obligation bonds to fund the completion of certain projects funded by the 2010 bonds as well as new earthquake safety and emergency response projects. The first series of bonds issued under Proposition A is 2014D. • The projects funded through the two proposed bond sales, Series 2014C and Series 2014D include: repairs to the Public Safety Building, continued work on the Neighborhood Fire Station and Support Facilities, continuation of existing projects related to the Auxiliary Water Supply System, upgrades to District Police Stations, relocation of Medical Examiner Facility, and upgrades to the Traffic Company & Forensic Services Division. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The requested not-to-exceed total of \$163,935,000 in bonds is projected to be sold for a par amount of \$156,205,000, with \$154,299,784 in estimated project funds and \$1,905,216 in issuance and related oversight costs. • The bonds are estimated to have an annual interest rate of 5.02 percent over the approximate 20-year life of the bonds, with interest on the bonds totaling \$91,900,000. The total principal and interest payment on the 20-year bonds is estimated to be \$248,105,000. • Repayment of the annual debt service will be covered through increases in the annual Property Tax rate, and for properties with an assessed value of \$500,000, owners would pay average annual additional \$35.83 in Property Taxes to the City per year if the anticipated \$156,205,000 in bonds are sold. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolutions and ordinances. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

Charter Section 9.105 provides that the issuance and sale of General Obligation bonds are subject to approval by the Board of Supervisors. Charter Section 9.105 also provides that amendments to the appropriation ordinance, as finally adopted, are to be adopted in the same manner as other ordinances, subject to the Controller certifying the availability of funds.

Administrative Code Section 2.71 requires City departments to submit Bond Accountability Reports to the Clerk of the Board, Controller, Treasurer, Director of Public Finance and the Budget and Legislative Analyst 60 days prior to appropriation of bond funds.

Administrative Code Section 3.15 requires Board of Supervisors approval for supplemental budget requests subsequent to the adoption of the annual budget.

Background

In June 2010, two-thirds majority of voters of the City approved Proposition B, which authorized the issuance of not-to-exceed \$412,300,000 in general obligation bonds to finance the construction, acquisition, improvement, retrofitting, rehabilitation and completion of earthquake safety and emergency responsiveness facilities and infrastructure.

On November 2, 2010, the Board of Supervisors approved a resolution (File 10-1255) authorizing the issuance of up to \$412,300,000 Earthquake Safety and Emergency Response (ESER) General Obligation Bonds. The Board of Supervisors has previously authorized the following sale and appropriation of \$349,315,000 of the 2010 ESER Bonds.

Month	Amount	File
November 2010	85,000,000	Files 10-1256 and 10-1248
January 2012	192,000,000	Files 11-1344 and 11-1333
June 2012	40,410,000	Files 12-0533 and 12-0527
May 2013	31,905,000	Files 13-0382 and 13-3068
Total	349,315,000	

\$332,135,000 of the \$349,315,000 has been sold to date for projects related to ESER.

In June 2014, voters approved Proposition A, which authorized the issuance of up to \$400,000,000 in general obligation bonds for the completion of certain projects funded by the 2010 ESER bonds as well as new ESER projects. The first series of bonds has not yet been issued under Proposition A.

DETAILS OF PROPOSED LEGISLATION

The proposed three resolutions do the following:

- File 14-0840 authorizes the issuance \$400,000,000 in aggregate principal amount of City and County of San Francisco General Obligation Bonds that were approved by the voters in June 2014;
- File 14-0811 allows for the sale of not-to-exceed \$106,095,000 of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response Bonds, 2014), Series 2014D; and
- File 14-0812 allows for the sale of not-to-exceed \$57,840,000 of City and County of San Francisco General Obligation Bonds (Earthquake Safety and Emergency Response bonds, 2010), Series 2014C; and,

The proposed two ordinances appropriate \$163,935,000 as follows:

- File 14-0801 appropriates \$106,095,000 in Series 2014D bond proceeds; and
- File 14-0802 appropriates \$57,840,000 in Series 2014C bond proceeds.

The 2014C Bonds will be the fifth series of bonds to be issued under the 2010 Proposition B, and the 2014D Bonds will be the first series to be issued under the 2014 Proposition A. The two series authorized by the proposed resolutions represent a not to exceed aggregate principal amount of \$163,935,000. Table 1 below shows the total amount of the 2010 and 2014 Earthquake Safety and Emergency Response bonds that have been authorized and sold.

Table 1: Total Authorized and Sold Earthquake Safety and Emergency Response Bonds

	2010 Bonds	2014 Bonds (Pending)	Total
Authorized	\$412,300,000	\$400,000,000	\$812,300,000
Previously Sold	332,135,000	0	332,135,000
Remaining Balance	\$80,165,000	\$400,000,000	\$480,165,000
Proposed	2014C Series	2014D Series	Total
	57,840,000	106,095,000	163,935,000
Remaining Balance	\$22,325,000	\$293,905,000	\$316,230,000

The proposed sources and uses of the Series 2014C and 2014D bond proceeds are shown in Table 2 below.

Table 2: Sources and Uses of Funds

	ESER 2010 Series 2014C	ESER 2014 Series 2014D	Aggregate
Sources			
Bond Proceeds	\$57,840,000	\$106,095,000	\$163,935,000
Uses			
<u>Projects</u>			
Emergency Firefighting Water System (AWSS)	31,003,224	20,000,000	51,003,224
Neighborhood Fire Stations	11,600,000	8,150,600	19,750,600
Public Safety Building	11,782,742	0	11,782,742
District Police Stations	0	6,882,939	6,882,939
Traffic Company & Forensic Services Division	0	30,319,674	30,319,674
Medical Examiner Facility	0	34,252,621	34,252,621
Subtotal, Projects	54,385,966	99,605,834	153,991,800
Controller's Audit Fund	108,772	199,212	307,984
Projects Subtotal	54,494,738	99,805,046	154,299,784
Other Costs of Issuance			
Costs of Issuance	233,902	421,674	655,576
Underwriter's Discount	386,190	707,245	1,093,435
Citizens' General Obligation Bond Oversight Committee	55,170	101,035	156,205
Costs of Issuance Subtotal	675,262	1,229,954	1,905,216
Par Amount of Bonds	55,170,000	101,035,000	156,205,000
Reserve Pending Bond Sale ¹	2,670,000	5,060,000	7,730,000
Total Uses	\$57,840,000	\$106,095,000	\$163,935,000

Source: Letter dated July 15, 2014, from the Office of Public Finance to the Board of Supervisors, re City and County of San Francisco General Obligation Bonds, Earthquake Safety and Emergency Response Bonds, Series 2014C (2010) and 2014D (2014)

Proceeds from the 2014C Bonds will fund the following project costs of \$54,385,966, as shown in Table 2 above:

- \$31,003,224 for renovation of the City's emergency firefighting water system (the Auxiliary Water Supply System or AWSS), which includes planning, design and construction of cisterns, pipelines, and tunnels.
- \$11,600,000 for Neighborhood Fire Station and Support Facilities, which includes design of Fire Station 5 improvements, construction of Fire Station 16 improvements, environmental review of the Station 35 fire boat, and other projects. As shown in Table

¹ The Reserve Pending Sale accounts for variations in interest rates prior to the sale of the proposed bonds.

3 below, \$21,885,235 in 2010 ESER bonds to fund Neighborhood Fire Station and Support Facilities projects remains unsold and unappropriated.

- \$11,782,742 to complete the Public Safety Building project. The project is scheduled for completion in November 2014.

Proceeds from the 2014D Bonds will fund the following project costs of \$99,605,834, as shown in Table 2 above:

- \$6,882,939 for the District Police Stations to fund the initial costs to rehabilitate and seismically upgrade selected police district stations throughout the City.
- \$34,252,621 for the Medical Examiner Facility, which funds the initial costs of relocating the Medical Examiner Facility from the seismically vulnerable Hall of Justice at 850 Bryant Street to a seismically safe facility.
- \$30,319,674 for the Traffic Company & Forensic Services Division to relocate the motorcycle police and crime lab from the seismically vulnerable Hall of Justice and the Hunters Point Shipyard to a safe facility.
- \$20,000,000 for Auxiliary Water Supply System projects funded by the 2014 ESER bonds for continued planning, design, and construction of pipeline, tunnel, and cistern projects.
- \$8,150,600 to fund the Neighborhood Fire Station and Support Facilities projects funded by the 2014 ESER bonds, which continues ongoing projects.

Table 3 below shows the 2010 Proposition B and 2014 Proposition A bond budgets, prior appropriations, and proposed appropriations for the sale of Series 2014C and 2014D bonds. As shown in Table 3, if the Board of Supervisors approves the proposed resolutions and ordinances, the balance of authorized and unsold 2010 Proposition B bonds is \$22,325,000 and 2014 Proposition A bonds is \$293,905,000.

Table 3: Earthquake Safety and Emergency Response Bond Appropriations

	Budget	Prior Appropriation	Proposed	Balance
2010 Proposition B			2014C Bonds	
Public Safety Building	\$239,000,000	\$227,217,258	\$11,782,742	\$0
Neighborhood Fire Stations	64,000,000	30,514,765	11,600,000	21,885,235
Auxiliary Water Supply System	102,400,000	71,396,776	31,003,224	0
Oversight, Accountability and Issuance	6,900,000	3,006,199	3,454,034	439,767
Total ^a	\$412,300,000	\$332,135,000	\$57,840,000	\$22,325,002
2014 Proposition A			2014D Bonds	
District Police Stations	\$30,000,000		\$6,882,939	\$23,117,061
Medical Examiner Facilities	65,000,000		34,252,621	30,747,379
Traffic Company & Forensic Services	165,000,000		30,319,674	134,680,326
Auxiliary Water Supply System	55,000,000		20,000,000	35,000,000
Neighborhood Fire Stations	85,000,000		8,150,600	76,849,400
Oversight, Accountability and Issuance			6,489,166	(6,489,166)
Total	\$400,000,000		\$106,095,000	\$293,905,000

^a Variations in total amounts are due to rounding.

FISCAL IMPACT

The requested not-to-exceed \$163,935,000 in Series 2014C and 2014D bonds (see Table 2 above) are projected to be sold for a par amount of \$156,205,000, which would result in project funds totaling \$154,299,784 and issuance and related oversight costs totaling \$1,905,216. Estimated bond proceeds of \$156,205,000 are projected to have an annual interest rate of 5.02 percent over the approximate 20-year life of the bonds. The Office of Public Finance estimates that average annual debt service on the bonds is \$12,415,000; and total interest payments over the life of the bonds are \$91,900,000. The total principal and interest payment on the 20-year bonds is estimated to be \$248,105,000.

The proposed resolution provides that the proposed bonds could be structured as a 25-year bond, instead of the anticipated 20-year term, if market conditions require a longer period of time, though a 20-year term is anticipated.

Repayment of the proposed bonds is outlined as follows and summarized in Table 4 below:

- For Series 2014C, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller’s Office, would average \$0.0025 per \$100 or \$2.54 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$500,000, assuming a homeowner’s exemption of \$7,000, would pay average annual additional Property Taxes

to the City of \$12.54 per year if the anticipated \$55,170,000 Earthquake Safety and Emergency Response General Obligation Bonds are sold.²

- For Series 2014D, repayment of the annual debt service will be recovered through increases in the annual Property Tax rate, which, according to the Controller’s Office, would average \$0.0047 per \$100 or \$4.66 per \$100,000 of assessed valuation over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$500,000, assuming a homeowner’s exemption of \$7,000, would pay average annual additional Property Taxes to the City of \$22.96 per year if the anticipated \$101,035,000 Earthquake Safety and Emergency Response General Obligation Bonds are sold.³

Table 4: Anticipated Property Tax Increase for Bond Repayment

General Obligation Bonds	Requested		Anticipated Average Annual Property Tax Impact on \$500,000 Home
	Not to exceed Amount	Anticipated Par Amount	
2014C (Proposition B)	57,840,000	55,170,000	12.54
2014D (Proposition A)	106,095,000	101,035,000	23.29
Total	163,935,000	156,205,000	35.83

Source: Controller’s Office of Public Finance

RECOMMENDATION

Approve the proposed resolutions and ordinances.

² The difference between the authorized amount of \$57,840,000 and the expected par amount of \$55,170,000 is the \$2,670,000 Reserve Pending Sale shown in Table 2.

³ The difference between the authorized amount of \$106,095,000 and the expected par amount of \$101,035,000 is the \$5,060,000 Reserve Pending Sale shown in Table 2.

