

File No. 100024

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 2/3/10

Board of Supervisors Meeting

Date _____

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
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Appendix A - EC SF Organization & Finance *

Completed by: Gail Johnson

Date 1/29/10

Completed by: _____

Date _____

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

[Bond Sale of San Francisco General Hospital Improvement Bonds.]

1 **Resolution Authorizing and Directing the Sale of Not to Exceed \$305,000,000**
2 **Aggregate Principal Amount of City and County of San Francisco General Obligation**
3 **Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A,**
4 **and City and County of San Francisco General Obligation Bonds (San Francisco**
5 **General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build**
6 **America Bonds); Prescribing the Form and Terms of Said Bonds; Authorizing the**
7 **Execution, Authentication, and Registration of Said Bonds; Providing for the**
8 **Appointment of Depositories and Other Agents for Said Bonds; Providing for the**
9 **Establishment of Accounts Related Thereto; Providing for the Manner of Sale of Said**
10 **Bonds by Competitive Sale; Approving the Forms of Official Notice of Sale and Notice**
11 **of Intention to Sell Bonds; Directing the Publication of the Notice of Intention to Sell**
12 **Bonds; Approving the Form of the Preliminary Official Statement and the Form and**
13 **Execution of the Official Statement Relating to the Sale of Said Bonds; Approving the**
14 **Form of the Continuing Disclosure Certificate; Approving Modifications to**
15 **Documents; Ratifying Certain Actions Previously Taken; and Granting General**
16 **Authority to City Officials to Take Necessary Actions in Connection with the**
17 **Authorization, Issuance, Sale, and Delivery of Said Bonds.**

18 WHEREAS, By Resolution No. 528-08 (the "Authorizing Resolution"), adopted by the
19 Board of Supervisors (the "Board") of the City and County of San Francisco (the "City") on
20 December 16, 2008, and signed by the Mayor of the City (the "Mayor") on December 19,
21 2008, the City authorized the issuance of its General Obligation Bonds (San Francisco
22 General Hospital Improvement Bonds, 2008) (the "Bonds"); and,

23 WHEREAS, By Resolution No. 527-08, adopted by the Board on December 16,
24 2008, and signed by the Mayor on December 19, 2008, the City authorized the first series of
25

1 Bonds not to exceed \$136,000,000 aggregate principal amount of said General Obligation
2 Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2009A; and,

3 WHEREAS, The City has issued and sold, to date, a total of \$131,650,000 General
4 Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008); and there
5 remains \$755,750,000 of authorized and unissued General Obligation Bonds (San
6 Francisco General Hospital Improvement Bonds, 2008); and,

7 WHEREAS, It is necessary and desirable to issue an aggregate principal amount not
8 to exceed of \$305,000,000 City and County of San Francisco General Obligation Bonds
9 (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A (the "Series
10 2010A Bonds"), and City and County of San Francisco General Obligation Bonds (San
11 Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable
12 Build America Bonds) (the "Series 2010C Bonds"; each of the Series 2010A Bonds and the
13 Series 2010C Bonds is herein separately defined as a "Series of 2010 Bonds"); and,

14 WHEREAS, Each Series of 2010 Bonds is 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"), and a duly held election called for by
17 Ordinance 128-08 adopted by the Board on July 22, 2008, and signed by the Mayor on
18 July 24, 2008 (the "Bond Ordinance"); and,

19 WHEREAS, The City has paid and expects to pay certain expenditures in
20 connection with the projects to be financed by each Series of 2010 Bonds prior to the
21 issuance and sale of each Series of 2010 Bonds, and the City intends to reimburse itself
22 and to pay third parties for such prior expenditures from the proceeds of each Series of
23 2010 Bonds; and,

24 WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the
25 Internal Revenue Code of 1986 (the "Treasury Regulations") requires the City to declare

1 its reasonable official intent to reimburse prior expenditures with the proceeds of a
2 subsequent borrowing; and,

3 WHEREAS, The Treasury Regulations require that any reimbursement allocation
4 of proceeds of each Series of 2010 Bonds to be made with respect to expenditures
5 incurred prior to the issuance of each Series of 2010 Bonds will occur not later than
6 eighteen (18) months after the later of (i) the date on which the expenditure is paid or
7 (ii) the date on which the facilities are placed in service, but in no event later than three
8 (3) years after the expenditure is paid;

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

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

12 Section 2. Conditions Precedent. All conditions, things and acts required by law to
13 exist, to happen and to be performed precedent to and in the issuance of the Series 2010A
14 Bonds and the Series 2010C Bonds exist, have happened and have been performed in due
15 time, form and manner in accordance with applicable law, and the City is now authorized
16 pursuant to the Charter and applicable law to incur indebtedness in the manner and form
17 provided in this Resolution.

18 Section 3. Documents. The documents presented to the Board and on file with the
19 Clerk of the Board of Supervisors or his or her designee (the "Clerk of the Board of
20 Supervisors") are contained in File No. _____.

21 Section 4. Issuance and Sale of Series 2010A Bonds and Series 2010C Bonds. The
22 Board hereby authorizes the issuance and sale of not to exceed \$305,000,000 in aggregate
23 principal amount of bonds to be issued in not more than two series, on a parity basis, and to
24 be designated as "City and County of San Francisco General Obligation Bonds (San
25 Francisco General Hospital Improvement Bonds, 2008), Series 2010A," and "City and

1 County of San Francisco General Obligation Bonds (San Francisco General Hospital
2 Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds),” for the
3 purposes set forth in the Bond Ordinance and Proposition A approved by the voters on
4 November 4, 2008. Notwithstanding the foregoing, nothing herein shall require that the
5 Series 2010C Bonds be issued if the Series 2010A Bonds are issued, and vice versa.

6 The Director of Public Finance of the City or his or her designee (the “Director of
7 Public Finance”) is hereby authorized to determine, for each Series of 2010 Bonds, the sale
8 date, the interest rates, the definitive principal amount thereof (which principal amount for
9 each Series of 2010 Bonds may be \$-0- or any greater principal amount; provided that the
10 aggregate principal amount for both Series of 2010 Bonds shall not exceed \$305,000,000),
11 the maturity dates and the redemption dates, if any, and the terms of any optional or
12 mandatory redemption thereof, subject to the other specific provisions of this Resolution,
13 including the following terms and conditions: (i) the Series 2010A Bonds shall not have a
14 true interest cost in excess of 12% (as such term is defined in the applicable Official Notice
15 of Sale (as defined in Section 13 hereof)); (ii) the Series 2010C Bonds shall not have a net
16 effective rate (after application of Interest Subsidy Payments (as defined below) received
17 from the United States Treasury) in excess of 12%; (iii) the Series 2010A Bonds shall not
18 have a final maturity date after June 15, 2040; and (iv) the Series 2010C Bonds shall not
19 have a final maturity date after June 15, 2040. The Director of Public Finance is further
20 authorized to give each Series of 2010 Bonds such additional or other series designation, or
21 to modify such series designation, as may be necessary or appropriate to distinguish each
22 such Series of 2010 Bonds from every other series of Bonds and from other bonds issued
23 by the City.

24 The Board hereby irrevocably elects to apply the provisions of Section 54AA(d) of the
25 Internal Revenue Code of 1986, as amended (the “Code”), to the Series 2010C Bonds and

1 intends that the Series 2010C Bonds, if, as and when issued, be treated as "build America
2 bonds" within the meaning of Section 54AA(d) of the Code. The Board further irrevocably
3 elects to apply the provisions of Section 54AA(g) of the Code to the Series 2010C Bonds
4 and intends that the Series 2010C Bonds be treated as "qualified bonds" within the meaning
5 of Section 54AA(g) of the Code, such that the Series 2010C Bonds will bear interest that is
6 not excluded from the gross income of the owners thereof for purposes of federal income
7 taxation and the Series 2010C Bonds will be eligible to receive Interest Subsidy Payments
8 from the United States Department of the Treasury to the City or the City's authorized
9 designated recipient of the credit provided for in Sections 54AA(b) and 6431 of the Code;
10 provided that the City or the City's authorized designated recipient has filed the required
11 Internal Revenue Service forms. "Interest Subsidy Payment" means, with respect to the
12 Series 2010C Bonds, each payment received by the City or the City's authorized designated
13 recipient directly from the United States Department of the Treasury in an amount equal to
14 35% of the corresponding interest payable on such Series 2010C Bonds, as provided for in
15 Sections 54AA(b) and 6431 of the Code.

16 Section 5. Execution, Authentication and Registration of the Series 2010A Bonds
17 and the Series 2010C Bonds. Each Series of 2010 Bonds shall be in fully registered form
18 without coupons in denominations of \$5,000 or any integral multiple thereof. The officers of
19 the City are hereby directed to cause each Series of 2010 Bonds to be prepared in sufficient
20 quantity for delivery to or for the account of the purchaser thereof and the Clerk of the Board
21 of Supervisors is hereby directed to cause the blanks therein to be completed in accordance
22 with the Authorizing Resolution, to procure their execution by the proper officers of the City
23 (including by facsimile signature if necessary or convenient), and to deliver each Series of
24 2010 Bonds when so executed to said purchaser in exchange for the purchase price
25 thereof, all in accordance with the Authorizing Resolution.

1 The Series 2010A Bonds and the certificate of authentication and registration,
2 manually executed by the Treasurer of the City or his or her designee (the "City Treasurer")
3 and the form of assignment to appear thereon shall be substantially in the form attached
4 hereto as Exhibit A (a copy of which is on file with the Clerk of the Board of Supervisors and
5 which is hereby declared to be a part of this Resolution as if fully set forth herein), with
6 necessary or appropriate variations, omissions and insertions as permitted or required by
7 this Resolution.

8 The Series 2010C Bonds and the certificate of authentication and registration,
9 manually executed by the City Treasurer and the form of assignment to appear thereon shall
10 be substantially in the form attached hereto as Exhibit B (a copy of which is on file with the
11 Clerk of the Board of Supervisors and which is hereby declared to be a part of this
12 Resolution as if fully set forth herein), with necessary or appropriate variations, omissions
13 and insertions as permitted or required by this Resolution.

14 Only such of each Series of 2010 Bonds as shall bear thereon a certificate of
15 authentication and registration in the form herein recited, executed by the City Treasurer,
16 shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and
17 such certificate of the City Treasurer, executed as herein provided, shall be conclusive
18 evidence that the Series of 2010 Bonds so authenticated have been duly authenticated and
19 delivered hereunder and are entitled to the benefits of this Resolution.

20 The City Treasurer shall assign a distinctive letter, or number, or letter and number to
21 each Series of 2010 Bond authenticated and registered by him or her and shall maintain a
22 record thereof which shall be available for inspection.

23 Section 6. Registration Books. The City Treasurer shall keep or cause to be kept, at
24 the office of the City Treasurer, or at the designated office of any registrar appointed by the
25 City Treasurer, separate and sufficient books for the registration and transfer of each Series

1 of 2010 Bonds, which books shall at all times be open to inspection, and upon presentation
2 for such purpose, the City Treasurer shall, under such reasonable regulations as he or she
3 may prescribe, register or transfer or cause to be registered or transferred, on said books,
4 Series 2010A Bonds and Series 2010C Bonds as herein provided. The City and the City
5 Treasurer may treat the registered owners of each Series of 2010 Bonds as the absolute
6 owners thereof for all purposes, and the City and the City Treasurer shall not be affected by
7 any notice to the contrary.

8 Section 7. Transfer or Exchange of Series 2010A Bonds and Series 2010C Bonds.

9 Any Series of 2010 Bond may, in accordance with its terms, be transferred upon the books
10 required to be kept pursuant to the provisions of Section 6 hereof, by the person in whose
11 name it is registered, in person or by the duly authorized attorney of such person in writing,
12 upon surrender of such Series of 2010 Bond for cancellation, accompanied by delivery of a
13 duly executed written instrument of transfer in a form approved by the City Treasurer.

14 Any Series of 2010 Bonds may be exchanged at the office of the City Treasurer for a
15 like aggregate principal amount of other authorized denominations of the same series,
16 interest rate and maturity.

17 Whenever any Series of 2010 Bond shall be surrendered for transfer or exchange,
18 the designated City officials shall execute (as provided in Section 5 hereof) and the City
19 Treasurer shall authenticate and deliver a new Series of 2010 Bond of the same series,
20 interest rate and maturity in a like aggregate principal amount. The City Treasurer shall
21 require the payment by any bond owner requesting any such transfer of any tax or other
22 governmental charge required to be paid with respect to such transfer or exchange.

23 No transfer or exchange of Series of 2010 Bonds shall be required to be made by the
24 City Treasurer during the period from the Record Date (as defined in Section 8 hereof) next
25

1 preceding each interest payment date to such interest payment date or after a notice of
2 redemption shall have been mailed with respect to such Series of 2010 Bond.

3 Section 8. Terms of the Series 2010A Bonds and Series 2010C Bonds; General
4 Redemption Provisions. Each Series of 2010 Bonds shall be dated the date of their delivery
5 or such other date (the "Dated Date") as specified in the applicable Bond Award (as defined
6 in Section 13 hereof). Each Series of 2010 Bonds shall bear interest at rates to be
7 determined upon the sale of such Series of 2010 Bonds, calculated on the basis of a 360-
8 day year comprised of twelve 30-day months, payable on June 15, 2010 (or such other date
9 as may be designated in the applicable Bond Award), and semiannually thereafter on
10 June 15 and December 15 of each year.

11 The principal of each Series of 2010 Bonds shall be payable in lawful money of the
12 United States of America to the owner thereof, upon the surrender thereof at maturity or
13 earlier redemption at the office of the City Treasurer. The interest on each Series of 2010
14 Bonds shall be payable in like lawful money to the person whose name appears on the
15 applicable bond registration books of the City Treasurer as the owner thereof as of the close
16 of business on the last day of the month immediately preceding an interest payment date
17 (the "Record Date"), whether or not such day is a Business Day (as defined below).

18 Each Series of 2010 Bond shall bear interest from the interest payment date next
19 preceding the date of authentication thereof unless it is authenticated as of a day during the
20 period from the Record Date next preceding any interest payment date to the interest
21 payment date, inclusive, in which event it shall bear interest from such interest payment
22 date, or unless it is authenticated on or before the first Record Date, in which event it shall
23 bear interest from the Dated Date; provided, however, that if, at the time of authentication of
24 any Series of 2010 Bond, interest is in default on such Series of 2010 Bonds, such Series of
25 2010 Bond shall bear interest from the interest payment date to which interest has

1 previously been paid or made available for payment on such Series of 2010 Bonds or from
2 the Dated Date if the first interest payment is not made. Except as may be otherwise
3 provided in connection with any book-entry only system applicable to a Series of 2010
4 Bonds, payment of the interest on any Series of 2010 Bond shall be made by check mailed
5 on the interest payment date to such owner at such owner's address as it appears on the
6 applicable registration books as of the Record Date; provided, however, if any interest
7 payment date occurs on a day that banks in California or New York are closed for business
8 or the New York Stock Exchange is closed for business, then such payment shall be made
9 on the next succeeding day that banks in both California and New York are open for
10 business and the New York Stock Exchange is open for business (each, a "Business
11 Day"); and provided, further, that the registered owner of an aggregate principal amount of
12 at least \$1,000,000 of a Series of 2010 Bonds may submit a written request to the City
13 Treasurer on or before a Record Date preceding an interest payment date for payment of
14 interest by wire transfer to a commercial bank located within the United States of America.
15 For so long as any Series of 2010 Bonds are held in book-entry form by a securities
16 depository selected by the City pursuant to Section 11 hereof, payment shall be made to the
17 registered owner of the Series of 2010 Bonds designated by such securities depository by
18 wire transfer of immediately available funds.

19 The Series 2010A Bonds shall be subject to optional redemption prior to maturity as
20 provided in the applicable Official Notice of Sale or the applicable Bond Award. The Series
21 2010C Bonds shall be subject to optional redemption and special optional redemption prior
22 to maturity as provided in the applicable Official Notice of Sale or the applicable Bond Award
23 for such Series of 2010 Bonds.

24 Each Series of 2010 Bonds shall be subject to mandatory redemption at par, by lot, in
25 any year for which the purchaser thereof has designated that the principal amount payable

1 with respect to that year shall constitute a mandatory sinking fund payment as permitted by
2 the applicable Official Notice of Sale. Any Series of 2010 Bonds subject to mandatory
3 redemption shall be designated as such in the applicable Official Notice of Sale or the
4 applicable Bond Award for such Series of 2010 Bonds.

5 The principal of and interest on the Series 2010A Bonds subject to mandatory
6 redemption shall be paid from the Series 2010A Bond Account (as defined in Section 9
7 hereof), pursuant to Section 9 hereof. In lieu of any such mandatory redemption for the
8 Series 2010A Bonds, at any time prior to the selection of the Series 2010A Bonds for
9 mandatory redemption, the City may apply such amounts on deposit in the Series 2010A
10 Bond Account to make such payment to the purchase of Series 2010A Bonds subject to
11 such redemption at public or private sale, as and when and at such prices not in excess of
12 the principal amount thereof (including sales commission and other charges but excluding
13 accrued interest), as the City may determine.

14 The principal of and interest on the Series 2010C Bonds subject to mandatory
15 redemption shall be paid from the Series 2010C Bond Account (as defined in Section 9
16 hereof), pursuant to Section 9 hereof. In lieu of any such mandatory redemption for the
17 Series 2010C Bonds, at any time prior to the selection of the Series 2010C Bonds for
18 mandatory redemption, the City may apply such amounts on deposit in the Series 2010C
19 Bond Account to make such payment to the purchase of Series 2010C Bonds subject to
20 such redemption at public or private sale, as and when and at such prices not in excess of
21 the principal amount thereof (including sales commission and other charges but excluding
22 accrued interest), as the City may determine.

23 Whenever less than all of the outstanding bonds of a Series of 2010 Bonds maturing
24 on any one date are called for redemption on any one date, the City Treasurer will select the
25 Series of 2010 Bonds or portions thereof, in denominations of \$5,000 or any integral multiple

1 thereof, to be redeemed from the outstanding bonds of such Series of 2010 Bonds maturing
2 on such date not previously selected for redemption, by lot, in any manner which the City
3 Treasurer deems fair. The date on which the bonds of a Series of 2010 Bonds that are
4 called for redemption are to be presented for redemption is herein called the "Redemption
5 Date." The City Treasurer shall mail, or cause to be mailed, notice of any redemption of
6 each Series of 2010 Bonds, postage prepaid, to the respective registered owners thereof at
7 the addresses appearing on the applicable bond registration books not less than thirty (30)
8 nor more than sixty (60) days prior to the Redemption Date. The notice of redemption shall
9 (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of
10 the Series of 2010 Bonds and, if less than all of any such maturity is called for redemption,
11 the distinctive numbers of the Series of 2010 Bonds of such maturity to be redeemed, and in
12 the case of any Series of 2010 Bonds redeemed in part only, the respective portions of the
13 principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Series
14 of 2010 Bond to be redeemed; (e) require that such Series of 2010 Bonds be surrendered
15 by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that
16 interest on such Series of 2010 Bonds will cease to accrue after the designated Redemption
17 Date. Such notice of redemption may be conditional upon receipt of funds or other event
18 specified in the notice of redemption.

19 The actual receipt by the owner of any Series of 2010 Bond of notice of such
20 redemption shall not be a condition precedent to redemption, and failure to receive such
21 notice, or any defect in such notice so mailed, shall not affect the validity of the proceedings
22 for the redemption of such Series of 2010 Bonds or the cessation of accrual of interest on
23 such Series of 2010 Bonds on the Redemption Date.

24 Notice of such redemption also shall be given, or caused to be given, by the City
25 Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile

1 transmission or (iii) overnight delivery service, to (a) all organizations registered with the
2 Securities and Exchange Commission as securities depositories and (b) such other
3 services or organizations as may be required in accordance with the Continuing
4 Disclosure Certificate described in Section 18 hereof.

5 The notice or notices required for redemption shall be given by the City Treasurer, or
6 any agent appointed by the City. A certificate of the City Treasurer or such other appointed
7 agent of the City that notice of redemption has been given to the owner of any Series of
8 2010 Bond in accordance with this Resolution shall be conclusive against all parties.

9 At the time the City Treasurer or the Controller of the City or his or her designee (the
10 "Controller") determines to optionally call and redeem any of the Series 2010A Bonds, the
11 City Treasurer or his or her agent shall establish a redemption account to be described or
12 known as the "General Obligation Bonds (San Francisco General Hospital Improvement
13 Bonds, 2008), Series 2010A Redemption Account" (the "Series 2010A Redemption
14 Account"), and prior to or on the Redemption Date there must be set aside in the Series
15 2010A Redemption Account moneys available for the purpose and sufficient to redeem as
16 provided in this Resolution, the Series 2010A Bonds designated in said notice of
17 redemption, subject to rescission as hereinafter provided. Said moneys must be set aside in
18 the Series 2010A Redemption Account solely for the purpose of, and shall be applied on or
19 after the Redemption Date to, payment of the redemption price of the Series 2010A Bonds
20 to be redeemed upon presentation and surrender of such Series 2010A Bonds. Any interest
21 due on or prior to the Redemption Date may be paid from the Series 2010A Bond Account
22 as provided in Section 9 hereof or from the Series 2010A Redemption Account. Moneys
23 held from time to time in the Series 2010A Redemption Account shall be invested by the
24 City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the
25 General Fund of the City. If, after all of the Series 2010A Bonds have been redeemed and

1 canceled or paid and canceled, there are moneys remaining in said Series 2010A
2 Redemption Account, said moneys shall be transferred to the General Fund of the City or to
3 such other fund or account as required by applicable law; provided, however, that if said
4 moneys are part of the proceeds of refunding bonds, said moneys shall be transferred
5 pursuant to the resolution authorizing such refunding bonds.

6 When notice of optional redemption has been given, substantially as provided herein,
7 and when the amount necessary for the redemption of the Series 2010A Bonds called for
8 redemption (principal, premium, if any, and accrued interest to such Redemption Date) is set
9 aside for that purpose in said Series 2010A Redemption Account, as provided herein, the
10 Series 2010A Bonds designated for redemption shall become due and payable on the
11 Redemption Date therefor, and upon presentation and surrender of said Series 2010A
12 Bonds at the place specified in the notice of redemption, such Series 2010A Bonds shall be
13 redeemed and paid at said redemption price out of said Series 2010A Redemption Account.
14 No interest will accrue on such Series 2010A Bonds called for redemption after the
15 Redemption Date and the registered owners of such Series 2010A Bonds shall look for
16 payment of such Series 2010A Bonds only to said Series 2010A Redemption Account. All
17 Series 2010A Bonds redeemed shall be canceled forthwith by the City Treasurer and shall
18 not be reissued.

19 At the time the City Treasurer or the Controller determines to optionally call and
20 redeem any of the Series 2010C Bonds, the City Treasurer or his or her agent shall
21 establish a redemption account to be described or known as the "General Obligation Bonds
22 (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C Redemption
23 Account" (the "Series 2010C Redemption Account"), and prior to or on the Redemption Date
24 there must be set aside in the Series 2010C Redemption Account moneys available for the
25 purpose and sufficient to redeem as provided in this Resolution, the Series 2010C Bonds

1 designated in said notice of redemption, subject to rescission as hereinafter provided. Said
2 moneys must be set aside in the Series 2010C Redemption Account solely for the purpose
3 of, and shall be applied on or after the Redemption Date to, payment of the redemption price
4 of the Series 2010C Bonds to be redeemed upon presentation and surrender of such Series
5 2010C Bonds. Any interest due on or prior to the Redemption Date may be paid from the
6 Series 2010C Bond Account as provided in Section 9 hereof or from the Series 2010C
7 Redemption Account. Moneys held from time to time in the Series 2010C Redemption
8 Account shall be invested by the City Treasurer pursuant to the City's policies and
9 guidelines for investment of moneys in the General Fund of the City. If, after all of the Series
10 2010C Bonds have been redeemed and canceled or paid and canceled, there are moneys
11 remaining in said Series 2010C Redemption Account, said moneys shall be transferred to
12 the General Fund of the City or to such other fund or account as required by applicable law;
13 provided, however, that if said moneys are part of the proceeds of refunding bonds, said
14 moneys shall be transferred pursuant to the resolution authorizing such refunding bonds.

15 When notice of optional redemption has been given, substantially as provided herein,
16 and when the amount necessary for the redemption of the Series 2010C Bonds called for
17 redemption (principal, premium, if any, and accrued interest to such Redemption Date) is set
18 aside for that purpose in said Series 2010C Redemption Account, as provided herein, the
19 Series 2010C Bonds designated for redemption shall become due and payable on the
20 Redemption Date therefor, and upon presentation and surrender of said Series 2010C
21 Bonds at the place specified in the notice of redemption, such Series 2010C Bonds shall be
22 redeemed and paid at said redemption price out of said Series 2010C Redemption Account.
23 No interest will accrue on such Series 2010C Bonds called for redemption after the
24 Redemption Date and the registered owners of such Series 2010C Bonds shall look for
25 payment of such Series 2010C Bonds only to said Series 2010C Redemption Account. All

1 Series 2010C Bonds redeemed shall be canceled forthwith by the City Treasurer and shall
2 not be reissued.

3 The City may rescind any optional redemption and notice thereof for any reason on
4 any date prior to any Redemption Date by causing written notice of the rescission to be
5 given to the owners of all Series of 2010 Bonds so called for redemption. Any optional
6 redemption and notice thereof shall be rescinded if for any reason on the Redemption Date
7 funds are not or will not be available in the Series 2010A Redemption Account or the Series
8 2010C Redemption Account, as applicable, in an amount sufficient to pay in full on said date
9 the principal of, interest, and premium, if any, due with respect to the applicable Series of
10 2010 Bonds called for redemption. Notice of rescission of redemption shall be given in the
11 same manner notice of redemption was originally given. The actual receipt by the owner of
12 any Series of 2010 Bond of notice of such rescission shall not be a condition precedent to
13 rescission, and failure to receive such notice or any defect in such notice so mailed shall not
14 affect the validity of the rescission.

15 Section 9. Series 2010A Bond Account. There is hereby established with the City
16 Treasurer a special subaccount in the General Obligation Bonds (San Francisco General
17 Hospital Improvement Bonds, 2008) Bond Account (the "Bond Account") created pursuant
18 to the Authorizing Resolution to be designated the "General Obligation Bonds (San
19 Francisco General Hospital Improvement Bonds, 2008), Series 2010A Bond Account"
20 (the "Series 2010A Bond Account"), to be held separate and apart from all other accounts
21 of the City. All interest earned on amounts on deposit in the Series 2010A Bond Account
22 shall be retained in the Series 2010A Bond Account.

23 On or prior to the date on which any payment of principal of or interest on the
24 Series 2010A Bonds is due, including any Series 2010A Bonds subject to mandatory
25 redemption on said date, the City Treasurer shall allocate to and deposit in the Series

1 2010A Bond Account, from amounts held in the Bond Account, an amount which, when
2 added to any available moneys contained in the Series 2010A Bond Account, is sufficient
3 to pay principal of and interest on the Series 2010A Bonds on such date.

4 On or prior to the date on which any Series 2010A Bonds are to be redeemed at
5 the option of the City pursuant to this Resolution, the City Treasurer may allocate to and
6 deposit in the Series 2010A Redemption Account, from amounts held in the Bond
7 Account pursuant to Section 8 of the Authorizing Resolution, an amount which, when
8 added to any available moneys contained in the Series 2010A Redemption Account, is
9 sufficient to pay principal, interest and premium, if any, with respect to such Series 2010A
10 Bonds on such date. The City Treasurer may make such other provision for the payment
11 of principal of and interest and any redemption premium on the Series 2010A Bonds as is
12 necessary or convenient to permit the optional redemption of the Series 2010A Bonds.

13 Amounts in the Series 2010A Bond Account may be invested in any investment of
14 the City in which moneys in the General Fund of the City are invested. The City
15 Treasurer may commingle any of the moneys held in the Series 2010A Bond Account
16 with other City moneys or deposit amounts credited to the Series 2010A Bond Account
17 into a separate fund or funds for investment purposes only; *provided, however*, that all of
18 the moneys held in the Series 2010A Bond Account hereunder shall be accounted for
19 separately notwithstanding any such commingling or separate deposit by the City
20 Treasurer. Any bid premium or accrued interest received upon the delivery of the Series
21 2010A Bonds shall be deposited into the Series 2010A Bond Account.

22 Series 2010C Bond Account. There is hereby established with the City Treasurer
23 a special subaccount in the Bond Account to be designated the "General Obligation
24 Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C Bond
25 Account" (the "Series 2010C Bond Account"), to be held separate and apart from all other

1 accounts of the City. All interest earned on amounts on deposit in the Series 2010C Bond
2 Account shall be retained in the Series 2010C Bond Account.

3 On or prior to the date on which any payment of principal of or interest on the
4 Series 2010C Bonds is due, including any Series 2010C Bonds subject to mandatory
5 redemption on said date, the City Treasurer shall allocate to and deposit in the Series
6 2010C Bond Account, from amounts held in the Bond Account, an amount which, when
7 added to any available moneys contained in the Series 2010C Bond Account, is sufficient
8 to pay principal of and interest on the Series 2010C Bonds on such date.

9 The City shall apply and transfer, or shall cause the City's authorized designated
10 recipient to apply and transfer, all Interest Subsidy Payments, if, as, and when received
11 by the City or the City's authorized designated recipient, to the Series 2010C Bond
12 Account, which Interest Subsidy Payments shall be applied as a credit against the
13 amounts otherwise transferable from the Bond Account on or prior to the date on which
14 any payment of principal of or interest on the Series 2010C Bonds is due, as set forth in
15 the previous paragraph, or into any fund that may be established for defeasance of the
16 Series 2010C Bonds.

17 On or prior to the date on which any Series 2010C Bonds are to be redeemed at
18 the option of the City pursuant to this Resolution, the City Treasurer may allocate to and
19 deposit in the Series 2010C Redemption Account, from amounts held in the Bond
20 Account pursuant to Section 8 of the Authorizing Resolution, an amount which, when
21 added to any available moneys contained in the Series 2010C Redemption Account, is
22 sufficient to pay principal, interest and premium, if any, with respect to such Series 2010C
23 Bonds on such date. The City Treasurer may make such other provision for the payment
24 of principal of and interest and any redemption premium on the Series 2010C Bonds as is
25 necessary or convenient to permit the optional redemption of the Series 2010C Bonds.

1 Amounts in the Series 2010C Bond Account may be invested in any investment of
2 the City in which moneys in the General Fund of the City are invested. The City
3 Treasurer may commingle any of the moneys held in the Series 2010C Bond Account
4 with other City moneys or deposit amounts credited to the Series 2010C Bond Account
5 into a separate fund or funds for investment purposes only; *provided, however*, that all of
6 the moneys held in the Series 2010C Bond Account hereunder shall be accounted for
7 separately notwithstanding any such commingling or separate deposit by the City
8 Treasurer. Any bid premium or accrued interest received upon the delivery of the Series
9 2010C Bonds shall be deposited into the Series 2010C Bond Account.

10 Section 10. Series 2010A Project Account. There is hereby established with the
11 City Treasurer a special subaccount in the General Obligation Bonds (San Francisco
12 General Hospital Improvement Bonds, 2008) Project Account (the "Project Account")
13 created pursuant to the Authorizing Resolution to be designated the "General Obligation
14 Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A
15 Project Account" (the "Series 2010A Project Account"), to be held separate and apart
16 from all other accounts of the City. All interest earned on amounts on deposit in the
17 Series 2010A Project Account shall be retained in the Series 2010A Project Account.
18 Amounts in the Series 2010A Project Account shall be expended in accordance with the
19 provisions of the Authorizing Resolution for the acquisition, construction or reconstruction
20 of the Project (as defined in the Authorizing Resolution) or portions thereof.

21 Amounts in the Series 2010A Project Account may be invested in any investment
22 of the City in which moneys in the General Fund of the City are invested. The City
23 Treasurer may commingle any of the moneys held in the Series 2010A Project Account
24 with other City moneys or deposit amounts credited to the Series 2010A Project Account
25 into a separate fund or funds for investment purposes only; *provided, however*, that all of

1 the moneys held in the Series 2010A Project Account (including interest earnings)
2 hereunder shall be accounted for separately notwithstanding any such commingling or
3 separate deposit by the City Treasurer.

4 The City Treasurer is hereby authorized to pay or cause to be paid from the
5 proceeds of the Series 2010A Bonds, on behalf of the City, the costs of issuance
6 associated with the Series 2010A Bonds. Costs of issuance of the Series 2010A Bonds
7 shall include, without limitation, bond and financial printing expenses, mailing and
8 publication expenses, rating agency fees, the fees and expenses of paying agents,
9 registrars, financial consultants, disclosure counsel and co-bond counsel and the
10 reimbursement of departmental expenses in connection with the issuance of the Series
11 2010A Bonds.

12 Series 2010C Project Account. There is hereby established with the City
13 Treasurer a special subaccount in the Project Account to be designated the "General
14 Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series
15 2010C Project Account" (the "Series 2010C Project Account"), to be held separate and
16 apart from all other accounts of the City. All interest earned on amounts on deposit in the
17 Series 2010C Project Account shall be retained in the Series 2010C Project Account.
18 Amounts in the Series 2010C Project Account shall be expended in accordance with the
19 provisions of the Authorizing Resolution for the acquisition, construction or reconstruction
20 of the Project (as defined in the Authorizing Resolution) or portions thereof.

21 Amounts in the Series 2010C Project Account may be invested in any investment
22 of the City in which moneys in the General Fund of the City are invested. The City
23 Treasurer may commingle any of the moneys held in the Series 2010C Project Account
24 with other City moneys or deposit amounts credited to the Series 2010C Project Account
25 into a separate fund or funds for investment purposes only; *provided, however*, that all of

1 the moneys held in the Series 2010C Project Account (including interest earnings)
2 hereunder shall be accounted for separately notwithstanding any such commingling or
3 separate deposit by the City Treasurer.

4 Subject to the provisions of Section 17(h)(4) hereof, the City Treasurer is hereby
5 authorized to pay or cause to be paid from the proceeds of the Series 2010C Bonds, on
6 behalf of the City, the costs of issuance associated with the Series 2010C Bonds. Costs
7 of issuance of the Series 2010C Bonds shall include, without limitation, bond and financial
8 printing expenses, mailing and publication expenses, rating agency fees, the fees and
9 expenses of paying agents, registrars, financial consultants, disclosure counsel and co-
10 bond counsel and the reimbursement of departmental expenses in connection with the
11 issuance of the Series 2010C Bonds.

12 Section 11. Appointment of Depositories and Other Agents. The City Treasurer is
13 hereby authorized and directed to appoint one or more depositories as he or she may deem
14 desirable and the procedures set forth in Section 8 hereof relating to registration of
15 ownership of each Series of 2010 Bonds and payments and redemption notices to owners
16 of each Series of 2010 Bonds may be modified to comply with the policies and procedures
17 of such depository. The City will not have any responsibility or obligation to any purchaser of
18 a beneficial ownership interest in any Series of 2010 Bonds or to any participants in such a
19 depository with respect to (i) the accuracy of any records maintained by such securities
20 depository or any participant therein; (ii) any notice that is permitted or required to be given
21 to the owners of such Series of 2010 Bonds under this Resolution; (iii) the selection by such
22 securities depository or any participant therein of any person to receive payment in the event
23 of a partial redemption of such Series of 2010 Bonds; (iv) the payment by such securities
24 depository or any participant therein of any amount with respect to the principal or
25 redemption premium, if any, or interest due with respect to such Series of 2010 Bonds;

1 (v) any consent given or other action taken by such securities depository as the owner of
2 such Series of 2010 Bonds; or (vi) any other matter.

3 The Depository Trust Company ("DTC") is hereby appointed as depository for each
4 Series of 2010 Bonds. Each Series of 2010 Bonds shall be initially issued in book-entry
5 form. Upon initial issuance, the ownership of each Series of 2010 Bond shall be
6 registered in the bond register in the name of Cede & Co., as nominee of DTC. So long
7 as each Series of 2010 Bonds is registered in book-entry form each such Series of 2010
8 Bonds shall be registered in the name of Cede & Co.

9 The City Treasurer is hereby also authorized and directed to appoint one or more
10 agents as he or she may deem necessary or desirable. To the extent permitted by
11 applicable law and under the supervision of the City Treasurer, such agents may serve as
12 paying agent, fiscal agent, rebate calculation agent or escrow agent or registrar for any
13 Series of 2010 Bonds or may assist the City Treasurer in performing any or all of such
14 functions and such other duties as the City Treasurer shall determine. Such agents shall
15 serve under such terms and conditions as the City Treasurer shall determine. The City
16 Treasurer may remove or replace agents appointed pursuant to this paragraph at any time.

17 Section 12. Defeasance Provisions. Payment of all or any portion of each Series of
18 2010 Bonds may be provided for prior to such Series of 2010 Bonds' respective stated
19 maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust
20 company designated by the City Treasurer to act as escrow agent with respect thereto):

21 (a) An amount of cash equal to the principal amount of all of such Series of
22 2010 Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in
23 the case of the portion of a Series of 2010 Bonds that are to be redeemed prior to such
24 Series of 2010 Bonds' respective stated maturities and in respect of which notice of such
25 redemption shall have been given as provided in Section 8 hereof or an irrevocable election

1 to give such notice shall have been made by the City, the amount to be deposited shall be
2 the principal amount thereof, all unpaid interest thereon to the Redemption Date, and
3 premium, if any, due on such Redemption Date; or

4 (b) Defeasance Securities (as defined below) not subject to call, except as
5 provided below in the definition thereof, maturing and paying interest at such times and in
6 such amounts, together with interest earnings and cash, if required, as will, without
7 reinvestment, as certified by an independent certified public accountant, be fully sufficient to
8 pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case
9 may be, and premium, if any, due on the portion of the Series of 2010 Bonds to be paid or
10 redeemed, as such principal and interest come due; provided, that, in the case of such
11 Series of 2010 Bonds that are to be redeemed prior to maturity, notice of such redemption
12 shall be given as provided in Section 8 hereof or an irrevocable election to give such notice
13 shall have been made by the City; then, all obligations of the City with respect to said
14 outstanding Series of 2010 Bonds shall cease and terminate, except only the obligation of
15 the City to pay or cause to be paid from the funds deposited pursuant to paragraphs (a) or
16 (b) of this Section 12, to the owners of such Series of 2010 Bonds all sums due with respect
17 thereto and the obligations of the City pursuant to Section 17 hereof; provided, that the City
18 shall have received an opinion of nationally recognized bond counsel, that provision for the
19 payment of such Series of 2010 Bonds has been made in accordance with this Section 12.

20 For purposes of this Section 12, "Defeasance Securities" shall mean any of the
21 following that at the time are legal investments under the laws of the State of California for
22 the moneys proposed to be invested therein:

23 (1) United States Obligations (as defined below); and
24 (2) Pre-refunded fixed interest rate municipal obligations meeting the
25 following conditions: (a) the municipal obligations are not subject to redemption prior to

1 maturity, or the trustee has been given irrevocable instructions concerning their calling and
2 redemption and the issuer has covenanted not to redeem such obligations other than as set
3 forth in such instructions; (b) the municipal obligations are secured by cash or United States
4 Obligations; (c) the principal of and interest on the United States Obligations (plus any cash
5 in the escrow fund or the Series 2010A Redemption Account or the Series 2010C
6 Redemption Account, as applicable) are sufficient to meet the liabilities of the municipal
7 obligations; (d) the United States Obligations serving as security for the municipal
8 obligations are held by the City Treasurer or, if appointed by the City Treasurer pursuant to
9 Section 11 hereof, an escrow agent or trustee; (e) the United States Obligations are not
10 available to satisfy any other claims, including those against the trustee or escrow agent;
11 and (f) the municipal obligations are rated, at the time of original deposit to the escrow fund,
12 the highest ratings category by any two Rating Agencies (as defined below).

13 For purposes of this Section 12, "United States Obligations" shall mean (i) direct and
14 general obligations of the United States of America, or obligations that are unconditionally
15 guaranteed as to principal and interest by the United States of America, including without
16 limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds
17 that have been stripped by request to the Federal Reserve Bank of New York in book-entry
18 form or (ii) any security issued by an agency or instrumentality of the United States of
19 America that is selected by the Director of Public Finance that results in the escrow fund
20 being rated the highest ratings category by any two Rating Agencies at the time of the
21 initial deposit to the escrow fund and upon any substitution or subsequent deposit to the
22 escrow fund.

23 For purposes of this Section 12, "Rating Agencies" shall mean Moody's Investors
24 Service, Inc., Fitch Ratings, and Standard and Poor's Rating Services, a division of The
25 McGraw-Hill Companies, Inc., or any other nationally recognized bond rating agency that

1 is the successor to any of the foregoing rating agencies or that is otherwise established
2 after the date hereof.

3 Section 13. Official Notices of Sale. The form of proposed Official Notice of Sale
4 inviting bids for the Series 2010A Bonds (the "Series 2010A Official Notice of Sale")
5 submitted to the Board is hereby approved and adopted as the Official Notice of Sale inviting
6 bids for the Series 2010A Bonds, with such changes, additions and modifications as may be
7 made in accordance with Section 19 hereof. The form of proposed Official Notice of Sale
8 inviting bids for the Series 2010C Bonds (the "Series 2010C Official Notice of Sale")
9 submitted to the Board is hereby approved and adopted as the Official Notice of Sale inviting
10 bids for the Series 2010C Bonds, with such changes, additions and modifications as may be
11 made in accordance with Section 19 hereof. Each of the Series 2010A Official Notice of
12 Sale and the Series 2010C Official Notice of Sale is herein defined as an "Official Notice of
13 Sale."

14 Bids shall be received on the date designated by the Director of Public Finance
15 pursuant to Section 4 hereof. The Director of Public Finance is hereby authorized and
16 directed to cause to be mailed or otherwise circulated to prospective bidders for each Series
17 of 2010 Bonds copies of the applicable Official Notice of Sale, subject to such corrections,
18 revisions or additions as may be acceptable to the Director of Public Finance.

19 The Controller is hereby authorized to award each Series of 2010 Bonds to the
20 bidder whose bid represents the lowest true interest cost to the City, or, in the case of the
21 Series 2010C Bonds, the lowest net effective rate (after application of Interest Subsidy
22 Payments received from the United States Treasury), all in accordance with the procedures
23 described in the applicable Official Notice of Sale, each of which award shall be set forth in a
24 certificate signed by the Controller setting forth the terms of the applicable Series of 2010
25 Bonds and the original purchasers thereof (each, a "Bond Award"). The Controller shall

1 provide a copy of each Bond Award as soon as practicable to the Clerk of the Board of
2 Supervisors and the Director of Public Finance; provided, however, that failure to provide
3 such copies shall not affect the validity of any Bond Award.

4 Section 14. Publication of Notice of Intention to Sell Bonds. The form of proposed
5 Notice of Intention to Sell the Series 2010A Bonds and the Series 2010C Bonds (the "Notice
6 of Intention to Sell Bonds") submitted to the Board is hereby approved and adopted as the
7 Notice of Intention to Sell the Series 2010A Bonds and the Series 2010C Bonds, and the
8 Director of Public Finance is hereby authorized and directed to cause the Notice of Intention
9 to Sell Bonds, subject to such corrections, revisions or additions as may be made in
10 accordance with Section 19 hereof, to be published once in The Bond Buyer or another
11 financial publication generally circulated throughout the State of California.

12 Section 15. Sale of Series 2010A Bonds and Series 2010C Bonds; Solicitation of
13 Competitive Bids. The Board hereby authorizes the sale of each Series of 2010 Bonds by
14 solicitation of competitive bids for the purchase of such Series of 2010 Bonds on the date
15 and at the place determined in accordance with each applicable Official Notice of Sale.

16 Section 16. Official Statement. The form of proposed Preliminary Official
17 Statement describing the Series 2010A Bonds and the Series 2010C Bonds (the
18 "Preliminary Official Statement") submitted to the Board is hereby approved and adopted
19 as the Preliminary Official Statement describing the Series 2010A Bonds and the Series
20 2010C Bonds, with such additions, corrections and revisions as may be determined to be
21 necessary or desirable made in accordance with Section 19 hereof. The Controller or
22 Director of Public Finance is each hereby authorized and directed to revise the Official
23 Statement to conform it to the City's Comprehensive Annual Fiscal Report for the fiscal
24 year ended June 30, 2009, subject to review and approval by the City Attorney of the City
25 (the "City Attorney"). The Controller is hereby authorized to cause the distribution of a

1 Preliminary Official Statement deemed final for purposes of Securities and Exchange
2 Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as
3 amended (the "Rule"), and to sign a certificate to that effect. The Director of Public
4 Finance is hereby authorized and directed to cause to be printed and mailed or
5 electronically distributed to prospective bidders for each Series of 2010 Bonds copies of
6 the Preliminary Official Statement in substantially the form of the Preliminary Official
7 Statement approved and adopted hereby, as completed, supplemented, corrected or
8 revised. The Controller is authorized and directed to approve, execute, and deliver the
9 final Official Statement with respect to the Series 2010A Bonds and the Series 2010C
10 Bonds, which final Official Statement shall be in the form of the Preliminary Official
11 Statement, with such additions, corrections and revisions as may be determined to be
12 necessary or desirable made in accordance with Section 19 hereof and as are permitted
13 under the Rule. The Director of Public Finance is hereby authorized and directed to
14 cause to be printed and mailed or electronically distributed copies of the final Official
15 Statement to all actual initial purchasers of the Series 2010A Bonds or Series 2010C
16 Bonds.

17 Section 17. Tax Covenants. (a) General; Series 2010A Bonds. The City hereby
18 covenants with the holders of the Series 2010A Bonds that, notwithstanding any other
19 provisions of this Resolution, it shall not take any action, or fail to take any action, if any
20 such action or failure to take action would adversely affect the exclusion from gross
21 income of interest on the Series 2010A Bonds under Section 103 of the Code, and the
22 regulations issued thereunder, as the same may be amended from time to time, and any
23 successor provisions of law. Reference to a particular section of the Code shall be
24 deemed to be a reference to any successor to any such section. The City shall not,
25 directly or indirectly, use or permit the use of proceeds of the Series 2010A Bonds or any

1 of the property financed or refinanced with proceeds of the Series 2010A Bonds, or any
2 portion thereof, by any person other than a governmental unit (as such term is used in
3 Section 141 of the Code), in such manner or to such extent as would result in the loss of
4 exclusion of interest on the Series 2010A Bonds from gross income for federal income tax
5 purposes.

6 (b) Use of Proceeds. The City shall not take any action, or fail to take
7 any action, if any such action or failure to take action would cause the Series 2010A
8 Bonds or the Series 2010C Bonds to be "private activity bonds" within the meaning of
9 Section 141 of the Code, and in furtherance thereof, shall not make any use of the
10 proceeds of the Series 2010A Bonds or the Series 2010C Bonds or any of the property
11 financed or refinanced with proceeds of the Series 2010A Bonds or the Series 2010C
12 Bonds, or any portion thereof, or any other funds of the City, that would cause the Series
13 2010A Bonds or the Series 2010C Bonds to be "private activity bonds" within the meaning
14 of Section 141 of the Code. To that end, so long as any Series 2010A Bonds or the
15 Series 2010C Bonds are outstanding, the City, with respect to such proceeds and
16 property and such other funds, will comply with applicable requirements of the Code and
17 all regulations of the United States Department of the Treasury issued thereunder and
18 under Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"),
19 to the extent such requirements are, at the time, applicable and in effect. The City shall
20 establish reasonable procedures necessary to ensure continued compliance with Section
21 141 of the Code (or, if applicable, the 1954 Code) and the continued qualification of each
22 the Series 2010A Bonds and the Series 2010C Bonds as "governmental bonds." In
23 addition, the City shall insure that none of the proceeds of the Series 2010C Bonds are
24 used for any "private business use" within the meaning of Section 141 of the Code.
25

1 (c) Arbitrage. The City shall not, directly or indirectly, use or permit the
2 use of any proceeds of any Series 2010A Bonds or Series 2010C Bonds, or of any
3 property financed or refinanced thereby, or other funds of the City, or take or omit to take
4 any action, that would cause the Series 2010A Bonds or the Series 2010C Bonds to be
5 "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the City
6 shall comply with all requirements of Section 148 of the Code and all regulations of the
7 United States Department of the Treasury issued thereunder to the extent such
8 requirements are, at the time, in effect and applicable to the Series 2010A Bonds or the
9 Series 2010C Bonds.

10 (d) Federal Guarantee. The City shall not make any use of the proceeds
11 of the Series 2010A Bonds or the Series 2010C Bonds or any other funds of the City, or
12 take or omit to take any other action, that would cause the Series 2010A Bonds or the
13 Series 2010C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of
14 the Code. For this purpose, Interest Subsidy Payments shall not be treated as a federal
15 guaranty.

16 (e) Information Reporting. The City shall take or cause to be taken all
17 necessary action to comply with the informational reporting requirement of Section 149(e)
18 of the Code with respect to the Series 2010A Bonds and the Series 2010C Bonds.

19 (f) Hedge Bonds. The City shall not make any use of the proceeds of
20 the Series 2010A Bonds or the Series 2010C Bonds or any other amounts or property,
21 regardless of the source, or take any action or refrain from taking any action that would
22 cause the Series 2010A Bonds or the Series 2010C Bonds to be considered "hedge
23 bonds" within the meaning of Section 149(g) of the Code unless the City takes all
24 necessary action to assure compliance with the requirements of Section 149(g) of the
25 Code.

1 (g) Compliance with Tax Certificates. In furtherance of the foregoing tax
2 covenants of this Section 17, the City covenants that it will comply with the provisions of
3 each Tax Certificate to be executed by the City with respect to each of the Series 2010A
4 Bonds and the Series 2010C Bonds, respectively, dated the date of issuance of each
5 Series of 2010 Bonds, as each such Tax Certificate may be amended from time to time.
6 This covenant shall survive payment in full or defeasance of the Series 2010A Bonds or
7 the Series 2010C Bonds, as applicable.

8 (h) Additional Tax Covenants applicable to Series 2010C Bonds. The
9 following additional covenants shall apply to the Series 2010C Bonds:

10 (1) Build America Bonds; Interest Subsidy Payments. The City
11 shall take all actions necessary to assure that the proceeds of the Series 2010C Bonds
12 are expended and federal tax requirements are met so as to cause the Bonds to be
13 treated as "build America bonds" eligible for the Interest Subsidy Payments, as described
14 in Section 4 hereof.

15 (2) Form 8038-CP. The City or the City's authorized designated
16 recipient shall, within the forty-five (45) day period beginning on the day that is ninety (90)
17 days prior to each interest payment date, file Form 8038-CP (or any successor form
18 designated by the United States Department of the Treasury or the Internal Revenue
19 Service) requesting payment of the Interest Subsidy Payment with respect to such
20 interest payment date.

21 (3) Series 2010C Project Account. The City shall insure that all
22 amounts in the Series 2010C Project Account are spent solely on capital expenditures
23 with a reasonably expected economic life of one year or more.
24
25

1 (4) 2% Costs of Issuance Limitation. The City shall not permit
2 proceeds of the Series 2010C Bonds, including the investment earnings thereon, in an
3 amount in excess of two percent (2%) of the proceeds of the sale of the Series 2010C
4 Bonds to be used to pay costs of issuance. If the fees of the original purchaser of the
5 Series 2010C Bonds are retained as an underwriter's discount on the purchase of the
6 Series 2010C Bonds, such retention shall be deemed to be an expenditure of proceeds of
7 the Series 2010C Bonds for such fees and shall be applied against such two percent (2%)
8 costs of issuance limitation.

9 Section 18. Continuing Disclosure Certificate. The form of Continuing Disclosure
10 Certificate (the "Continuing Disclosure Certificate") to be signed by the City to permit the
11 original purchasers of each Series of 2010 Bonds to comply with the Rule, submitted to the
12 Board is hereby approved and adopted as the Continuing Disclosure Certificate, with such
13 additions, corrections and revisions as may be determined to be necessary or desirable
14 made in accordance with Section 19 hereof, including, without limitation, the use of a
15 separate Continuing Disclosure Certificate for each Series of 2010 Bonds. The Controller is
16 hereby authorized and directed to execute the Continuing Disclosure Certificate on behalf of
17 the City and deliver the Continuing Disclosure Certificate to the original purchasers of each
18 Series of 2010 Bonds.

19 Section 19. Modification to Documents. Any City official authorized by this
20 Resolution to execute any document is hereby further authorized, in consultation with the
21 City Attorney and co-bond counsel, to approve and make such changes, additions,
22 amendments or modifications to the document or documents such official is authorized to
23 execute as may be necessary or advisable (provided that such changes, additions,
24 amendments or modifications shall not authorize an aggregate principal amount of Series
25 2010A Bonds and Series 2010C Bonds in excess of \$305,000,000 or conflict with the

1 provisions of Section 4 hereof). The approval of any change, addition, amendment or
2 modification to any of the aforementioned documents shall be evidenced conclusively by the
3 execution and delivery of the document in question.

4 Section 20. Ratification. All actions heretofore taken by officials, employees and
5 agents of the City with respect to the sale and issuance of the Series 2010A Bonds and the
6 Series 2010C Bonds are hereby approved, confirmed and ratified.

7 Section 21. Relationship to Authorizing Resolution. In the event of any conflict
8 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall
9 control. Without limiting the foregoing and notwithstanding the provisions of the Authorizing
10 Resolution, the City is not obligated to transfer money from the General Fund of the City to
11 the Bond Account to pay the principal of or interest on any Series of 2010 Bonds.

12 Section 22. Reimbursement. The City hereby declares its official intent to reimburse
13 prior expenditures of the City incurred prior to the issuance and sale of each Series of 2010
14 Bonds in connection with the Project or portions thereof to be financed by each Series of
15 2010 Bonds. The Board hereby declares the City's intent to reimburse the City with the
16 proceeds of each Series of 2010 Bonds for the expenditures with respect to the Project (the
17 "Expenditures" and each, an "Expenditure") made on and after that date that is no more than
18 60 days prior to adoption of this Resolution. The City reasonably expects on the date hereof
19 that it will reimburse the Expenditures with the proceeds of each Series of 2010 Bonds.

20 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
21 account under general federal income tax principles (determined in each case as of the date
22 of the Expenditure), (b) a cost of issuance with respect to the Series 2010A Bonds or the
23 Series 2010C Bonds, (c) a nonrecurring item that is not customarily payable from current
24 revenues, or (d) a grant to a party that is not related to or an agent of the City so long as
25 such grant does not impose any obligation or condition (directly or indirectly) to repay any

1 amount to or for the benefit of the City. The maximum aggregate principal amount of the
2 Series 2010A Bonds and the Series 2010C Bonds expected to be issued for the Project is
3 \$305,000,000. The City shall make a reimbursement allocation, which is a written allocation
4 by the City that evidences the City's use of proceeds of the applicable Series of 2010 Bonds
5 to reimburse an Expenditure, no later than 18 months after the later of the date on which the
6 Expenditure is paid or the Project is placed in service or abandoned, but in no event more
7 than three years after the date on which the Expenditure is paid. The City recognizes that
8 exceptions are available for certain "preliminary expenditures," costs of issuance, certain de
9 minimis amounts, expenditures by "small issuers" (based on the year of issuance and not
10 the year of expenditure) and expenditures for construction projects of at least 5 years.

11 Section 23. Accountability Reports. Each Series of 2010 Bonds is subject to
12 accountability requirements under the City's Administrative Code and the Bond
13 Ordinance. Accountability report(s) with respect to the Series 2010A Bonds and the
14 Series 2010C Bonds shall be submitted at the time(s) and in the manner required by the
15 Administrative Code and the Bond Ordinance.

16 Section 24. General Authority. The Clerk of the Board of Supervisors, the Mayor,
17 the City Treasurer, the Director of Public Finance, the City Attorney and the Controller are
18 each hereby authorized and directed in the name and on behalf of the City to take any and
19 all steps and to issue, deliver or enter into any and all certificates, requisitions, agreements,
20 notices, consents, and other documents as may be necessary to give effect to the
21 provisions of this Resolution, including but not limited to letters of representations to any
22 depository or depositories which they or any of them might deem necessary or appropriate
23 in order to consummate the lawful issuance, sale and delivery of the Series 2010A Bonds or
24 the Series 2010C Bonds.
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APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
Kenneth David Roux
Deputy City Attorney

1 EXHIBIT A

2 [FORM OF SERIES 2010A BOND]

3
4 Number UNITED STATES OF AMERICA Amount
5 _____ STATE OF CALIFORNIA \$ _____

6
7 CITY AND COUNTY OF SAN FRANCISCO
8 GENERAL OBLIGATION BONDS
9 (SAN FRANCISCO GENERAL HOSPITAL IMPROVEMENT BONDS, 2008), SERIES 2010A

10
11 Interest Rate Maturity Date Dated CUSIP Number

12 June 15, _____

13 REGISTERED OWNER: CEDE & CO.

14 PRINCIPAL AMOUNT: _____ DOLLARS

15 THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the "City"),
16 acknowledges itself indebted to and promises to pay to CEDE & CO. or registered assigns, on
17 the maturity date set forth above the principal sum of _____ Dollars (\$ _____)
18 in lawful money of the United States of America, and to pay interest thereon in like lawful money
19 from the interest payment date next preceding the date of authentication of this bond (unless this
20 bond is authenticated as of the day during the period from the last day of the month next
21 preceding any interest payment date (the "Record Date") to such interest payment date,
22 inclusive, in which event it shall bear interest from such interest payment date, or unless this
23 bond is authenticated on or before May 31, 2010, in which event it shall bear interest from its
24 dated date until payment of such principal sum, at the interest rate per annum stated herein
25 above calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on

1 June 15, 2010, and semiannually thereafter on June 15 and December 15 in each year;
2 provided, however, if any interest payment date occurs on a day that banks in California or New
3 York are closed for business or the New York Stock Exchange is closed for business, then such
4 payment shall be made on the next succeeding day that banks in both California and New York
5 are open for business and the New York Stock Exchange is open for business (a "Business
6 Day"). The principal hereof is payable to the registered owner hereof upon the surrender hereof
7 at the office of the Treasurer of the City (the "City Treasurer"). The interest hereon is payable to
8 the person whose name appears on the bond registration books of the City Treasurer as the
9 registered owner hereof as of the close of business on the Record Date immediately preceding
10 an interest payment date, whether or not such day is a Business Day, such interest to be paid by
11 check mailed on the interest payment date to such registered owner at the owner's address as it
12 appears on such registration books; provided, however, that the registered owner of bonds in an
13 aggregate principal amount of at least \$1,000,000 may submit a written request to the City
14 Treasurer on or before the Record Date preceding any interest payment date for payment of
15 interest hereon by wire transfer to a commercial bank located in the United States of America.

16 This bond is one of a duly authorized issue of bonds of like tenor (except for such
17 variations, if any, as may be required to designate varying numbers, denominations, interest
18 rates and maturities), in the aggregate principal amount of \$_____, and is one of a duly
19 authorized series of said issue, which series is part of a bond authorization in the aggregate
20 original principal amount of \$887,400,000 and is authorized by votes of more than two-thirds
21 of the voters voting at an election duly and legally called, held and conducted, in said City on
22 November 4, 2008 and is issued and sold by the City pursuant to and in strict conformity with the
23 provisions of the Constitution and laws of the State of California, and Charter of the City and of
24 resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") on
25 December 16, 2008, and _____, 2010 (collectively, the "Resolutions").

1 The bonds are issuable as fully registered bonds without coupons in the denominations of
2 \$5,000 or any integral multiple thereof, provided that no bond shall have principal maturing on
3 more than one principal maturity date. Subject to the limitations and conditions and upon
4 payment of the charges, if any, as provided in the Resolutions, the bonds may be exchanged for
5 a like aggregate principal amount of bonds or other authorized denominations of the same
6 series, interest rate and maturity.

7 This bond is transferable by the registered owner hereof, in person or by attorney duly
8 authorized in writing, at said office of the City Treasurer, but only in the manner, subject to the
9 limitations and upon payment of the charges provided in the Resolutions, and upon surrender
10 and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized
11 denomination or denominations for the same interest rate and same aggregate principal amount
12 will be issued to the transferee in exchange herefor.

13 The bonds maturing on or before June 15, 20__ are not subject to redemption prior to
14 maturity. The bonds maturing on or after June 15, 20__ are subject to optional redemption
15 prior to their respective maturities, at the option of the City, from any source of available funds,
16 as a whole or in part on any date (with the maturities to be redeemed to be determined by the
17 City and by lot within a maturity), on and after June 15, 20__, at redemption prices equal to
18 100% of the principal amount redeemed, together with accrued interest to the redemption date,
19 without premium.

20 The bonds maturing on June 15, 20__, shall be subject to redemption prior to their
21 respective maturity dates, in part, by lot, from mandatory sinking fund payments, on each June
22 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus
23 accrued interest thereon to the redemption date, without premium.

24 Mandatory Sinking
25 Fund Redemption
Date
(June 15)

Mandatory Sinking
Fund Payment

20_____
20_____
20_____
20_____
* Maturity

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Notice of redemption shall be given by mail not less than thirty (30) nor more than sixty (60) days prior to the redemption date to the registered owner thereof, but neither failure to receive any such notice or any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption. Such notice may be conditional.

The City may rescind any optional redemption by written notice to the owner of any bond previously called for redemption prior to the date fixed for redemption. Any notice of optional redemption shall be rescinded if for any reason funds are not or will not be available on the date fixed for redemption or the payment in full of the bonds then called for redemption. Notice of rescission of redemption shall be given in the same manner notice of redemption was originally provided. The actual receipt by the owner of any bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed shall not affect the validity of the rescission.

If this bond is called for redemption and payment is duly provided therefore, interest shall cease to accrue hereon from and after the date fixed for redemption.

The City and the City Treasurer may treat the registered owner of the bonds hereof as the absolute owner hereof for all purposes, and the City and the City Treasurer shall not be affected by any notice to the contrary.

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

The Board of Supervisors hereby certifies and declares that the total amount of indebtedness of said City, including the amount of this bond, is within the limit provided by law,

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that all acts, conditions and things required by the law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, that this bond is in the form prescribed by order of the Board of Supervisors duly made and entered on its minutes, and the money for the payment of principal of this bond, and the payment of interest thereon, shall be raised by taxation upon the taxable property of said City as provided in the Resolutions.

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

1 IN WITNESS WHEREOF the Board of Supervisors of the City and County of San
2 Francisco (the "Board") has caused this bond to be executed by the Mayor of the City and
3 County of San Francisco, and to be countersigned by the Clerk of said Board, all as of
4 _____, 2010.

5
6 _____
7 Mayor of the City and
8 County of San Francisco

9 Countersigned:

10 _____
11 Clerk of the Board of Supervisors

12 CERTIFICATE OF REGISTRATION AND AUTHENTICATION

13
14 This is one of the bonds described in the within-mentioned Resolutions, which has
15 been authenticated on the date set forth below.

16 Date of Authentication: _____, 2010.

17
18
19 TREASURER OF THE CITY AND
20 COUNTY OF SAN FRANCISCO

21
22 By: _____
23
24
25

1
2 ASSIGNMENT

3 For value received the undersigned do(es) hereby sell, assign and transfer unto

4 _____
5 (Name, Address, and Tax Identification or Social Security Number of Assignee)

6
7 the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s)

8 _____ attorney, to transfer the same on the books of the paying agent with
9 full power of substitution in the premises.

10
11 Dated: _____

12 NOTE: The signature to this assignment must
13 correspond with the name as written on the face of
14 the within bond in every particular, without
15 enlargement or any change whatsoever.

16 Signature Guaranty: _____

17 NOTE: Signature must be approved by a qualified guarantor.

18 _____ Tax ID Number: _____
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EXHIBIT B

[FORM OF SERIES 2010C BOND]

Number UNITED STATES OF AMERICA Amount
STATE OF CALIFORNIA \$

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL IMPROVEMENT BONDS, 2008), SERIES 2010C
(FEDERALLY TAXABLE BUILD AMERICA BONDS)

Interest Rate Maturity Date Dated CUSIP Number
June 15, _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY AND COUNTY OF SAN FRANCISCO, State of California (the "City"),
acknowledges itself indebted to and promises to pay to CEDE & CO. or registered assigns, on
the maturity date set forth above the principal sum of _____ Dollars (\$_____)
in lawful money of the United States of America, and to pay interest thereon in like lawful money
from the interest payment date next preceding the date of authentication of this bond (unless this
bond is authenticated as of the day during the period from the last day of the month next
preceding any interest payment date (the "Record Date") to such interest payment date,
inclusive, in which event it shall bear interest from such interest payment date, or unless this
bond is authenticated on or before May 31, 2010, in which event it shall bear interest from its
dated date until payment of such principal sum, at the interest rate per annum stated herein
above calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on

1 June 15, 2010, and semiannually thereafter on June 15 and December 15 in each year;
2 provided, however, if any interest payment date occurs on a day that banks in California or New
3 York are closed for business or the New York Stock Exchange is closed for business, then such
4 payment shall be made on the next succeeding day that banks in both California and New York
5 are open for business and the New York Stock Exchange is open for business (a "Business
6 Day"). The principal hereof is payable to the registered owner hereof upon the surrender hereof
7 at the office of the Treasurer of the City (the "City Treasurer"). The interest hereon is payable to
8 the person whose name appears on the bond registration books of the City Treasurer as the
9 registered owner hereof as of the close of business on the Record Date immediately preceding
10 an interest payment date, whether or not such day is a Business Day, such interest to be paid by
11 check mailed on the interest payment date to such registered owner at the owner's address as it
12 appears on such registration books; provided, however, that the registered owner of bonds in an
13 aggregate principal amount of at least \$1,000,000 may submit a written request to the City
14 Treasurer on or before the Record Date preceding any interest payment date for payment of
15 interest hereon by wire transfer to a commercial bank located in the United States of America.

16 This bond is one of a duly authorized issue of bonds of like tenor (except for such
17 variations, if any, as may be required to designate varying numbers, denominations, interest
18 rates and maturities), in the aggregate principal amount of \$_____, and is one of a duly
19 authorized series of said issue, which series is part of a bond authorization in the aggregate
20 original principal amount of \$887,400,000 and is authorized by votes of more than two-thirds
21 of the voters voting at an election duly and legally called, held and conducted, in said City on
22 November 4, 2008 and is issued and sold by the City pursuant to and in strict conformity with the
23 provisions of the Constitution and laws of the State of California, and Charter of the City and of
24 resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") on
25 December 16, 2008, and _____, 2010 (collectively, the "Resolutions").

1 The bonds are issuable as fully registered bonds without coupons in the denominations of
2 \$5,000 or any integral multiple thereof, provided that no bond shall have principal maturing on
3 more than one principal maturity date. Subject to the limitations and conditions and upon
4 payment of the charges, if any, as provided in the Resolutions, the bonds may be exchanged for
5 a like aggregate principal amount of bonds or other authorized denominations of the same
6 series, interest rate and maturity.

7 This bond is transferable by the registered owner hereof, in person or by attorney duly
8 authorized in writing, at said office of the City Treasurer, but only in the manner, subject to the
9 limitations and upon payment of the charges provided in the Resolutions, and upon surrender
10 and cancellation of this bond. Upon such transfer, a new bond or bonds of authorized
11 denomination or denominations for the same interest rate and same aggregate principal amount
12 will be issued to the transferee in exchange herefor.

13 The bonds maturing on or before June 15, 20__ are not subject to redemption prior to
14 maturity. The bonds maturing on or after June 15, 20__ are subject to optional redemption
15 prior to their respective maturities, at the option of the City, from any source of available funds,
16 as a whole or in part on any date (with the maturities to be redeemed to be determined by the
17 City and by lot within a maturity), on and after June 15, 20__, at redemption prices equal to
18 100% of the principal amount redeemed, together with accrued interest to the redemption date,
19 without premium.

20 The bonds maturing on June 15, 20__, shall be subject to redemption prior to their
21 respective maturity dates, in part, by lot, from mandatory sinking fund payments, on each June
22 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus
23 accrued interest thereon to the redemption date, without premium.

24 Mandatory Sinking
Fund Redemption
Date
25 _____
(June 15)

_____ Mandatory Sinking
Fund Payment

20____
20____
20____
20____*
* Maturity

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5 On any date before June 15, 20____, the bonds are subject to redemption prior to their
6 maturity, as a whole or in part, at the option of the City, as a whole or in part, in the order of
7 maturity as directed by the City and by lot within each maturity, in integral multiples of \$5,000,
8 from any source of available funds, upon and after the occurrence of an Interest Subsidy
9 Termination Event (as defined below), at a redemption price (the "Interest Subsidy Termination
10 Optional Redemption Price") equal to the greater of (1) 100% of the principal amount of the
11 bonds to be redeemed, plus accrued interest on the bonds to be redeemed to the redemption
12 date; or (2) the sum of the present value of the remaining scheduled payments of principal and
13 interest to the maturity date of the bonds to be redeemed, not including any portion of those
14 payments of interest accrued and unpaid as of the date on which the bonds are to be redeemed,
15 discounted to the date on which the bonds are to be redeemed on a semi-annual basis,
16 assuming a 360 day year consisting of twelve 30-day months, at the Treasury Rate (as defined
17 below), plus ____ basis points, plus accrued interest on the bonds to be redeemed to the
18 redemption date.

19 An "Interest Subsidy Termination Event" will have occurred if the City reasonably
20 determines, which determination shall be conclusive, that: (i) Section 54AA or Section 6431 of
21 the Internal Revenue Code of 1986, as amended (the "Code"), has been amended in a material
22 way; or (ii) there is any guidance published by the Internal Revenue Service or the United States
23 Department of the Treasury with respect to Section 54AA or Section 6431 of the Code; or
24 (iii) any other determination by the Internal Revenue Service or the United States Department of
25 the Treasury, which determination is not the result of any act or omission by the City to satisfy

1 the requirements to qualify to receive interest subsidy payments from the United States
2 Department of the Treasury in an amount equal to 35% of the corresponding interest payable on
3 such bonds, as provided for in Sections 54AA(b) and 6431 of the Code – any of which events
4 results in the City’s right to receive such interest subsidy payments being reduced or eliminated.

5 For purposes of determining the Interest Subsidy Termination Optional Redemption Price,
6 the following meanings apply:

7 “Treasury Rate” means, with respect to any redemption date for a particular bond, the
8 rate per annum, expressed as a percentage of the principal amount, equal to the semiannual
9 equivalent yield to maturity of the Comparable Treasury Issue (as defined below), assuming that
10 the Comparable Treasury Issue is purchased on the redemption date for a price equal to the
11 Comparable Treasury Price (as defined below), as calculated by the Designated Investment
12 Banker (as defined below).

13 “Comparable Treasury Issue” means, with respect to any redemption date for a particular
14 bond, the United States Department of the Treasury security or securities selected by the
15 Designated Investment Banker that has an actual or interpolated maturity comparable to the
16 remaining average life of the bond to be redeemed and that would be utilized in accordance with
17 customary financial practice in pricing new issues of debt securities of comparable maturity to
18 the remaining average life of the bond to be redeemed.

19 “Comparable Treasury Price” means, with respect to any redemption date for a particular
20 bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer
21 Quotations (as defined below), the average of such quotations for such redemption date, after
22 excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated
23 Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average
24 of all such quotations.

1 "Designated Investment Banker" means one of the Reference Treasury Dealers (as
2 defined below) appointed by the City.

3 "Reference Treasury Dealer" means each of the four firms, specified by the City from time
4 to time, that are primary United States Government securities dealers in the City of New York
5 (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a
6 Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

7 "Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury
8 Dealer and any redemption date for a particular bond, the average, as determined by the
9 Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue
10 (expressed in each case as a percentage of its principal amount) quoted in writing to the
11 Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City
12 time, on the third Business Day preceding such redemption date.

13 Notice of redemption shall be given by mail not less than thirty (30) nor more than sixty
14 (60) days prior to the redemption date to the registered owner thereof, but neither failure to
15 receive any such notice or any defect in the notice so mailed shall affect the sufficiency of the
16 proceedings for redemption. Such notice may be conditional.

17 The City may rescind any optional redemption by written notice to the owner of any bond
18 previously called for redemption prior to the date fixed for redemption. Any notice of optional
19 redemption shall be rescinded if for any reason funds are not or will not be available on the date
20 fixed for redemption or the payment in full of the bonds then called for redemption. Notice of
21 rescission of redemption shall be given in the same manner notice of redemption was originally
22 provided. The actual receipt by the owner of any bond of notice of such rescission shall not be a
23 condition precedent to rescission, and failure to receive such notice or any defect in such notice
24 so mailed shall not affect the validity of the rescission.

1 If this bond is called for redemption and payment is duly provided therefore, interest shall
2 cease to accrue hereon from and after the date fixed for redemption.

3 The City and the City Treasurer may treat the registered owner of the bonds hereof as the
4 absolute owner hereof for all purposes, and the City and the City Treasurer shall not be affected
5 by any notice to the contrary.

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

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

16 This bond shall not be entitled to any benefit under the Resolutions, or become valid or
17 obligatory for any purpose, until the certificate of authentication and registration hereon endorsed
18 shall have been signed by the City Treasurer.

1 IN WITNESS WHEREOF the Board of Supervisors of the City and County of San
2 Francisco (the "Board") has caused this bond to be executed by the Mayor of the City and
3 County of San Francisco, and to be countersigned by the Clerk of said Board, all as of
4 _____, 2010.

5
6 _____
7 Mayor of the City and
8 County of San Francisco

9 Countersigned:

10 _____
11 Clerk of the Board of Supervisors

12 CERTIFICATE OF REGISTRATION AND AUTHENTICATION

13
14 This is one of the bonds described in the within-mentioned Resolutions, which has
15 been authenticated on the date set forth below.

16 Date of Authentication: _____, 2010.

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19 TREASURER OF THE CITY AND
20 COUNTY OF SAN FRANCISCO

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22 By: _____
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ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned registered bond and hereby irrevocably constitute(s) and appoint(s)

_____ attorney, to transfer the same on the books of the paying agent with

full power of substitution in the premises.

Dated: _____

NOTE: The signature to this assignment must correspond with the name as written on the face of the within bond in every particular, without enlargement or any change whatsoever.

Signature Guaranty: _____

NOTE: Signature must be approved by a qualified guarantor.

_____ Tax ID Number: _____

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

REVISED 2/1/10

January 28, 2010

TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst
SUBJECT: February 3, 2010 Budget and Finance Committee Meeting

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	10-0101*	Appropriating \$305,000,000 of General Obligation Bonds for the San Francisco General Hospital and Trauma Center for the Department of Public Health for FY 2009-2010	
	10-0025*	Bond Sale of Clean and Safe Neighborhood Parks General Obligation Bonds – Not to Exceed \$65,000,000	1, 2, & 3 - 1
5	09-1460	Authorizing the Execution of an Option to Purchase Interests in the Properties Located at 1600 and 1670 Owens Street, San Francisco and Acquire Related Design and Construction Plans	5 - 1

* Revised Page 1, 2 & 3 – 3 – revisions are highlighted.

Items #1, 2, and 3 Files 10-0024, 10-0101, and 10-0025	Department(s): Department of Public Health, Recreation and Parks Department, Port, Office of Public Finance
EXECUTIVE SUMMARY	
<p>Legislative Objectives</p> <ul style="list-style-type: none"> • <u>File 10-0024</u>: Resolution authorizing the second sale of up to \$305,000,000 in San Francisco General Hospital Improvement General Obligation Bonds. • <u>File 10-0101</u>: Ordinance appropriating up to \$305,000,000 in bond proceeds from the sale of \$305,000,000 in San Francisco General Hospital Improvement General Obligation Bonds. • <u>File 10-0025</u>: Resolution authorizing the second sale of up to \$65,000,000 in Clean and Safe Neighborhood Parks General Obligation Bonds. <p>Key Points</p> <ul style="list-style-type: none"> • The San Francisco voters previously approved the sale of up to \$887,400,000 in General Obligation Bonds to fund the reconstruction, expansion, and seismic strengthening of San Francisco General Hospital. The City previously sold \$131,650,000 in such bonds. File 10-0024 would approve the second sale of such bonds up to \$305,000,000. File 10-0101 would appropriate the proceeds of such a bond sale. • The San Francisco voters previously approved the sale of up to \$185,000,000 in General Obligation Bonds to fund capital improvements to neighborhood parks. The City previously sold \$42,520,000 in such bonds. File 10-0025 would approve the second sale of such bonds up to \$65,000,000 of bonds, the proceeds from which were previously appropriated in the FY 2009-2010 Budget. • The Director of Public Finance intends to combine the sale of both proposed General Obligations bonds for a total sale of up \$370,000,000 (\$305,000,000 plus \$65,000,000), in order to reduce bond issuance costs to the City. <p>Fiscal Impact</p> <ul style="list-style-type: none"> • The debt service on the proposed sale of up to \$370,000,000 in General Obligation Bonds would be paid through an increase in annual Property Taxes of approximately \$0.02 per \$100 of assessed value. <p>Recommendation</p> <ul style="list-style-type: none"> • The Budget Analyst recommends that future ordinances, which authorize the appropriation of bond sale proceeds, be subject to Board of Supervisors approval at the same time, or subsequent to, the date when the Board of Supervisors is requested to authorize the bond sale. • Approve the proposed resolutions and ordinance. 	

BACKGROUND

In November of 2008, the voters of San Francisco approved Proposition A, which authorized the sale of up to \$887,400,000 in General Obligation Bonds to fund the reconstruction, expansion, and seismic strengthening of San Francisco General Hospital. In March of 2009, the City sold \$131,650,000 in such bonds, leaving a remaining bond authority of \$755,750,000. The proposed sale of up to \$305,000,000 of bonds would be the second sale of San Francisco General Hospital Improvement General Obligation Bonds.

In February of 2008, the voters of San Francisco approved Proposition A, which authorized the sale of up to \$185,000,000 in General Obligation Bonds to fund various capital improvements to neighborhood parks and related projects under the management of either the Port or the Recreation and Park Department (RPD). In August of 2008, the City sold \$42,520,000 in such bonds, leaving a remaining bond authority of \$142,480,000. The proposed sale of up to \$65,000,000 of bonds would be the second sale of Clean and Safe Neighborhood Parks General Obligation Bonds.

DETAILS OF PROPOSED LEGISLATION**Description**

The proposed sale of up to \$370,000,000 in General Obligation Bonds includes (a) up to \$305,000,000 for improvements to San Francisco General Hospital and (b) up to \$65,000,000 for improvements to the Recreation and Park Department and Port and neighborhood parks and related projects.

Ms. Nadia Sesay, Director of Public Finance, anticipates that in March of 2010, the City will sell \$358,400,000, of the up to \$370,000,000 in General Obligation Bonds which would be authorized. Ms. Sesay advised that the requested bond sale authority totaling \$370,000,000 exceeds the total anticipated sale amount of \$358,400,000 in order to provide the difference of \$11,600,000 in case of market fluctuations between now and the sale date. Table 1 below shows the uses of the \$358,400,000 in bond proceeds.

REVISED 2/1/10

Items 1, 2, 3 – Files 10-0024, 10-0101 & 10-0025

Table 1: Uses of Anticipated Bond Proceeds

San Francisco General Hospital Project	\$293,134,702
Costs of Issuance	3,391,625
Bond Oversight and Audit Costs ¹	883,673
San Francisco General Hospital Subtotal (see Table 2 below for details)	\$297,410,000
Clean and Safe Neighborhood Parks Projects (see Table 3 below for specific projects)	60,109,400
Costs of Issuance	699,392
Bond Oversight and Audit Costs	181,208
Clean and Safe Neighborhood Parks Subtotal (Recreation and Park Department and Port)	\$60,990,000
Total	\$358,400,000

San Francisco General Hospital Project

The San Francisco General Hospital Project provides for a new, seismically reliable hospital to be constructed at the location of the existing hospital, at a total estimated project cost of \$887,400,000, with an estimated completion date of January of 2015.

As shown in Table 1 above, the proposed second sale of \$358,400,000 in General Obligation Bonds includes \$297,410,000 for the San Francisco General Hospital Project, which would be expended as shown in Table 2 below, based on data provided by Mr. Ronald Alameida, San Francisco General Hospital Rebuild Program Manager for the Department of Public Works.

Table 2: Expenditure Plan for San Francisco General Hospital Project

	First Sale	Proposed Sale	Future Sales	Total Estimated Project Costs
Architecture and Engineering	\$58,970,118	\$43,261,584	\$3,463,602	\$105,695,304
Environmental Review	4,519,504	3,315,577	13,608,919	21,444,000
Construction	62,393,186	242,182,857	423,581,761	728,157,804
City Costs (Permitting, Project Management, City Attorney)	3,728,442	4,374,684	13,007,569	21,110,695
Costs of Issuance	1,647,877	3,391,625	3,312,559	8,352,061
Bond Oversight and Audit Costs	390,873	883,673	1,365,590	2,640,136
Total	\$131,650,000	\$297,410,000	\$458,340,000	\$887,400,000

*See Table 1 above.

¹ Bond Oversight and Audit Costs include an allocation to the Citizens' General Obligation Bond Oversight Committee and the Controller's Audit Fund.

Mr. Alameida anticipates the future bond sales totaling an estimated \$458,340,000, as noted in Table 2 above, would be sold in two separate bond sales in January of 2011 and January of 2012, subject to separate approval by the Board of Supervisors.

The Bond Accountability Report for the proposed subject second sale of General Hospital General Obligation Bonds states that the construction of the San Francisco General Hospital Project is currently estimated to be completed by January of 2015.

Clean and Safe Neighborhood Parks Projects

The Clean and Safe Neighborhood Parks Projects provide for improvements to specified parks and related projects under the management of RPD and the Port, at a total estimated cost \$185,000,000.

As shown in Table 1 above, the proposed sale of \$358,400,000 in General Obligation Bonds includes \$60,990,000 for project costs included in the Clean and Safe Neighborhood Parks Projects, which would be expended as shown in Table 3 below.

Table 3: Clean and Safe Neighborhood Parks Expenditure Plan

Project	Previous Sale	Proposed Second Sale	Future Sales	Total Estimated Project Costs
Port Projects				
Pier 43 Bay Trail Link	\$1,315,875	\$6,334,125	\$27,800	\$7,677,800
Brannan Street Wharf Park	0	0	2,941,050	2,941,050
Blue Greenway Improvements	1,531,063	2,518,937	15,612,125	19,662,125
Blue Greenway Design Standards	220,000	1,763,250	0	1,983,250
Environmental Review	577,500	0	0	577,500
Subtotal Port Projects	\$3,644,438	\$10,616,312*	\$18,580,975	\$32,841,725
Recreation Parks Projects				
Chinese Recreation Center	14,200,000	0	0	14,200,000
Mission Playground	1,342,800	6,157,200	0	7,500,000
Palega Playground Renovation	3,719,800	0	17,480,200	21,200,000
Cayuga Playground Renovation	1,301,900	5,998,100	0	7,300,000
McCoppin Square Renovation	1,043,100	4,256,900	0	5,300,000
Sunset Playground Renovation	2,290,600	11,409,400	0	13,700,000
Fulton Playground Renovation	800,600	500,000	2,899,400	4,200,000
Mission Delores Park Renovation		2,418,400	9,281,600	11,700,000
Mission Delores Playground		1,500,000	0	1,500,000
Cabrillo Playground Renovation		814,500	3,685,500	4,500,000
Glen Canyon Park Renovation		1,191,500	4,608,500	5,800,000
Lafayette Park Renovation		1,950,400	8,249,600	10,200,000
Raymond Kimbell Playground		658,700	2,641,300	3,300,000
Contingency	372,737	2,173,953	2,168,310	4,715,000
Restroom Renovation Program	4,000,000	2,150,000	5,250,000	11,400,000
Park Playfields Program	4,385,965	4,114,035	0	8,500,000
Park Forestry Program	2,000,000	1,200,000	800,000	4,000,000
Park Trail Program	1,000,000	3,000,000	1,000,000	5,000,000
Community Opportunity Fund	2,000,000	0	3,000,000	5,000,000
Subtotal	\$38,457,502	\$49,493,088*	\$61,064,410	\$149,015,000
Costs of Issuance	375,540	699,392	1,763,125	2,838,057
Bond Oversight and Audit Costs	42,520	181,208	81,490	305,218
Total	\$42,520,000	\$60,990,000**	\$81,490,000	\$185,000,000

*\$10,616,312 plus \$49,493,088 equals \$60,109,400, as shown in Table 1 above.

**See Table 1 above.

According to Ms. Julie Lee, Principal Administrative Analyst at RPD, a final bond sale totaling \$81,490,000 (see Table 3 above) will occur in January of 2011, subject to separate approval by the Board of Supervisors.

According to the Bond Accountability Report for the proposed subject, second sale of Clean and Safe Neighborhood Parks General Obligation Bonds, the projects listed in Table 3 above are in various stages of completion, with the final park improvement and related projects estimated to be completed by December of 2013.

FISCAL IMPACT**Debt Service**

Ms. Sesay anticipates selling the \$358,400,000 (see Table 1 above), including \$297,410,000 for San Francisco General Hospital and \$60,990,000 for Recreation and Park Department and Port park improvements and related projects, in March of 2010, with a 20 year term at an estimated interest rate of 6.0 percent. Debt service payments would total an estimated \$613,984,833 over 20 years, including \$255,584,833 in interest and \$358,400,000 in principal, with average annual estimated debt service payments of \$30,699,242.

The debt service on the proposed \$358,400,000 in General Obligation Bonds would be paid through an increase in annual Property Taxes of approximately \$0.02 per \$100 of assessed value, such that a single family residence assessed at \$500,000 would, assuming a home owners exemption of \$7,000, would pay additional Property Taxes of \$98.60 per year. At the same time, the City's previously issued debt is being reduced.

Appropriations Ordinance

As discussed above, the proposed resolutions (Files 10-0024 and 10-0025) would authorize the sale of up to \$370,000,000 of General Obligation Bonds, including (a) up to \$305,000,000 for improvements to San Francisco General Hospital and (b) up to \$65,000,000 for improvements to the Recreation and Park Department and Port neighborhood parks.

The proposed ordinance (File 10-0101) would appropriate² a total of up to \$305,000,000 to the Department of Public Health for improvements to San Francisco General Hospital, including (a) the anticipated sale amount of \$297,410,000 as shown in Table 1 above, and (b) a \$7,590,000 bond reserve to allow for fluctuations in the market until the date of sale up to the total proposed maximum of \$305,000,000 (\$297,410,000 plus \$7,590,000). According to Ms. Sesay, after the bonds are sold, the Controller will reduce this bond reserve amount to reflect the actual sale amount.

The proceeds from the proposed second sale of up to \$65,000,000 for improvements to Recreation and Park Department and Port neighborhood parks and related projects were previously appropriated in the FY 2009-2010 Budget by the Board of Supervisors for the Recreation and Park Department and the Port.

² According to Ms. Nadia Feeser, Budget Analyst for the Controller's Office, an amended version of the introduced appropriations ordinance will be introduced at the Budget and Finance Committee meeting on February 3, 2010 in order to make technical corrections to the original version.

POLICY CONSIDERATIONS**The San Francisco General Hospital Project is currently on budget and on schedule.**

At the time of the first sale of San Francisco General Hospital Improvement General Obligation Bonds, the construction of a new San Francisco General Hospital was anticipated to be completed by January of 2015 at a cost of \$887,400,000. According to the Bond Accountability Report for the proposed second sale of such General Obligation Bonds, the current estimated cost and completion date remains unchanged.

The Clean and Safe Neighborhood Parks Projects are currently on budget, but are delayed by approximately four months.

At the time of the first sale of the Clean and Safe Neighborhood Parks General Obligation Bonds, the Port and RPD park improvement and related projects had an estimated total cost of \$185,000,000, with the final project to be completed by August of 2013. The current estimated cost remains unchanged at \$185,000,000. However, according to the Bond Accountability Report for the proposed second sale of such bonds, all Port and RPD park improvement and related projects are now currently estimated to be completed by December of 2013, or approximately four months after the previous completion date of August of 2013. According to Ms. Lee, this four month delay is a result of the decision to delay the proposed subject, second bond sale by approximately four months in order to combine this bond sale with the sale of the San Francisco General Hospital Improvement General Obligation Bonds for purposes of reducing bond issuance costs to the City. At the time of the first sale, the Recreation and Park Department anticipated that the second sale would occur in October 2009. The postponement of the sale by approximately four months has subsequently delayed the start, and completion, of the program's planned capital projects.

The proposed resolutions (Files 10-0024 and 10-0025) would provide the Director of Finance with the discretionary authority to sell any portion of the proposed General Obligation Bonds as Federally taxable Build America Bonds.

Typically, the City sells General Obligation Bonds, which are exempt from Federal income taxes. Under provisions of the American Recovery and Reinvestment Act of 2009, a new category of taxable bonds were created called Build America Bonds. In accordance with the sale of Build America Bonds, the Federal government pays the City an amount equal to the Federal income taxes payable by the bondholder for received interest income. Ms. Sesay stated that there are some unique risks associated with the sale of the Build America Bonds, such as (a) whether the Build America Bond program might be altered or repealed in the future by Congress and (b) the timeliness of payments by the Federal government to the City of the Federal Income Taxes which the Federal Government received from the bondholder. Therefore, Files 10-0024 and 10-0025 provide the Director of Public Finance with the discretionary authority to sell the proposed General Obligation Bonds as taxable Build America Bonds if such a sale is considered to be in the best interest of the City.

Due to the eight months which elapsed between the previous appropriation of the bond sale proceeds from the Clean and Safe Neighborhood Parks General Obligation Bonds and the estimated sale date of those bonds, the \$89,822,642 previous appropriation exceeds the estimated sale amount of \$60,990,000 (see Table 3 above) by \$28,832,642, or 47.3 percent.

At the time the Board of Supervisors approved the City's annual budget, the proposed subject second sale of Clean and Safe Neighborhood Parks General Obligation Bonds was anticipated to total \$89,822,642, including (a) \$13,557,632 appropriated to the Port, and (b) \$76,265,010 appropriated to RPD.

According to Ms. Lee, subsequent to the approval by the Board of Supervisors of the City's annual budget, the amount of funds estimated for the proposed subject, second bond sale has decreased by \$28,832,642 to the current proposed sale amount of \$60,990,000 (see Tables 1 and 3 above). According to Ms. Lee, the Controller will make a technical adjustment reducing the previous FY 2009-2010 appropriation to reflect the actual sale amount.

The Budget Analyst recommends that future ordinances, which authorize the appropriation of bond sale proceeds, be subject to Board of Supervisors approval at the same time, or subsequent to, the date when the Board of Supervisors is requested to authorize the bond sale.

RECOMMENDATIONS

1. The Budget Analyst recommends that future ordinances, which authorize the appropriation of bond sale proceeds, be subject to Board of Supervisors approval at the same time, or subsequent to, the date when the Board of Supervisors is requested to authorize the bond sale.
2. Approve the proposed resolutions and ordinance.



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Gavin Newsom
RE: Resolutions Authorizing the Bond Sales of San Francisco General Hospital Improvement Bonds, Series 2010A, and Clean and Safe Neighborhood Parks General Obligations Bonds, Series 2010 B
DATE: January 5, 2010

Dear Madame Clerk:

Attached for introduction to the Board of Supervisors are two resolutions:

100024 1. Authorizing and directing the sale of not to exceed \$305,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A, and City and County of San Francisco General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds), and;

100025 2. Authorizing and directing the sale of not to exceed \$65,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B, and City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010D (Federally Taxable Build America Bonds).

The resolutions are 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 thereto; 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; approving modifications to documents; 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 these items be scheduled in Budget and Finance Committee.

Should you have any questions, please contact Starr Terrell (415) 554-5262.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Nadia Sesay, Director of Public Finance *NS*

SUBJECT: Resolution Authorizing the Sale of City and County of San Francisco General Obligation Bonds (San Francisco General Hospital and Trauma Center, 2008), Series 2010A

Resolution Authorizing the Sale of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B

DATE: January 4, 2010

Background:

A two-thirds majority of voters of the City approved Proposition A in November 2008 ("Proposition A"), which authorized the issuance of not to exceed \$887,400,000 in general obligation bonds to build and/or rebuild and improve the earthquake safety of San Francisco General Hospital and Trauma Center (the "General Hospital Project"). The resolution authorizing the sale of City and County of San Francisco general obligation bonds (San Francisco General Hospital and Trauma Center, 2008) authorizes the issuance of not to exceed \$305 million of City and County of San Francisco General Obligation Bonds (San Francisco General Hospital and Trauma Center, 2008), Series 2010A and General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds) (together, the "Series 2010A Bonds") to finance the purchase, construction, mobilization, project control and other program costs of the General Hospital Project.

A two-thirds majority of voters of the City approved Proposition A in February 2008 ("Proposition A"), which authorized the issuance of not to exceed \$185,000,000 in general obligation bonds to finance the construction, reconstruction, purchase and/or improvement of park and recreation facilities within the City (the "Parks Project", and together with the General Hospital Project, the "Projects"). Proposition A allocates \$151.32 million of the approved bonds to be used for Recreation and Parks Department projects and \$33.50 million of the approved

bonds to be used for Port Commission projects. The resolution authorizing the sale of City and County of San Francisco general obligation bonds (Clean and Safe Neighborhood Parks Bonds, 2008) authorizes the issuance of not to exceed \$65 million of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B and General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010D (Federally Taxable Build America Bonds) (the "Series 2010B Bonds", and together with the Series 2010A Bonds, the "Series 2010 Bonds") to finance construction, planning, design, and other capital improvements of the Parks Project.

The City anticipates issuing the Series 2010 Bonds in March 2010. The Series 2010 Bonds will be the second series of bonds to be issued under Proposition A (February 2008) for the Parks Project and Proposition A (November 2008) for the General Hospital Project. Detailed descriptions of the Projects financed with proceeds of the Series 2010 Bonds are included in the Bond Accountability Reports prepared by the respective departments. A portion of the Series 2010 Bonds will pay certain expenses incurred in connection with their issuance and delivery and the periodic oversight and review of the Projects by the Citizens' General Obligation Bond Oversight Committee ("CGOBOC").

Financing Parameters:

The Resolutions authorize the issuance of not to exceed par amount of \$370 million. Table 1 outlines anticipated sources and uses for the Series 2010 Bonds.

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

Sources		
Series 2010A Bonds		\$ 296,815,000
Series 2010B Bonds		<u>60,865,000</u>
Total Sources		\$ 357,680,000
 Uses		
SFGH Project Fund Deposit		\$ 293,134,702
RPD Project Fund Deposit		49,493,088
Port Project Fund Deposit		10,616,312
Delivery Date Expenses		4,435,898
Underwriter's Discount	3,576,800	
Cost of Issuance	500,000	
Citizens' General Obligation Bond Oversight Committee	357,680	
<u>Bond Account for Debt Service</u>	<u>1,418</u>	
Total Uses		\$ 357,680,000

The authorized not to exceed amounts of \$305 million for the Series 2010A Bonds and \$65 million for the Series 2010B Bonds above the expected issuance amount of \$296.82 million and \$60.87 million allow for fluctuations in market conditions from the date of authorization by the Board of Supervisors to the time of the sale of the Series 2010 Bonds. The Series 2010 Bonds are to be sold on a competitive basis at an interest rate not to exceed 12 percent per year and will have a final maturity of 2029, or approximately 20 years. Such sale is tentatively scheduled for the week of March 8, 2010.

Based upon conservative estimates, OPF estimates that average fiscal year debt service on the

Series 2010 Bonds are approximately \$25.42 million and \$5.21 million, respectively. The anticipated total par value of \$357.68 million is estimated to result in approximately \$255.08 million in interest payments over the life of the Series 2010 Bonds. The total principal and interest payments over the life of the Series 2010 Bonds is approximately \$612.76 million.

Build America Bonds

The City customarily issues federally tax-exempt bonds to finance its various capital improvements. Under the provisions of the American Recovery and Reinvestment Act of 2009 (the “Act”), a new category of taxable bonds was created to finance certain governmental purposes called Build America Bonds. Build America Bonds are a type of long-term taxable obligation that would otherwise qualify for tax exemption. Under the Act, the City may elect to issue the 2010 Bonds as taxable bonds where the interest portion of debt service made by the City to investors for the 2010 Bonds is taxable. On each interest payment date, the City may elect to receive payments from the federal government based upon the payments made by the City for the 2010 Bonds allocable to interest. Alternatively, the City may elect to have investors in the 2010 Bonds receive a tax credit based upon the portion of the payments on the 2010 Bonds allocable to interest.

The City is considering issuing federally taxable Build America Bonds in connection with the issuance of the Series 2010C Bonds partially financing the General Hospital Project and the Series 2010D Bonds partially financing the Parks Project. There are, however, legal issues/risks associated with federally taxable Build America Bonds, including 1) whether the federal payments may be reduced or repealed in the future by Congress; 2) the timeliness of federal payments vis-à-vis the City’s periodic payment obligation under the Resolutions; 3) ensuring that the Projects financed with proceeds of the 2010 Bonds are appropriate within the narrowly defined criteria of the Act and that 100% of project expenditures are capital expenditures; and 4) the ability of the Internal Revenue Service to set off the federal payments in connection with federally taxable Build America Bonds against other unrelated claims on the City by the federal government. Based on market conditions then existing at the time of sale and consultation with the City Attorney and bond counsel of the risks identified above, the Series 2010 Bonds will be structured to provide the lowest cost of borrowing to the City.

Financing Timeline:

Schedule milestones in connection with the financing may be summarized as follows:

<u>Milestone</u>	<u>Status</u>	<u>Date*</u>
Consideration & approval by the Capital Planning Committee	Complete	December 7, 2009
Introduction of authorizing resolution to the Board		January 5, 2010
Post offering documents		February 22
Competitive bond sale		March 9
Issuance and delivery of Series 2010 Bonds		March 24

*Please note that dates are estimated unless otherwise noted.

Debt Limit:

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City.

As of July 1, 2009, there were \$1.17 billion in general obligation bonds outstanding or approximately 0.77% of the net assessed value of property in the City. If all of the City's authorized and unissued bonds were issued, the total debt burden would be 1.56% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the 2010 Bonds, the debt ratio would increase by 0.24% to 1.01%— within the 3.00% legal debt limit.

Capital Plan:

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was \$0.1201 per \$100 of assessed value. In fiscal year 2010, the property tax rate for the general obligation bond fund is \$0.1084 per \$100 of assessed value. If the Board of Supervisors approves the issuance of the 2010 Bonds, OPF estimates that the property tax rate would increase by approximately \$0.0002 to \$0.1086 per \$100 of assessed value for fiscal year 2011—within the Capital Planning Committee's approved financial constraint.

Additional Information:

The Resolutions will be introduced at the Board of Supervisors meeting on Tuesday, January 5, 2010. The related financing documents—including the Notice of Intention to Sell, Official Notice of Sale, Official Statement, Appendix A and Continuing Disclosure Certificate and related documents—will also be submitted.

Official Notice of Sale and Notice of Intention to Sell

The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell City and County of San Francisco General Obligation Bonds, consisting of (i) General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A, (ii) General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B (collectively with the Series 2010A Bonds, the "Tax-Exempt Bonds"), (iii) General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds), and (iv) General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010D (Federally Taxable Build America Bonds) (collectively with the Series 2010C Bonds, the "Taxable Bonds"). Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notices of Sale for the Tax-Exempt Bonds announce the date and time of the competitive bond sale for the Tax-Exempt Bonds, including the terms relating to the Tax-Exempt Bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. The Official Notices of Sale for the Taxable Bonds announce the date and time of the competitive bond sale for the Taxable Bonds, including the terms relating to the Taxable Bonds; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents. Exhibit A to the Official Notice of Sale for the Tax-Exempt Bonds is the form of the official bid for the purchase of the Tax-Exempt Bonds, and Exhibit A to the Official Notice of Sale for the Taxable Bonds is the form of the official bid for the purchase of the Taxable Bonds.

Pursuant to the Resolutions, the Controller is authorized to award the Tax-Exempt Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale for the Tax-Exempt Bonds, and the Taxable Bonds to the bidder whose bid represents the lowest net effective rate to the City in accordance with the procedures described in the Official Notice of Sale for the Taxable Bonds.

Official Statement

The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of its Series 2010 Bonds. The Official Statement describes the Series 2010 Bonds, including sources and uses of funds; security for the Series 2010 Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Series 2010 Bonds. A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Series 2010 Bonds and within seven days of the public offering of the Series 2010 Bonds, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Series 2010 Bonds.

The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement by the co-financial advisors with respect to the Series 2010 Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A

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

Continuing Disclosure Certificate

The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the Series 2010 Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

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

Cc: Phil Ginsberg, Recreation and Parks Department
Monique Moyer, Port Commission
Mitch Katz, San Francisco General Hospital
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Kenneth D. Roux, Deputy City Attorney
Starr Terrell, Mayor's Office
Greg Wagner, Mayor's Budget Director

OFFICIAL NOTICE OF SALE

and

OFFICIAL BID FORM

**[\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

consisting of

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010A**

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008),
SERIES 2010B**

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

SALE DATE:

[DAY OF SALE], [SALE DATE]
(Subject to postponement or cancellation in
accordance with this Official Notice of Sale)

TIME:

8:30 a.m. (California time)

PLACE:

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

DELIVERY DATE:

[CLOSING DATE]

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**[\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

consisting of

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010A**

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008),
SERIES 2010B**

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, and in the case of electronic bids, through the Ipreo LLC's BiDCOMP™/PARITY® System ("Parity") by the City and County of San Francisco (the "City") for the purchase of \$[PRINCIPAL AMOUNT]* aggregate principal amount of City and County of San Francisco General Obligation Bonds, consisting of (i) \$[PRINCIPAL AMOUNT]* General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A (the "Series 2010A Bonds"), and (ii) \$[PRINCIPAL AMOUNT]* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B (the "Series 2010B Bonds" and, collectively with the Series 2010A Bonds, the "Bonds"), more particularly described hereinafter, at 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102 on:

[SALE DATE], at 8:30 a.m. (California time)

See "TERMS OF SALE – Form of Bids; Delivery of Bids" hereinafter for information regarding the terms and conditions under which bids will be received through electronic transmission.

THE RECEIPT OF BIDS ON [DAY OF SALE], [SALE DATE] MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH PARITY AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and time for receipt of bids shall be given through Parity as soon as practicable following a postponement and no later than 1:00 p.m. (California time) on the business day preceding the original or new date for receiving bids.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from: Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mez. A, San Francisco, California 94104; telephone: (415) 392-5505 (office), Attention: Vincent McCarley (email: vmccarley@bmcaco.com); and Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111;

* Preliminary, subject to change.

telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com) (collectively, "Co-Financial Advisors"), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale. See "TERMS OF SALE – Postponement or Cancellation of Sale."

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

This Official Notice of Sale will be submitted for posting to the Parity bid delivery system. In the event the summary of the terms of sale of the Bonds posted by Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE AUTHORITY FOR ISSUANCE, PURPOSE, PRINCIPAL AND INTEREST REPAYMENT, SECURITY, AND SOURCES OF PAYMENT, THE LEGAL OPINION AND ALL OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, DATED [POS DATE] (THE "PRELIMINARY OFFICIAL STATEMENT") WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Interest Rates. Interest on the Bonds will be payable on [CONFIRM:] [June 15, 2010], and semiannually thereafter on June 15 and December 15 of each year (each an "Interest Payment Date"). Interest shall be calculated on the basis of a 30-day month, 360-day year from the dated date of the Bonds.

Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided: [CONFIRM:]

- (i) each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent ($1/8$ or $1/20$ of 1%) per annum;
- (ii) the maximum interest rate bid for any maturity shall not exceed twelve percent (12%) per annum;
- (iii) no Bond shall bear a zero rate of interest;

- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid; and
- (v) all Bonds maturing at any one time shall bear the same rate of interest.

Par and Premium Bids. [CONFIRM:] All bids shall be for par or better; no net discount bids will be accepted. Individual maturities of the Bonds may be reoffered at a premium or discount.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on June 15 of each year, commencing on [CONFIRM:] [June 15, 2011] as shown below. The final maturity of the Bonds shall be [CONFIRM:] June 15, 2040. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of \$5,000. No serial Bonds may mature following the commencement of the first mandatory sinking fund payment. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the individual series of Bonds is shown below for information purposes only. Bidders will provide bids on the Total Principal Amount only. Subject to adjustment as hereinafter provided, the aggregate principal amount of the serial maturity or mandatory sinking fund payment for the Bonds in each year is as follows:

[TABLE IS ON THE NEXT FOLLOWING PAGE.]

Principal Payment Date (June 15)	Series 2010A Bonds Principal Amount*	Series 2010B Bonds Principal Amount*	Total Principal Amount*
2011	\$	\$	\$
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
TOTAL	\$	\$	\$

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the principal payment schedule set forth above after the determination of the winning bidder, by adjusting one or more of the principal payments of the Bonds in increments of \$5,000, as determined in the sole discretion of the City; provided, however, that the aggregate principal payments of the Bonds shall not exceed \$[NOT TO EXCEED**

* Preliminary, subject to change.

AMOUNT]. Any such adjustment of principal payments on the Bonds shall be based on the schedule of principal payments provided by the City to be used as the basis of bids for the Bonds. Any such adjustment will not change the average per Bond dollar amount of underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.

THE BIDDER AWARDED THE BONDS BY THE CITY (THE "PURCHASER") WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Redemption. (a) Optional Redemption. [CONFIRM:] The Bonds maturing on or before June 15, 20__, will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

(b) Mandatory Redemption. Term Bonds, if any, are also subject to redemption prior to their respective stated maturity dates, in part, by lot, from mandatory sinking fund payments, on each June 15 on or after June 15, 20__, designated by the successful bidder as a date upon which a mandatory sinking fund payment is to be made, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. No term Bonds may be redeemed from mandatory sinking fund payments until all term Bonds maturing on preceding term maturity dates, if any, have been retired.

Legal Opinion and Tax Matters. Upon delivery of the Bonds, Co-Bond Counsel, Goodwin Procter LLP and Lofton & Jennings (collectively, "Co-Bond Counsel"), will deliver an opinion for each series of the Bonds to the effect that in the opinion of such Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Co-Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes and is not included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. In the further opinion of Co-Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" in the Preliminary Official Statement.

Complete copies of the proposed forms of opinion of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. The approving legal opinion of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds. Copies of said opinion will be filed with the Depository Trust Company (“DTC”) and with the Treasurer of the City (the “City Treasurer”).

TERMS OF SALE

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds hereby offered for sale, (2) submitted with a Good Faith Deposit (see “– Good Faith Deposit”), (3) unconditional, and (4) (i) submitted on the Official Bid Form attached hereto as Exhibit A and signed by the bidder, or (ii) submitted via Parity. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City and County of San Francisco at the address set forth on the cover and clearly marked “Bid for the City and County of San Francisco Tax-Exempt General Obligation Bonds” or words of similar import, as hereinafter described and received by 8:30 a.m. California time, at the offices of the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; phone: (415) 554-5956. No bid submitted to the City is subject to withdrawal or modification by the bidder.

All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids shall be rejected. No bid submitted to the City is subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors or Parity, phone: (212) 404-8107.

Warnings Regarding Electronic Bids. Bids for the Bonds may be submitted electronically via Parity. The City will attempt to accommodate bids submitted electronically via Parity. However, the City does not endorse or encourage the use of such electronic bidding service. None of the City, the City Attorney, the Co-Financial Advisors or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of, any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission. The time for receiving bids will be determined by the City at the place of bid opening, and the City will not be required to accept the time kept by Parity.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost ("TIC") to the City. The TIC will be that nominal interest rate that, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds, results in an amount equal to the principal amount of such Bonds plus the amount of any net premium. For the purpose of calculating the TIC, mandatory sinking fund payments for any term Bonds specified by each bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of TIC. Each bidder is requested, but not required, to supply an estimate of the TIC based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

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

Good Faith Deposit. A cashier's check drawn on a bank or trust company transacting business in the State of California and payable to the order of the City and County of San Francisco, in the amount equal to **[\$GOOD FAITH DEPOSIT]** (the "Good Faith Deposit"), must be submitted with each bid to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid.

If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Good Faith Deposit in the form of a cashier's check, as provided above, the Financial Advisors will request the apparent winning bidder to immediately wire the Good Faith Deposit and provide the Federal wire reference number of such Good Faith Deposit to the Financial Advisors within ninety (90) minutes of such request by the Financial Advisors. The Bonds will not be officially awarded to a bidder who has not submitted a Good Faith Deposit in the form of a cashier's check, as provided above, until such time as the bidder has provided a Federal wire reference number for the Good Faith Deposit to the Financial Advisors.

[CONFIRM:] [The wire transfer is to be made to Bank of America, ABA 026009593, 555 Capitol Mall, Suite 1555 Sacramento, CA 95814 Branch Locator #148, for credit to the City and County of San Francisco, Bank Account No. 00661-80050, with notice thereof to Anthony Ababon, phone: (415) 554-6902; fax: (415) 554-4864.]

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposits of the unsuccessful bidders will be returned by the City promptly after the award of the Bonds or the rejection of all bids. The Good Faith Deposit of the Purchaser will, immediately upon acceptance of its bid, become the property of the City, and if in the form of a check, will be cashed. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds would not be validly delivered if delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS – Right of Cancellation." In the event of nonpayment for the Bonds by the Purchaser, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices and Certificate. The successful bidder for the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

As soon as is practicable, but not later than one hour after the award of the Bonds, the successful bidder shall provide to the City the initial offering prices at which it has offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. Prior to delivery of the Bonds, the successful bidder shall provide to the City, Goodwin Procter LLP, 10250 Constellation Blvd., 21st Floor, Los Angeles, California 90067; fax: (310) 286-0992;

Attention: Bruce J. Graham; e-mail: bgraham@goodwinprocter.com, and Lofton & Jennings, 225 Bush Street, 16th Floor, San Francisco, California 94104; fax: (415) 394-8296; Attention: William Lofton; e-mail: blofton@loftonjennings.com, a reoffering price certificate, in form and substance satisfactory to Co-Bond Counsel and shall include such additional information as may be requested by Co-Bond Counsel. In addition, at the request of Co-Bond Counsel, the successful bidder will provide information regarding its sales of the Bonds. For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

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

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect; provided, that any such modification or amendment will be communicated to potential bidders through Parity. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date will be given through Parity. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

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

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

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about [CLOSING DATE].** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds described in APPENDIX F – "PROPOSED FORMS OF OPINION OF CO-BOND COUNSEL" to the Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation is pending with service of process having been accomplished, or, to the knowledge of the officer of the City executing such certificate, threatened, concerning the validity of the Bonds, the ability of the City to levy the ad valorem tax required to pay debt service on the Bonds, the corporate existence of the City, or the title to their respective offices of the officers of the City who will execute the Bonds.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the Bonds and tender the same for delivery within thirty (30) days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of each series of the Bonds. CUSIP data is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. The City will take no responsibility for the accuracy of such numbers.

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

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to either of the Co-Financial Advisors. In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), the City deems such Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. The contact information for the Co-Financial Advisors is set forth on the first page of this Official Notice of Sale. Within seven business days after the date of

award of the Bonds, the Purchaser will be furnished with a reasonable number of copies (not to exceed 200) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. The Purchaser must notify the City in writing within two days of the sale of the Bonds if the Purchaser requires additional copies of the Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including without limitation, the delivery of a final Official Statement to each investor who purchases Bonds.

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

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that, to the best of the knowledge of such authorized representative, the Official Statement (except for information regarding the municipal bond insurance policy, if any, and the provider thereof, DTC and its book-entry system and reoffering information, as to which no view will be expressed), as of the date of sale of the Bonds and as of the date of delivery thereof did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

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

Dated: [POS DATE]

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

[]

**OFFICIAL BID FORM FOR THE PURCHASE OF
\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

consisting of

\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010A

\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008),
SERIES 2010B

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

BIDDING FIRM'S NAME:

[]

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated [POS DATE], which is incorporated herein and made a part of this proposal, we have reviewed the Preliminary Official Statement relating to the above-referenced Bonds (the "Bonds") and hereby offer to purchase all of the \$[PRINCIPAL AMOUNT]* aggregate principal amount of the Bonds dated the date of their delivery on the following terms, including the submission of the required Good Faith Deposit in the amount of \$[GOOD FAITH DEPOSIT]* in the form of (check one): _____ cashiers check or _____ wire transfer; and to pay therefor the price of \$[], which is equal to the aggregate principal amount of the Bonds plus a net premium of \$[] (such amount being the "Purchase Price"). The Bonds shall mature and will be subject to mandatory sinking fund redemption commencing no earlier than June 15, 20__ (if term bonds are specified below) in the amounts and years, and bear interest at the rates per annum (in multiples of 1/8 or 1/20 of 1%), as set forth in the schedule below.

(Check one) ⁽¹⁾					(Check one) ⁽¹⁾				
Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption ⁽²⁾	Interest Rate	Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption ⁽²⁾	Interest Rate
2011					2026				
2012					2027				
2013					2028				
2014					2029				
2015					2030				
2016					2031				
2017					2032				
2018					2033				
2019					2034				
2020					2035				
2021					2036				
2022					2037				
2023					2038				
2024					2039				
2025					2040				

⁽¹⁾ Circle the final maturity of each term bond specified.

⁽²⁾ There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

Authorized Signatory

Title: _____
Phone Number: _____
Fax Number: _____

TIC (optional and not binding): _____

THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR OTHERWISE NONCONFORMING BID. THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE, COMPLETE AND CONFORMING. NO BID SUBMITTED WILL BE CONSIDERED TIMELY UNLESS, BY THE TIME FOR RECEIVING BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY DELIVERY METHOD PROVIDED IN THE NOTICE OF SALE.

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

and

OFFICIAL BID FORM

**[\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(FEDERALLY TAXABLE BUILD AMERICA BONDS)**

consisting of

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010C (FEDERALLY TAXABLE
BUILD AMERICA BONDS)**

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008),
SERIES 2010D (FEDERALLY TAXABLE
BUILD AMERICA BONDS)**

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

SALE DATE:

[DAY OF SALE], [SALE DATE]
(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

TIME:

8:30 a.m. (California time)

PLACE:

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

DELIVERY DATE:

[CLOSING DATE]

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**[\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(FEDERALLY TAXABLE BUILD AMERICA BONDS)**

consisting of

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010C (FEDERALLY TAXABLE
BUILD AMERICA BONDS)**

**[\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008),
SERIES 2010D (FEDERALLY TAXABLE
BUILD AMERICA BONDS)**

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, and in the case of electronic bids, through the Ipreo LLC's BiDCOMP™/PARITY® System ("Parity") by the City and County of San Francisco (the "City") for the purchase of \$[PRINCIPAL AMOUNT]* aggregate principal amount of City and County of San Francisco General Obligation Bonds, consisting of (i) \$[PRINCIPAL AMOUNT]* General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds) (the "Series 2010C Bonds"), and (ii) \$[PRINCIPAL AMOUNT]* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010D (Federally Taxable Build America Bonds) (the "Series 2010D Bonds" and, collectively with the Series 2010C Bonds, the "Bonds"), more particularly described hereinafter, at 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102 on:

[SALE DATE], at 8:30 a.m. (California time)

See "TERMS OF SALE – Form of Bids; Delivery of Bids" hereinafter for information regarding the terms and conditions under which bids will be received through electronic transmission.

THE RECEIPT OF BIDS ON [DAY OF SALE], [SALE DATE] MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH PARITY AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and time for receipt of bids shall be given through Parity as soon as practicable following a postponement and no later than 1:00 p.m. (California time) on the business day preceding the original or new date for receiving bids.

* Preliminary, subject to change.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from: Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mez. A, San Francisco, California 94104; telephone: (415) 392-5505 (office), Attention: Vincent McCarley (email: vmccarley@bmcbe.com); and Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com) (collectively, "Co-Financial Advisors"), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale. See "TERMS OF SALE – Postponement or Cancellation of Sale."

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

This Official Notice of Sale will be submitted for posting to the Parity bid delivery system. In the event the summary of the terms of sale of the Bonds posted by Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE AUTHORITY FOR ISSUANCE, PURPOSE, PRINCIPAL AND INTEREST REPAYMENT, SECURITY, AND SOURCES OF PAYMENT, THE LEGAL OPINION AND ALL OTHER INFORMATION REGARDING THE BONDS ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, DATED [POS DATE] (THE "PRELIMINARY OFFICIAL STATEMENT") WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

All of the Bonds will be issued as federally taxable "Build America Bonds" pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), which Section was added by the provisions of the American Recovery and Reinvestment Act of 2009. Interest on the Bonds will not be excluded from gross income of the registered owner for federal income tax purposes, as described herein under " – Legal Opinion and Tax Matters." The City has elected to receive the interest subsidy payment from the United States Department of the Treasury pursuant to Section 54AA(g) of the Code. Bidders must submit a bid for all, but not less than all of the Bonds, as "Build America Bonds" as set herein under "TERMS OF SALE – Form of Bids; Delivery of Bids."

Interest Rates. Interest on the Bonds will be payable on [CONFIRM:] [June 15, 2010], and semiannually thereafter on June 15 and December 15 of each year (each an "Interest Payment Date"). Interest shall be calculated on the basis of a 30-day month, 360-day year from the dated date of the Bonds.

Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided: [CONFIRM:]

- (i) each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum;
- (ii) the maximum interest rate bid for any maturity shall not exceed twelve percent (12%) per annum;
- (iii) no Bond shall bear a zero rate of interest;
- (iv) each Bond shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid; and
- (v) all Bonds maturing at any one time shall bear the same rate of interest.

Par and Premium Bids. [CONFIRM:] All bids shall be for par or better; no net discount bids will be accepted. Individual maturities of the Bonds may be reoffered at a premium or discount; provided, however, that the issue price (reoffering price) of each maturity must be specified and cannot exceed the par amount of such maturity by more than 0.25% multiplied by the number of completed years to the earlier of the maturity date or the first optional redemption date for the Bonds of that maturity.

Principal Payments. The Bonds shall be serial and/or term Bonds, as specified by each bidder, and principal shall be payable on June 15 of each year, commencing on [CONFIRM:] [June 15, 2011] as shown below. The final maturity of the Bonds shall be [CONFIRM:] June 15, 2040. The principal amount of the Bonds maturing or subject to mandatory sinking fund redemption in any year shall be in integral multiples of \$5,000. No serial Bonds may mature following the commencement of the first mandatory sinking fund payment. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the individual series of Bonds is shown below for information purposes only. Bidders will provide bids on the Total Principal Amount only. Subject to adjustment as hereinafter provided, the aggregate principal amount of the serial maturity or mandatory sinking fund payment for the Bonds in each year is as follows:

Principal Payment Date (June 15)	Series 2010C Bonds Principal Amount*	Series 2010D Bonds Principal Amount*	Total Principal Amount*
2011	\$	\$	\$
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
TOTAL	\$	\$	\$

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the principal payment schedule set forth above after the determination of the winning bidder, by adjusting one or more of the principal payments of the Bonds in increments of \$5,000, as determined in the sole discretion of the City; provided, however, that the aggregate principal payments of the Bonds shall not exceed \$[NOT TO EXCEED AMOUNT].** Any such adjustment of principal payments on the Bonds shall be based on

* Preliminary, subject to change.

the schedule of principal payments provided by the City to be used as the basis of bids for the Bonds. Any such adjustment will not change the average per Bond dollar amount of underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn.

THE BIDDER AWARDED THE BONDS BY THE CITY (THE "PURCHASER") WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Redemption. (a) Optional Redemption. [CONFIRM:] The Bonds maturing on or before June 15, 20__, will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds (other than mandatory sinking fund payments), as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

(b) Mandatory Redemption. Term Bonds, if any, are also subject to redemption prior to their respective stated maturity dates, in part, by lot, from mandatory sinking fund payments, on each June 15 on or after June 15, 20__, designated by the successful bidder as a date upon which a mandatory sinking fund payment is to be made, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium. No term Bonds may be redeemed from mandatory sinking fund payments until all term Bonds maturing on preceding term maturity dates, if any, have been retired.

(c) [CONFIRM:] Special Optional Redemption upon the Occurrence of an Interest Subsidy Termination Event. On any date before June 1, 20__, the Bonds are subject to redemption prior to their maturity, as a whole or in part, at the option of the City, from any source of available funds, as a whole or in part, in the order of maturity as directed by the City and by lot within each maturity, in integral multiples of \$5,000, upon and after the occurrence of an Interest Subsidy Termination Event (as defined below), at a Redemption Price (the "Interest Subsidy Termination Optional Redemption Price") equal to the greater of (1) 100% of the principal amount of the Bonds to be redeemed, plus accrued interest on the Bonds to be redeemed to the redemption date; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus ___ basis points, plus accrued interest on the Bonds to be redeemed to the redemption date.

An "Interest Subsidy Termination Event" will have occurred if the City reasonably determines, which determination shall be conclusive, that: (i) Section 54AA or Section 6431 of the Code has been amended in a material way; or (ii) there is any guidance published by the Internal Revenue Service or the United States Department of the Treasury with respect to Section 54AA or Section 6431 of the Code; or (iii) any other determination by the Internal Revenue Service or the United States Department of the Treasury, which determination is not the result of any act or omission by the City to satisfy the requirements to qualify to receive interest subsidy payments from the United States Department of the Treasury in an amount equal to 35% of the corresponding interest payable on such Bonds – any of which events results in the City's authorized designated recipient's right to receive such interest subsidy payments being reduced or eliminated.

For purposes of determining the Interest Subsidy Termination Optional Redemption Price, the following meanings apply:

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (as defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (as defined below), as calculated by the Designated Investment Banker (as defined below).

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Bond, the United States Department of the Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Bond to be redeemed and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (as defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by the City.

"Reference Treasury Dealer" means each of the four firms, specified by the City from time to time, that are primary United States Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the City will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue

(expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

Legal Opinion and Tax Matters. Upon delivery of the Bonds, Co-Bond Counsel, Goodwin Procter LLP and Lofton & Jennings (collectively, "Co-Bond Counsel"), will deliver an opinion for each series of the Bonds to the effect that, in the opinion of such Co-Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code, but is exempt from State of California personal income taxes. See "TAX MATTERS" in the Preliminary Official Statement.

Complete copies of the proposed forms of opinion of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. The approving legal opinion of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds. Copies of said opinion will be filed with the Depository Trust Company ("DTC") and with the Treasurer of the City (the "City Treasurer").

TERMS OF SALE

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds hereby offered for sale, (2) submitted with a Good Faith Deposit (see "— Good Faith Deposit"), (3) unconditional, and (4) (i) submitted on the Official Bid Form attached hereto as Exhibit A and signed by the bidder, or (ii) submitted via Parity. Electronic bids must conform to the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City and County of San Francisco at the address set forth on the cover and clearly marked "Bid for the City and County of San Francisco Taxable General Obligation Bonds" or words of similar import, as hereinafter described and received by 8:30 a.m. California time, at the offices of the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; phone: (415) 554-5956. No bid submitted to the City is subject to withdrawal or modification by the bidder.

All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. If the sale of the Bonds is canceled or postponed, all bids shall be rejected. No bid submitted to the City is subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact either of the Co-Financial Advisors or Parity, phone: (212) 404-8107.

Warnings Regarding Electronic Bids. Bids for the Bonds may be submitted electronically via Parity. The City will attempt to accommodate bids submitted electronically via Parity. However, the City does not endorse or encourage the use of such electronic bidding service. None of the City, the City Attorney, the Co-Financial Advisors or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of, any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission. The time for receiving bids will be determined by the City at the place of bid opening, and the City will not be required to accept the time kept by Parity.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. [CONFIRM:] Unless all bids are rejected, the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest net effective rate (after application of interest subsidy payments to be received from the United States Treasury) to the City. The net effective rate will be that nominal interest rate which, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds (less 35% of the amount of such payments in respect of interest for bids for the Bonds) to the dated date of the Bonds, results in an amount equal to the principal amount of such

Bonds plus the amount of any net premium. For the purpose of calculating the net effective rate, mandatory sinking fund payments for any term Bonds specified by each bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payments. In the event that two or more bidders offer bids for the Bonds at the same lowest net effective rate, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of Net Effective Rate. **[CONFIRM:]** Each bidder is requested, but not required, to supply an estimate of the net effective rate based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

Multiple Bids. **[CONFIRM:]** In the event multiple bids are received from a single bidder by any means or combination thereof, the City shall accept the bid representing the lowest net effective rate to the City, and each bidder agrees by submitting any bid to be bound by the bid representing the lowest net effective rate to the City.

Good Faith Deposit. A cashier's check drawn on a bank or trust company transacting business in the State of California and payable to the order of the City and County of San Francisco, in the amount equal to **\$(GOOD FAITH DEPOSIT)** (the "Good Faith Deposit"), must be submitted with each bid to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid.

If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Good Faith Deposit in the form of a cashier's check, as provided above, the Financial Advisors will request the apparent winning bidder to immediately wire the Good Faith Deposit and provide the Federal wire reference number of such Good Faith Deposit to the Financial Advisors within ninety (90) minutes of such request by the Financial Advisors. The Bonds will not be officially awarded to a bidder who has not submitted a Good Faith Deposit in the form of a cashier's check, as provided above, until such time as the bidder has provided a Federal wire reference number for the Good Faith Deposit to the Financial Advisors.

[CONFIRM:] [The wire transfer is to be made to Bank of America, ABA 026009593, 555 Capitol Mall, Suite 1555 Sacramento, CA 95814 Branch Locator #148, for credit to the City and County of San Francisco, Bank Account No. 00661-80050, with notice thereof to Anthony Ababon, phone: (415) 554-6902; fax: (415) 554-4864.]

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposits of the unsuccessful bidders will be returned by the City promptly after the award of the Bonds or the rejection of all bids. The Good Faith Deposit of the Purchaser will, immediately upon acceptance of its bid, become the property of the City, and if in the form of a check, will be cashed. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall

appear that the Bonds would not be validly delivered if delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS – Right of Cancellation." In the event of nonpayment for the Bonds by the Purchaser, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices and Certificate. The successful bidder for the Bonds must actually reoffer all of the Bonds to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers).

As soon as is practicable, but not later than one hour after the award of the Bonds, the successful bidder shall provide to the City the initial offering prices at which it has offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. Prior to delivery of the Bonds, the successful bidder shall provide to the City, Goodwin Procter LLP, 10250 Constellation Blvd., 21st Floor, Los Angeles, California 90067; fax: (310) 286-0992; Attention: Bruce J. Graham; e-mail: bgraham@goodwinprocter.com, and Lofton & Jennings, 225 Bush Street, 16th Floor, San Francisco, California 94104; fax: (415) 394-8296; Attention: William Lofton; e-mail: blofton@loftonjennings.com, a reoffering price certificate, in form and substance satisfactory to Co-Bond Counsel and shall include such additional information as may be requested by Co-Bond Counsel. In addition, at the request of Co-Bond Counsel, the successful bidder will provide information regarding its sales of the Bonds. For the purposes of this paragraph, sales of the Bonds to the other securities brokers or dealers will not be considered sales to the general public.

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

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect; provided, that any such modification or amendment will be communicated to potential bidders through Parity. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date will be given through Parity. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

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

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

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about [CLOSING DATE].** Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds described in APPENDIX F – "PROPOSED FORMS OF OPINION OF CO-BOND COUNSEL" to the Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation is pending with service of process having been accomplished, or, to the knowledge of the officer of the City executing such certificate, threatened, concerning the validity of the Bonds, the ability of the City to levy the ad valorem tax required to pay debt service on the Bonds, the corporate existence of the City, or the title to their respective offices of the officers of the City who will execute the Bonds.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the Bonds and tender the same for delivery within thirty (30) days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the

Bonds in accordance with the terms of this contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of each series of the Bonds. CUSIP data is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. The City will take no responsibility for the accuracy of such numbers.

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

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to either of the Co-Financial Advisors. In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), the City deems such Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. The contact information for the Co-Financial Advisors is set forth on the first page of this Official Notice of Sale. Within seven business days after the date of award of the Bonds, the Purchaser will be furnished with a reasonable number of copies (not to exceed 200) of the final Official Statement, without charge, for distribution in connection with the resale of the Bonds. The Purchaser must notify the City in writing within two days of the sale of the Bonds if the Purchaser requires additional copies of the Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including without limitation, the delivery of a final Official Statement to each investor who purchases Bonds.

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

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that, to the best of the knowledge of such authorized representative, the Official Statement (except for information regarding the municipal bond insurance policy, if any, and the provider thereof, DTC and its book-entry system and reoffering information, as to which no view will be expressed), as of the date of sale of the Bonds and as of the date of delivery thereof did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

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

Dated: [POS DATE]

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

[]

**OFFICIAL BID FORM FOR THE PURCHASE OF
\$[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(FEDERALLY TAXABLE BUILD AMERICA BONDS)**

consisting of

\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008),
SERIES 2010C (FEDERALLY TAXABLE BUILD
AMERICA BONDS)

\$[PRINCIPAL AMOUNT]*
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS BONDS,
2008), SERIES 2010D (FEDERALLY TAXABLE BUILD
AMERICA BONDS)

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

BIDDING FIRM'S NAME: []

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated [POS DATE], which is incorporated herein and made a part of this proposal, we have reviewed the Preliminary Official Statement relating to the above-referenced Bonds (the "Bonds") and hereby offer to purchase all of the \$[PRINCIPAL AMOUNT]* aggregate principal amount of the Bonds dated the date of their delivery on the following terms, including the submission of the required Good Faith Deposit in the amount of \$[GOOD FAITH DEPOSIT]* in the form of (check one): _____ cashiers check or _____ wire transfer; and to pay therefor the price of \$[], which is equal to the aggregate principal amount of the Bonds plus a net premium** of \$[] (such amount being the "Purchase Price"). The Bonds shall mature and will be subject to mandatory sinking fund redemption commencing no earlier than June 15, 20__ (if term bonds are specified below) in the amounts and years, and bear interest at the rates per annum (in multiples of 1/8 or 1/20 of 1%), as set forth in the schedule below.

(Check one) ⁽¹⁾					(Check one) ⁽¹⁾				
Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption ⁽²⁾	Interest Rate	Principal Payment Date (June 15)	Annual Principal Payment*	Serial Maturity	Mandatory Sinking Fund Redemption ⁽²⁾	Interest Rate
2011	_____	_____	_____	_____	2026	_____	_____	_____	_____
2012	_____	_____	_____	_____	2027	_____	_____	_____	_____
2013	_____	_____	_____	_____	2028	_____	_____	_____	_____
2014	_____	_____	_____	_____	2029	_____	_____	_____	_____
2015	_____	_____	_____	_____	2030	_____	_____	_____	_____
2016	_____	_____	_____	_____	2031	_____	_____	_____	_____
2017	_____	_____	_____	_____	2032	_____	_____	_____	_____
2018	_____	_____	_____	_____	2033	_____	_____	_____	_____
2019	_____	_____	_____	_____	2034	_____	_____	_____	_____
2020	_____	_____	_____	_____	2035	_____	_____	_____	_____
2021	_____	_____	_____	_____	2036	_____	_____	_____	_____
2022	_____	_____	_____	_____	2037	_____	_____	_____	_____
2023	_____	_____	_____	_____	2038	_____	_____	_____	_____
2024	_____	_____	_____	_____	2039	_____	_____	_____	_____
2025	_____	_____	_____	_____	2040	_____	_____	_____	_____

⁽¹⁾ Circle the final maturity of each term bond specified.

⁽²⁾ There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

Authorized Signatory
Title: _____
Phone Number: _____
Fax Number: _____

Net Effective Rate (optional and not binding): _____

THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR OTHERWISE NONCONFORMING BID. THE CITY RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE, COMPLETE AND CONFORMING. NO BID SUBMITTED WILL BE CONSIDERED TIMELY UNLESS, BY THE TIME FOR RECEIVING BIDS, THE ENTIRE BID FORM HAS BEEN RECEIVED BY DELIVERY METHOD PROVIDED IN THE NOTICE OF SALE.

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

** [CONFIRM:] The issue price (reoffering price) of each maturity must be specified and cannot exceed the par amount of such maturity by more than 0.25% multiplied by the number of completed years to the earlier of the maturity date or the first optional redemption date for the Bonds of that maturity.

NOTICE OF INTENTION TO SELL

**§[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008), SERIES 2010A**

**§[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS
BONDS, 2008), SERIES 2010B**

**§[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008), SERIES 2010C
(FEDERALLY TAXABLE BUILD AMERICA BONDS)**

**§[PRINCIPAL AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD PARKS
BONDS, 2008), SERIES 2010D
(FEDERALLY TAXABLE BUILD AMERICA BONDS)**

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

[SALE DATE], at 8:30 a.m. (California time)*

by sealed bids at the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, City Hall, Room 336, San Francisco, California 94102, and by electronic bids through Ipreo LLC's BidCOMP™/PARITY® System ("Parity"), §[PRINCIPAL AMOUNT]* aggregate principal amount of City and County of San Francisco General Obligation Bonds, consisting of (i) §[PRINCIPAL AMOUNT]* General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A (the "Series 2010A Bonds"), (ii) §[PRINCIPAL AMOUNT]* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B (the "Series 2010B Bonds" and, collectively with the Series 2010A Bonds, the "Tax-Exempt Bonds"), (iii) §[PRINCIPAL AMOUNT]* General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010C (Federally Taxable Build America Bonds) (the "Series 2010C Bonds"), and (iv) §[PRINCIPAL AMOUNT]* General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010D (Federally Taxable Build America Bonds) (the "Series 2010D Bonds" and, collectively with the Series 2010C Bonds, the "Taxable Bonds"). The Tax-Exempt Bonds and the Taxable Bonds are collectively referred to herein as the "Bonds."

The City reserves the right to postpone or cancel the sale of the Tax-Exempt Bonds or the Taxable Bonds, or both, or change the terms thereof upon notice given through The Bond Buyer Wire, Thomson Financial, or Bloomberg Business News (collectively, the "News Services"). In the event that no bid is awarded for the Tax-Exempt Bonds or the Taxable Bonds, the City will reschedule the sale of such Tax-Exempt Bonds or Taxable Bonds to another date or time by providing notification through the News Services.

Each of the Tax-Exempt Bonds and the Taxable Bonds will be offered for public sale subject to the terms and conditions of the applicable Official Notice of Sale. Further information regarding the proposed sale of the Tax-Exempt Bonds and the Taxable Bonds, including copies of the Preliminary Official Statement for the Bonds, the Official Notice of Sale relating to the Tax-Exempt Bonds, and the Official Notice of Sale relating to the Taxable Bonds, are available

electronically at the News Services or may be obtained from either of the City's Co-Financial Advisors: Backstrom McCarley Berry & Co., LLC, 115 Sansome Street, Mez. A, San Francisco, California 94104; telephone: (415) 392-5505 (office), Attention: Vincent McCarley (email: vmccarley@bmcbbc.com); and Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com). On or around [POS DATE], the Preliminary Official Statement for the Bonds, the Official Notice of Sale for the Tax-Exempt Bonds, and the Official Notice of Sale for the Taxable Bonds will be posted electronically at Ipreo Prospectus www.i-dealprospectus.com. Failure of any bidder to receive such notice shall not affect the legality of the sale.

Dated: [POS DATE]

* Preliminary, subject to change.

RATINGS: Moody's: ___
 S & P: ___
 Fitch: ___

(See "Ratings" herein)

New Issue - Book-Entry Only

[To be provided/updated by Co-Bond Counsel] In the opinion of Goodwin Procter LLP, Los Angeles, California, and Lofton & Jennings, San Francisco, California, Co-Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is not included in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax applicable to individuals and corporations, and such interest is not included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations by the Code. In the further opinion of Co-Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.



CITY AND COUNTY OF SAN FRANCISCO
 GENERAL OBLIGATION BONDS
 (SAN FRANCISCO GENERAL HOSPITAL
 IMPROVEMENT BONDS, 2008), SERIES 2010A

CITY AND COUNTY OF SAN FRANCISCO
 GENERAL OBLIGATION BONDS
 (CLEAN AND SAFE NEIGHBORHOOD
 PARKS BONDS, 2008), SERIES 2010B

\$ _____*
 (Tax Exempt)

\$ _____*
 (Tax Exempt)

\$ _____*
SERIES 2010C
 (Federally Taxable - Build America Bonds
 - Direct Payment)

\$ _____*
SERIES 2010D
 (Federally Taxable - Build America Bonds
 - Direct Payment)

Dated: Date of Delivery

Due: June 15, as on the inside cover

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

The Bonds captioned above (the "Bonds"), consisting of the Series 2010A Bonds and the Series 2010B Bonds, are being issued under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "City"). The issuance of the Series 2010A Bonds has been authorized by Resolution No. _____, and issuance of the Series 2010B Bonds has been authorized by Resolution No. _____, each adopted by the Board of Supervisors of the City on January 26, 2010, and duly approved by the Mayor of the City on _____, 2010. See "THE BONDS—Authority for Issuance; Purpose." The proceeds of the Series 2010A Bonds will be used to finance the building or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center as described herein, and to pay certain costs related to the issuance of the Bonds. The proceeds of the Series 2010B Bonds will be used to finance the construction, reconstruction, purchase and/or improvement of park and recreation facilities as described herein, and to pay certain costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Form and Registration." The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the inside cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing June 15, 2010. Principal will be paid at maturity as shown on the inside cover. See "THE BONDS—Payment of Interest and Principal."

The Bonds will be subject to redemption prior to their respective stated maturities as described herein. See "THE BONDS—Redemption."

The Board of Supervisors has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon when due. See "SECURITY FOR THE BONDS."

MATURITY SCHEDULES*
 (See Inside Cover)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchasers, subject to the approval of legality by Goodwin Procter LLP, Los Angeles, California, and Lofton & Jennings, San Francisco, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2010.

Dated: _____, 2010.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULES*
(Base CUSIP Number: _____¹)

SERIES 2010A

Maturity Date (June 15)	Principal Amount	Interest Rate	Price or Yield ²	CUSIP Suffix ¹	Maturity Date (June 15)	Principal Amount	Interest Rate	Price or Yield ²	CUSIP Suffix ¹
\$		%	%		\$		%	%	

SERIES 2010B

Maturity Date (June 15)	Principal Amount	Interest Rate	Price or Yield ²	CUSIP Suffix ¹	Maturity Date (June 15)	Principal Amount	Interest Rate	Price or Yield ²	CUSIP Suffix ¹
\$		%	%		\$		%	%	

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

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

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

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

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

* Preliminary, subject to change.

¹ Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the City nor the initial purchasers take any responsibility for the accuracy of such numbers.

² Reoffering prices/yields furnished by the initial purchasers. The City takes no responsibility for the accuracy thereof.

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Gavin Newsom

BOARD OF SUPERVISORS

David Chiu, *Board President, District 3*

Michela Alioto-Pier, *District 2*

John Avalos, *District 11*

David Campos, *District 9*

Carmen Chu, *District 4*

Chris Daly, *District 6*

Bevan Dufty, *District 8*

Sean Elsbernd, *District 7*

Eric Mar, *District 1*

Sophie Maxwell, *District 10*

Ross Mirkarimi, *District 5*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Edwin Lee, *City Administrator*

Benjamin Rosenfield, *Controller*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Co-Bond Counsel

Goodwin Procter LLP
Los Angeles, California

Lofton & Jennings
San Francisco, California

Co-Financial Advisors

Public Financial Management, Inc.
San Francisco, California

Backstrom McCarley Berry & Co., LLC
San Francisco, California

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

[CITY SEAL]

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[CITY SEAL]

OFFICIAL STATEMENT

§ *
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(SAN FRANCISCO GENERAL HOSPITAL
IMPROVEMENT BONDS, 2008), SERIES 2010A

§ *
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(CLEAN AND SAFE NEIGHBORHOOD
PARKS BONDS, 2008), SERIES 2010B

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the "City") of its City and County of San Francisco General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), Series 2010A (the "Series 2010A Bonds") and its City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), Series 2010B (the "Series 2010B Bonds", and collectively with the Series 2010A Bonds, the "Bonds"). The Board of Supervisors of the City has the power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS" herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to each series of the Bonds, the City has no obligation to update the information in this Official Statement. See "CONTINUING DISCLOSURE" herein.

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

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's population in 2008 was approximately 774,000, making it the fourth largest city in the State.

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

The City is a major convention and tourist destination. According to the San Francisco Convention & Visitors Bureau, a non-profit membership organization, during the calendar year 2008, approximately 16.4 million people

visited the City and spent an estimated \$8.5 billion. The City is also a leading center for financial activity in California and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The per-capita personal income of the City for 2008 was approximately \$74,500. The San Francisco Unified School District operates 71 elementary school sites, 15 middle schools, 19 senior high schools, one adult education program, and 28 state-funded preschool sites, and sponsors ten independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University-San Francisco, University of California-San Francisco (a medical school and health science campus), Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University and City College of San Francisco (a public community college).

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2007-08, SFO serviced approximately 36.7 million passengers and handled 550,547 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula), Caltrain (a conventional commuter rail line linking the City with the Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of California, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. Gavin Newsom has served as the Mayor of the City since 2004. The City's fiscal year 2009-10 adopted budget includes \$6.6 billion of expenditures and reserves, of which \$3.1 billion was allocated to the General Fund of the City and \$3.5 billion was allocated to all other funds, including enterprise fund departments, such as the San Francisco International Airport, San Francisco Municipal Transportation Authority, and the San Francisco Public Utilities Commission. The City employs approximately 31,000 full-time-equivalent employees. Fiscal year 2009-10 total assessed valuation of taxable property in the City is approximately \$157.6 billion.

More detailed information about the City's governance, organization and finances may be found in APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO—ORGANIZATION AND FINANCES" and in APPENDIX B: "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2009."

THE BONDS

Authority for Issuance; Purposes

The Bonds are issued under the Government Code of the State and the Charter of the City (the "Charter"). The City authorized the issuance of the Series 2010A Bonds by its Resolution No. 528-08, adopted by the Board of Supervisors of the City on December 16, 2008, and duly approved by the Mayor of the City on December 19, 2008, and by its Resolution No. _____, adopted by the Board of Supervisors on January 26, 2010, and duly approved by the Mayor on _____, 2010 (the "2010A Resolution"). The City authorized the issuance of the Series 2010B Bonds by its Resolution No. 343-08, adopted by the Board of Supervisors on July 29, 2008, and duly approved by the Mayor on August 5, 2008, and by its Resolution No. _____, adopted by the Board of Supervisors on January 26, 2010, and duly approved by the Mayor on _____, 2010 (the "2010B Resolution", and together with the 2010A Resolution, the "Resolutions").

The Series 2010A Bonds. The Series 2010A Bonds constitute the second series of bonds to be issued from an aggregate authorized amount of \$887,400,000 of City and County of San Francisco General Obligation Bonds (San Francisco General Hospital Improvement Bonds, 2008), duly approved by at least two-thirds of the voters voting on

“Proposition A” at an election held on November 4, 2008, to provide funds to finance the building or rebuilding and improving the earthquake safety of the San Francisco General Hospital and Trauma Center (the “Hospital”) and to pay related costs necessary or convenient for these purposes. The City previously issued \$131,650,000 of the bonds authorized by said proposition on March 18, 2009.

The Series 2010B Bonds. The Series 2010B Bonds constitute the second series of bonds to be issued from an aggregate authorized amount of \$185,000,000 of City and County of San Francisco General Obligation Bonds (Clean and Safe Neighborhood Parks Bonds, 2008), duly approved by at least two-thirds of the voters voting on “Proposition A” at an election held on February 5, 2008, to provide funds to finance the construction, reconstruction, purchase, and/or improvement of park and recreation facilities under the jurisdiction of the Recreation and Park Commission or the Port Commission, and all other structures, improvements and related costs necessary or convenient for the foregoing purposes: The bond proposition allocates \$151.32 million of the approved bonds to be used for Recreation and Park Department projects, and \$33.50 million for projects of the Port Commission. These projects consist of capital improvements to recreation buildings, playgrounds, athletic fields and courts, waterfront parks, restrooms, landscaped areas, trails, and urban forest improvements and a matching grant program for community-based projects. The City previously issued \$42,520,000 of the bonds authorized by said proposition on August 28, 2008.

In accordance with the Administrative Code of the City, each proposition also provides that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City’s independent citizens’ general obligation bond oversight committee. The committee was created by the Administrative Code and is appointed by the Board of Supervisors of the City to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds are issued in the principal amounts set forth on the cover hereof, in the denomination of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds are issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E: “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payment of Interest and Principal

The City Treasurer is acting as paying agent and registrar with respect to the Bonds. Interest on the Bonds is payable on each June 15 and December 15 to maturity or prior redemption, commencing June 15, 2010, at the interest rates shown on the cover hereof. Interest is calculated on the basis of a 360-day year comprising twelve 30-day months. The interest on the Bonds shall be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the “Record Date”), whether or not such day is a business day. Each Bond authenticated on or before May 31, 2010, will bear interest from the date of delivery. Every other Bond shall bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it shall bear interest from such interest payment date.

The Bonds will mature on the dates shown on the cover page hereof, and are subject to optional and mandatory redemption prior to their respective stated maturity dates as provided herein. See “Redemption” below. The principal of the Bonds shall be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

The registered owner of an aggregate principal amount of at least \$1,000,000 of the Series 2010A Bonds or Series 2010B Bonds may submit a written request to the City Treasurer on or before a Record Date for payment of interest on the succeeding interest payment date and thereafter by wire transfer to a commercial bank located within

the United States of America. For so long as the Bonds are held in book-entry form by a securities depository selected by the City, payment may be made to the registered owner of the Bonds designated by such securities depository by wire transfer of immediately available funds.

Redemption

Optional Redemption

The Series 2010__ Bonds maturing on or before June 15, 20__ will not be subject to optional redemption prior to their respective stated maturities. Series 2010__ Bonds maturing on and after June 15, 20__ are subject to redemption prior to their respective stated maturities at the option of the City, from any source of available funds, as a whole or in part on any date on or after June 15, 20__, at a price equal to the principal amount of the Series 2010__ Bonds redeemed, together with accrued interest to the date of redemption (the "Redemption Date"), without premium.

Mandatory Redemption

The Series 2010__ Bonds maturing on June 15, 20__ (the "Term Bonds") are also subject to redemption prior to their respective stated maturity dates, in part, by lot, from mandatory sinking fund payments, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
--	--

* Maturity

In lieu of any such mandatory redemption of Term Bonds, at any time prior to the selection of Term Bonds for redemption, the City may apply amounts on deposit for the mandatory sinking fund payments to the purchase of Bonds subject to such mandatory sinking fund redemption at public or private sale, as and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges, but excluding accrued interest) as the City may determine.

Selection of Bonds for Redemption

Whenever less than all the outstanding Series 2010A Bonds or Series 2010B Bonds are called for redemption on any one date, the City Treasurer will select the maturities of Bonds to be redeemed in the sole discretion of the City Treasurer, and whenever less than all the outstanding Series 2010A Bonds or Series 2010B Bonds maturing on any one date are called for redemption on any date, the City Treasurer will select the Bonds or portions thereof by lot, in any manner which the City Treasurer deems fair. Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

Optional Prepayment of 2010C/2010D Bonds at Make-Whole Prepayment Price

[terms to come]

Extraordinary Optional Prepayment of 2010C/2010D Bonds

[terms to come]

Selection of 2010C/2010D Bonds for Redemption

[terms to come]

Notice of Redemption

The City Treasurer will mail, or cause to be mailed, notice of any redemption of the Bonds, postage prepaid, to the respective registered owners thereof at the addresses appearing on the Bond registration books not less than 30 days and not more than 60 days prior to the Redemption Date. Notice of redemption also shall be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission or (iii) overnight delivery service, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein.

Each notice of redemption shall (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such Bonds will cease to accrue after the designated Redemption Date. Any notice of redemption may be conditioned on the receipt of funds or any other event specified in the notice.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the redemption account for the Series 2010A Bonds established under the 2010A Resolution (the "Series 2010A Redemption Account" or the redemption account for the Series 2010B Bonds established under the 2010B Resolution (the "Series 2010B Redemption Account", the Bonds designated for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, those Bonds shall be redeemed and paid at said redemption price out of the Series 2010A Redemption Account for the Series 2010A Bonds and out of the Series 2010B Redemption Account for the Series 2010B Bonds. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds shall look for payment of such Bonds only to the Series 2010A Redemption Account for the Series 2010A Bonds and to the Series 2010B Redemption Account for the Series 2010B Bonds. All Bonds redeemed shall be canceled forthwith by the City Treasurer and shall not be reissued. Moneys held in the Series 2010A Redemption Account and the Series 2010A Redemption Account shall be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the General Fund of the City. See APPENDIX C: "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER—INVESTMENT POLICY."

Conditional Notice; Right to Rescind Notice of Optional Redemption

The City may rescind any optional redemption and notice thereof for any reason on any date prior to the Redemption Date by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the Redemption Date funds are not or will not be available in the Series 2010A Redemption Account for the Series 2010A Bonds or the Series 2010B Redemption Account for the Series 2010B Bonds in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of

redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption shall have been given as described above or an irrevocable election to give such notice shall have been made by the City, the amount to be deposited shall be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption shall be given as described above or an irrevocable election to give such notice shall have been made by the City; then, all obligations of the City with respect to said outstanding Bonds shall cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to such Bonds; provided, that the City shall have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the authorizing Resolution for such Bonds.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations (as defined below); (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund, the Series 2010A Redemption Account for the Series 2010A Bonds, or the Series 2010B Redemption Account for the Series 2010B Bonds) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by the City Treasurer, or if appointed by the City Treasurer pursuant to the authorizing resolution for the Bonds, an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated, at the time of original deposit to the escrow fund, in the highest ratings category by any two Ratings Agencies (as defined below).

"United States Obligations" means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated in the highest ratings category by any two Ratings Agencies (as defined below) at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund.

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

SOURCES AND USES OF FUNDS

The following are the sources and estimated uses of funds in connection with the Bonds:

Sources	Series 2010A	Series 2010B
Principal Amount of Series 2010A Bonds	\$	\$
Principal Amount of Series 2010B Bonds		
Original Issue Premium		
TOTAL SOURCES OF FUNDS	\$	\$
Uses		
Deposit to Series 2010A Project Account	\$	\$
Deposit to Series 2010B Project Account		
Deposit to Series 2010A Bond Account		
Deposit to Series 2010B Bond Account		
Underwriter's Discount		
Costs of Issuance*		
TOTAL USES OF FUNDS	\$	\$

* Includes fees for services of rating agencies, Co-Financial Advisors, Co-Bond Counsel, Disclosure Counsel, costs of the City, printing, and other miscellaneous costs associated with the issuance of the Bonds.

Series 2010A Bond Proceeds

Any bid premium received upon the delivery of the Series 2010A Bonds, and all taxes collected for payment of the Series 2010A Bonds, will be deposited into a special subaccount within the bond account created by the City for payment of all of the bonds approved on November 4, 2008 for the Hospital improvement project. The subaccount was created by the 2010A Resolution specifically for payment of the Series 2010A Bonds, and is referred to therein as the "Series 2010A Bond Account."

All remaining proceeds of the sale of the Series 2010A Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of sale of all of the bonds approved on November 4, 2008 for the Hospital improvement project, which proceeds are required to be applied exclusively to the acquisition, construction or reconstruction of the Hospital improvement project, and to pay costs of issuance of such bonds. The subaccount was created by the 2010A Resolution specifically to hold the proceeds of the Series 2010A Bonds, and is referred to therein as the "Series 2010A Project Account."

Series 2010B Bond Proceeds

Any bid premium received upon the delivery of the Series 2010B Bonds, and all taxes collected for payment of the Series 2010B Bonds, will be deposited into a special subaccount within the bond account created by the City for payment of all of the bonds approved on February 5, 2008 for park and recreation facilities improvements. The subaccount was created by the 2010B Resolution specifically for payment of the Series 2010B Bonds, and is referred to therein as the "Series 2010B Bond Account."

All remaining proceeds of the sale of the Series 2010B Bonds are required to be deposited by the City Treasurer into a special subaccount within the project account created by the City to hold proceeds of sale of all of the bonds approved on February 5, 2008, under the Clean and Safe Neighborhood Parks Bond measure, which proceeds are required to be applied exclusively to finance the construction, reconstruction, purchase and/or improvement of park and recreation facilities, and to pay costs of issuance of such bonds. The subaccount was created by the 2010B Resolution specifically to hold the proceeds of the Series 2010B Bonds, and is referred to therein as the "Series 2010B Project Account."

Under the Resolutions, the Series 2010A Bond Account, the Series 2010A Project Account, the Series 2010B Bond Account, and the Series 2010B Project Account, may each be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in any such account with other City moneys, or deposit amounts credited to such accounts into a separate fund or funds for investment purposes only. All interest earned on any such account will be retained in that account. See APPENDIX C: "CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER—INVESTMENT POLICY."

A portion of the proceeds of the Bonds will be used to pay certain costs related to the issuance of the Bonds. Up to 0.1% of the proceeds are required to be appropriated to fund the Citizens' General Obligation Bond Oversight Committee, created to oversee various general obligation bond programs of the City.

DEBT SERVICE SCHEDULES

Scheduled debt service payable with respect to the Series 2010A Bonds (assuming no optional redemption prior to maturity) is as follows:

**City and County of San Francisco
General Obligation Bonds
(San Francisco General Hospital Improvement Bonds, 2008)
Series 2010A**

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>	<u>Fiscal Year Total</u>
June 15, 2010	\$	\$	\$	\$
Dec. 15, 2010				
June 15, 2011				
Dec. 15, 2011				
June 15, 2012				
Dec. 15, 2012				
June 15, 2013				
Dec. 15, 2013				
June 15, 2014				
Dec. 15, 2014				
June 15, 2015				
Dec. 15, 2015				
June 15, 2016				
Dec. 15, 2016				
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June 15, 2019				
Dec. 15, 2019				
June 15, 2020				
Dec. 15, 2020				
June 15, 2021				
Dec. 15, 2021				
June 15, 2022				
Dec. 15, 2022				
June 15, 2023				
Dec. 15, 2023				
June 15, 2024				
Dec. 15, 2024				
June 15, 2025				
Dec. 15, 2025				
June 15, 2026				
Dec. 15, 2026				
June 15, 2027				
Dec. 15, 2027				
June 15, 2028				
Dec. 15, 2028				
June 15, 2029				
Dec. 15, 2029				
June 15, 2030				
Total	\$	\$	\$	\$

Scheduled debt service payable with respect to the Series 2010B Bonds (assuming no optional redemption prior to maturity) is as follows:

City and County of San Francisco
General Obligation Bonds
(Clean And Safe Neighborhood Parks Bonds, 2008)
Series 2010B

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>	<u>Fiscal Year Total</u>
June 15, 2010	\$	\$	\$	\$
Dec. 15, 2010				
June 15, 2011				
Dec. 15, 2011				
June 15, 2012				
Dec. 15, 2012				
June 15, 2013				
Dec. 15, 2013				
June 15, 2014				
Dec. 15, 2014				
June 15, 2015				
Dec. 15, 2015				
June 15, 2016				
Dec. 15, 2016				
June 15, 2017				
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June 15, 2024				
Dec. 15, 2024				
June 15, 2025				
Dec. 15, 2025				
June 15, 2026				
Dec. 15, 2026				
June 15, 2027				
Dec. 15, 2027				
June 15, 2028				
Dec. 15, 2028				
June 15, 2029				
Dec. 15, 2029				
June 15, 2030				
Total	\$	\$	\$	\$

Total scheduled debt service (principal plus interest) payable with respect to all outstanding general obligation bonds of the City, including the Bonds (assuming no optional redemption prior to maturity), is as follows:

**City and County of San Francisco
General Obligation Bonds
Total Debt Service Requirements
(principal plus interest)***

<u>Fiscal Year Ending June 30</u>	<u>Total Debt Service</u>		
	<u>The Bonds</u>	<u>Other Outstanding Bonds</u>	<u>Fiscal Year Total</u>
2010	\$	\$	\$
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total	\$	\$	\$

* Totals may appear inconsistent due to rounding of components.

SECURITY FOR THE BONDS

General

The Board of Supervisors of the City has the power and is obligated, and under the Resolutions has covenanted, to levy *ad valorem* taxes without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

At the option of the Board of Supervisors, other available funds of the City that are not restricted by law to specific uses may be used to pay debt service on the Bonds.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied

by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

The principal factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year are discussed in detail in APPENDIX A, as referred to below:

Total Assessed Value of Taxable Property in the City: The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on bonds. Total assessed valuation of taxable property in the City in fiscal year 2009-10 is approximately \$157.6 billion. See APPENDIX A, Table A-6, "Assessed Valuation of Taxable Property," and accompanying discussion of assessed valuation for fiscal year 2009-10.

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "Seismic Risks," below. Other natural or manmade disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership: The more property (by assessed value) owned by any single taxpayer, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. In fiscal year 2009-10, no single taxpayer owned more than 0.57% of the total taxable property in the City. See APPENDIX A, Table A-7, "Top 10 Principal Assessed Parcels."

Property Tax Rates: One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is shown in APPENDIX A, Table A-6 for each of the last five years. Each year's rate of delinquency in tax payments is also shown.

Debt Burden on Owners of Taxable Property in the City: Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the City is limited under Section 9.106 of the Charter to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's gross general obligation debt limit for fiscal year 2009-10 is approximately \$4.54 billion, based on a net assessed valuation of approximately \$151.31 billion. As of June 30, 2009, the City had outstanding approximately \$1.165 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.77% of the net assessed valuation for fiscal year 2009-10. See APPENDIX A, Table A-25, "Statement of Direct and Overlapping Debt and Long-Term Obligations," Table A-21, "Direct Tax Supported Debt Service," and the accompanying discussion.

Additional Debt; Authorized but Unissued Bonds: Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of June 30, 2009, the City had voter approval to issue up to \$1.20 billion in aggregate principal amount of new bonds payable from *ad valorem* property taxes, including the Bonds. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO—ORGANIZATION AND FINANCES—General Obligation Bonds Authorized but Unissued," and Table A-22, "General Obligation Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs, quantified in the most recent ten-year Capital Plan at \$17.4 billion. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO—ORGANIZATION AND FINANCES—Capital Plan."

Seismic Risks

The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes about 3 miles to the southeast of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away. Significant recent seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and environs. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed.

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

RECENT DEVELOPMENTS

The information contained in APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO—ORGANIZATION AND FINANCES" was prepared by the City for inclusion in official statements relating to bonds of the City and updated as of February __, 2010. The following information supplements and amends the information set forth in Appendix A as of the date of this Official Statement. Investors are advised to carefully consider the information presented below, together with other information presented in this Official Statement, in order to make an informed investment decision.

[To come, as needed]

TAX MATTERS

[to be updated by Co-Bond Counsel]

Opinion of Co-Bond Counsel

In the opinion of Goodwin Procter LLP and Lofton & Jennings, Co-Bond Counsel to the City (collectively, "Co-Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax applicable to individuals and corporations; such interest, however, is includable in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations by the Code. In rendering their respective opinions, Co-Bond Counsel have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Bonds, and Co-Bond Counsel have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Co-Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of California personal income taxes. See "Miscellaneous" below for a discussion of certain litigation that may relate to this State of California tax exemption.

Co-Bond Counsel express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. Co-Bond Counsel render their respective opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement their respective opinions to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to their respective attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Co-Bond Counsel express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state or local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Co-Bond Counsel further are of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by

reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable with respect to the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds.

Prospective purchasers should be aware that the United States Supreme Court has agreed to review and has heard oral arguments in *Davis v. Dep't. of Revenue of the Finance and Admin. Cabinet*, 197 S.W. 3d 557 (Ky. App. 2006), cert. granted 2007 U.S. LEXIS 5914 (May 21, 2007), a decision of a Kentucky appellate court, which held that provisions of Kentucky tax law that provided more favorable income tax treatment for holders of bonds issued by Kentucky municipal bond issuers than for holders of non-Kentucky municipal bonds violated the Commerce Clause of the United States Constitution. California statutes provide more favorable California income tax treatment for holders of bonds issued by the State of California and its political subdivisions, including the Bonds, than for bonds issued by other states and their political subdivisions. If the United States Supreme Court were to affirm the holding of the Kentucky appellate court, subsequent California judicial decisions or legislation designed to ensure the constitutionality of California tax law could, among other alternatives, adversely affect the California tax exemption of outstanding bonds, including the Bonds, to the extent constitutionally permissible, or result in the exemption from California income tax of interest on certain bonds issued by other states and their political subdivisions, either of which actions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the foregoing matters.

OTHER LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Goodwin Procter LLP, Los Angeles, California, and Lofton & Jennings, San Francisco, California, Co-Bond Counsel. Complete copies of the proposed forms of Co-Bond Counsel opinion for each series of Bonds are contained in APPENDIX F hereto, and will be made available to the initial purchasers of the Bonds at the time of the original delivery of the Bonds. Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney and by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Disclosure Counsel.

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

PROFESSIONALS INVOLVED IN THE OFFERING

Public Financial Management, Inc., San Francisco, California, and Backstrom McCarley Berry & Co., LLC, San Francisco, California, have served as Co-Financial Advisors to the City with respect to the sale of the Bonds. The Co-Financial Advisors have assisted the City in the review of this Official Statement and in other matters relating to the planning, structuring, and sale of the Bonds. The Co-Financial Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Financial Advisors, Co-Bond Counsel and Disclosure Counsel will all receive compensation from the City for services rendered in connection with each series of Bonds contingent upon the sale and delivery of such series of Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchasers of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2009-10, which is due not later than March 27, 2011, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB"). The notices of material events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in APPENDIX D: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The City has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

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

RATINGS

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

SALE OF THE BONDS

Sale of the Series 2010A Bonds

The Series 2010A Bonds were sold at competitive bid on _____, 2010. The Series 2010A Bonds were awarded to _____ (the "2010A Purchaser"), who submitted the lowest true interest cost bid, at a purchase price of \$ _____. Under the terms of its bid, the 2010A Purchaser will be obligated to purchase all of the Series 2010A Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Co-Bond Counsel, and certain other conditions to be satisfied by the City.

The 2010A Purchaser has certified the reoffering prices or yields for the Series 2010A Bonds set forth on the cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Series 2010A Bonds is \$ _____, and the 2010A Purchaser's gross compensation (or "spread") is \$ _____. The 2010A Purchaser may

offer and sell Series 2010A Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the 2010A Purchaser.

Sale of the Series 2010B Bonds

The Series 2010B Bonds were sold at competitive bid on _____, 2010. The Series 2010B Bonds were awarded to _____ (the "2010B Purchaser"), who submitted the lowest true interest cost bid, at a purchase price of \$_____. Under the terms of its bid, the 2010B Purchaser will be obligated to purchase all of the Series 2010B Bonds if any are purchased, the obligation to make such purchase being subject to the approval of certain legal matters by Co-Bond Counsel, and certain other conditions to be satisfied by the City.

The 2010B Purchaser has certified the reoffering prices or yields for the Series 2010B Bonds set forth on the cover of this Official Statement, and the City takes no responsibility for the accuracy of those prices or yields. Based on the reoffering prices, the original issue premium on the reoffering of the Series 2010B Bonds is \$_____, and the 2010B Purchaser's gross compensation (or "spread") is \$_____. The 2010B Purchaser may offer and sell Series 2010B Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the 2010B Purchaser.

MISCELLANEOUS

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

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

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Controller

APPENDIX A
CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

[to come from City]

APPENDIX B
COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2009*

[to come from City]

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

APPENDIX C
CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY

[to come from City]

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

City and County of San Francisco General Obligation Bonds Series 2010__

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are issued pursuant to Resolution No. _____ adopted by the Board of Supervisors of the City on January 26, 2010, and duly approved by the Mayor of the City on _____, 2010 (the "Resolution"). The City covenants and agrees as follows:

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

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Effective July 1, 2009 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

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

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

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (which is June 30), commencing with the report for the 2009-10 Fiscal Year (which is due not later than March 27, 2011), provide to the MSRB an Annual Report which is consistent

with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

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

(e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City;
and

(f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Holders.
4. Optional, contingent or unscheduled bond calls.
5. Defeasances.
6. Rating changes.
7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Unscheduled draws on debt service reserves reflecting financial difficulties.

9. . Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers or their failure to perform.
11. Release, substitution or sale of property securing repayment of the Bonds.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the City determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the City shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of a Listed Event described in Section 5(a)(4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders and Beneficial Owners of affected Bonds pursuant to the Resolution. Effective July 1, 2009, the notice of Listed Events must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

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

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

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this

Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

Date: _____, 2010.

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

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

Name of City: CITY AND COUNTY OF SAN FRANCISCO
Name of Bond Issue: CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION
BONDS, SERIES 2010__
Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated _____, 2010. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

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

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer and exchange of the Bonds.

Payment of the interest on any Bond shall be made by check mailed on the interest payment date to the owner at the owner's address as it appears on the registration books described below as of the Record Date (as defined herein).

The City Treasurer will keep or cause to be kept, at the office of the City Treasurer, or at the designated office of any registrar appointed by the City Treasurer, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection, and, upon presentation for such purpose, the City Treasurer shall, under such reasonable regulations as he or she may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

Any Bond may, in accordance with its terms, be transferred, upon the registration books described above, by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

Any Bonds may be exchanged at the office of the City Treasurer for a like aggregate principal amount of other authorized denominations of the same interest rate and maturity.

Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the designated City officials shall execute and the City Treasurer shall authenticate and deliver a new Bond or Bonds of the same series, interest rate and maturity, for a like aggregate principal amount. The City Treasurer shall require the payment by any Bond owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfer or exchange of Bonds shall be required to be made by the City Treasurer during the period from the Record Date (as defined in this Official Statement) next preceding each interest payment date to such interest payment date or after a notice of redemption shall have been mailed with respect to such Bond.

[CITY SEAL]

APPENDIX F
PROPOSED FORMS OF OPINIONS OF CO-BOND COUNSEL
[to come from Co-Bond Counsel]



APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES

This Appendix contains information that is current as of August 4, 2009.

This Appendix A to the Official Statement of the City and County of San Francisco (the "City" or "San Francisco") covers general information about the City's governance structure, budget processes, property taxation system and other tax and revenue sources, City expenditures, including labor relations, employment benefits and retirement costs, and investments, bonds and other long-term obligations

The various reports, documents, websites and other information referred to herein are not incorporated herein by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites and its departments. Any such specified documents and other information that is inconsistent with the information set forth in this Official Statement should be disregarded and no such other information is a part of or incorporated into this Appendix A.

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