AGENDA DRAFT

# OFFERING MEMORANDUM

**Dated: _____, 2023**

**CITY AND COUNTY OF SAN FRANCISCO**

**NOT TO EXCEED $150,000,000**

**CITY AND COUNTY OF SAN FRANCISCO TAX-EXEMPT LEASE REVENUE COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES 2**

**CITY AND COUNTY OF SAN FRANCISCO TAXABLE LEASE REVENUE COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES 2-T**

**Supported by a revolving line of credit issued by:**

**Wells Fargo Bank, National Association**

**Ratings: Moody's "__"**
**S&P "__"**
**Fitch "__"**

**Dealer:**

**J.P. Morgan**

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**OFFERING MEMORANDUM DATED: _____, 2023**

**Aggregate Principal Amount Not to Exceed $150,000,000**

| City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 2 | City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 2-T |
|---|---|

The purpose of this Offering Memorandum is to provide certain general information in connection with the delivery and sale by the City and County of San Francisco (the "City") of City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 2 (the "Series 2 Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 2-T (the "Series 2-T Certificates"). The Series 2 Certificates and the Series 2-T Certificates are collectively referred to herein as the "Commercial Paper Certificates." In connection with a previous offering of the Commercial Paper Certificates, the City prepared an Offering Memorandum dated May 6, 2021 (the "Prior Offering Memorandum"). This Offering Memorandum supersedes the Prior Offering Memorandum in its entirety. Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings set forth in the Trust Agreement (as hereinafter defined).

**Wells Fargo Bank, National Association (the "Bank") has established a revolving line of credit under a Revolving Credit Agreement dated as of [Month] 1, 2023 (the "Liquidity Agreement") to make loans, subject to the terms and conditions of the Liquidity Agreement, to fund the payment by the City of the principal of and interest with respect to any Commercial Paper Certificates at the stated maturity thereof. If for any reason the Bank fails to honor a properly presented and conforming notice of loan pursuant to the Liquidity Agreement, it is unlikely that the City would have sufficient funds on hand and available to make the corresponding payment of principal of and/or interest on the Commercial Paper Certificates apart from the City's obligation to make Base Rental Payments. A redacted copy of the Liquidity Agreement is attached hereto as APPENDIX C – "FORM OF THE LIQUIDITY AGREEMENT."**

***Under certain circumstances, the Liquidity Agreement is subject to immediate termination or suspension without notice or payment. See "THE LIQUIDITY AGREEMENT" herein.***

The information in this Offering Memorandum has been obtained from the City, the Bank and other sources believed to be reliable. The references herein to the Trust Agreement, the Commercial Paper Certificates, the Liquidity Agreement and the Delivery and Paying Agent Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

The Bank has no responsibility for the form and content of this Offering Memorandum, other than solely with respect to the information describing itself under the heading "**THE BANK**," other than the first paragraph thereunder, and has not independently verified, makes no representation

regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Memorandum or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the heading "**THE BANK**," other than the first paragraph thereunder. Accordingly, the Bank disclaims responsibility for the other information in this Offering Memorandum or otherwise made in connection with the remarketing of the Commercial Paper Certificates.

This Offering Memorandum is not to be construed as a contract between the City and the purchasers of the Commercial Paper Certificates. Prospective purchasers of the Commercial Paper Certificates are expected to conduct their own review and analysis before making an investment decision.

## THE CITY AND COUNTY OF SAN FRANCISCO

***General.*** The City is the economic and cultural center of the San Francisco Bay Area and northern California. The 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 and the San Francisco-Oakland Bay Bridge 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 Napa-Sonoma wine country is about an hour's drive to the north. The City estimates the City's population in fiscal year 2020-21 was 851,916.

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 technology, retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, healthcare and higher education. The California State Supreme Court is also based in San Francisco.

The City has historically been a major convention and tourist destination. However, the COVID-19 pandemic has significantly adversely impacted, and may continue to adversely impact tourism and convention activities in the City. According to the San Francisco Travel Association, a nonprofit membership organization ("SFTA"), during the calendar year 2021, approximately 17.1 million tourists visited the City, with total spending estimated at $3.69 billion, including spending from meetings and conventions. In calendar year 2020, SFTA reported that approximately 11.8 million tourists visited the City, with total spending estimated at $2.85 billion, including spending from conventions, trade shows and group meetings. In calendar year 2019, SFTA reported that approximately 26.3 million tourists visited the City, with total spending estimated at $10.29 billion, including spending from conventions, trade shows and group meetings..

The City is also a leading center for financial activity in the State. The headquarters of the Twelfth Federal Reserve District and the Eleventh District Federal Home Loan Bank are located in the City.

The City benefits from a highly skilled, educated and professional labor force. The City estimates the per-capita personal income of the City for fiscal year 2020-21 was $173,097. The San

Francisco Unified School District ("SFUSD"), which is a separate legal entity from the City, operates 73 elementary schools, 13 middle schools, 17 high schools, 47 early education schools, and 3 County and Court 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), the University of California Hastings College of the Law (soon to be renamed as UC College of the Law, San Francisco), the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the "Airport Commission"), and is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific Rim traffic. As discussed above, the COVID-19 pandemic has significantly adversely impacted tourism and travel in the San Francisco Bay Area. In fiscal year 2021-22, SFO served approximately 34.9 million passengers (compared to approximately 13.7 million passengers in fiscal year 2020-21, 40.5 million passengers in fiscal year 2019-20 and 57 million passengers in fiscal year 2018-19) and handled 545,335 metric tons of cargo (compared to 471,793 metric tons in fiscal year 2020-21, 490,073 metric tons in fiscal year 2019-20 and 564,485 metric tons in fiscal year 2018-19). The City is also served by the Bay Area Rapid Transit District ("BART," an electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco 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 ("Muni"), operated by the San Francisco Municipal Transportation Agency ("SFMTA"), provides bus and streetcar service within the City (investors should note that since fiscal year 2019-20, telecommuting resulting from emergency stay-at-home orders caused ridership into and within the City to decline significantly compared to pre-pandemic levels.

***Government.*** San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California and is the only consolidated city and county in the State. Voters approved the City's current Charter at the November 1995 election. The City is governed by a Board of Supervisors elected from 11 districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. The City's original budget for fiscal years 2022-23 and 2023-24 totals $14.0 billion and $13.9 billion, respectively. The General Fund portion of each year's proposed budget is $6.8 billion in fiscal year 2022-23 and $6.9 billion in fiscal year 2023-24, with the balance allocated to all other funds, including enterprise fund departments, such as the Airport Commission, SFMTA, the Port Commission and the San Francisco Public Utilities Commission ("SFPUC"). According to the Controller of the City (the "Controller"), at the start of fiscal year 2022-23, total net assessed valuation of taxable property in the City was approximately $328.5 billion, which represents an increase of approximately 6.7% over fiscal year 2021-22.

## THE COMMERCIAL PAPER CERTIFICATES

The Commercial Paper Certificates represent interests in Base Rental required to be made by the City under a Sublease dated as of June 1, 2010 (as amended from time to time, the "Sublease"), between the City and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association, as Trustee (the "Trustee"), entered into pursuant to the Charter of the City, Resolution No. 85-09, adopted by the Board of Supervisors of the City on March 17, 2009,

and signed by the Mayor on March 24, 2009, Resolution No. 136-10, adopted by the Board of Supervisors of the City on April 6, 2010, and signed by the Mayor on April 14, 2020, Resolution No. 247-13, adopted by the Board of Supervisors of the City on July 16 2013, and signed by the Mayor on July 25, 2013, and Resolution No. ____-23, adopted by the Board of Supervisors of the City on _____, 2023, and signed by the Mayor on _____, 2023, providing for the lease by the City from the Trustee of certain real property consisting of the City's Fire Station 1, Department of Public Health Clinic, Human Services Agency Central Offices, Corporate Yard, and Fire College (collectively, the "Property"). Under the Sublease, the City is required, so long as it has the benefit of the use and occupancy of the Property, to pay to the Trustee specified rental payments (the "Base Rental") and to pay certain "Additional Rental" (which is not pledged to the payment of principal and interest evidenced by the Commercial Paper Certificates).

The Base Rental and Additional Rental will be payable from any legally available funds of the City, including the City's general fund. The City has covenanted in the Sublease that so long as the Property is available for its use, the City will take such action as may be necessary to include the Base Rental payments in its annual budget and to make the necessary annual appropriations therefor.

Except to the extent of (a) available amounts held by the Delivery and Paying Agent in the Base Rental Account, the Payment Account or the Bank Reimbursement Account of the Delivery and Paying Agent Fund, (b) amounts, if any, received in respect of rental interruption insurance with respect to the Property, and (c) amounts, if any, otherwise legally available to the City for payments in respect of the Sublease or to the Delivery and Paying Agent for payments in respect of the Commercial Paper Certificates, the obligation of the City to make Base Rental payments (other than from certain sources specified in the Sublease) may be abated in whole or in part during any period in which by reason of material damage to or destruction of the Property, or condemnation of or defects in the title of the Property, there is substantial interference with the use and occupancy by the City of any portion of the Property. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. The amount of annual rental abatement will be such that the resulting Base Rental in respect of the Property in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a), (b) or (c) above, do not exceed the annual fair rental value of the Property with respect to which there has not been substantial interference, as evidenced by a certificate of the City.

Under the Sublease, the City is required to maintain rental interruption insurance in an amount not less than the aggregate amount payable by the City pursuant to the Sublease for a period of at least 24 months (such amount to be determined based on the Maximum Principal Amount of Certificates available as of the Closing Date plus interest at the Maximum Interest Rate).

The Commercial Paper Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2010 (as so supplemented from time to time, the "Trust Agreement"), between the City and the Trustee, and a Second Amended and Restated Delivery and Paying Agent Agreement, dated as of [Month] 1, 2023 (the "Delivery and Paying Agent Agreement"), between the City and U.S. Bank Trust Company, National Association, as Delivery and Paying Agent (the "Delivery and Paying Agent"). The aggregate principal amount of Commercial Paper Certificates at any time outstanding may not exceed the lesser of $150,000,000 and the principal commitment under the Liquidity Agreement. **Under certain circumstances, the Liquidity Agreement is subject to immediate termination or suspension without notice or payment**. ***See "THE LIQUIDITY***

***AGREEMENT" herein.*** Abatement of Base Rental pursuant to the terms of the Sublease is not among such circumstances.

The Commercial Paper Certificates will be delivered from time to time to provide moneys to pay Project Costs, to fund capitalized interest and capitalized fees and expenses with respect to Commercial Paper Certificates, to pay costs incurred in connection with the delivery of Commercial Paper Certificates and to pay principal and interest evidenced by maturing Commercial Paper Certificates, all as set forth in the Trust Agreement. The Trust Agreement defines "Project Costs" as the costs of the acquisition, construction, development and financing of capital facilities and improvements thereto, capital expenditures and extraordinary costs, and includes, without limitation, the costs of engineering, architectural services, plans, specification, surveys and estimates of costs, the costs of any taxes or assessments paid or to be paid in connection with the transfer of any property related to the capital facilities; the costs of any indemnity or surety bonds or other insurance with respect to the acquisition, construction, development or financing of any capital facilities; the costs of software, computer upgrades and consulting fees related thereto; costs of issuance of the Commercial Paper Certificates, including without limitation, expenses relating to registering or qualifying the Commercial Paper Certificates for distribution in any jurisdiction of the United States, discounts, commissions, financing charges and fees and expenses of underwriters, dealers, remarketing agents, rating agencies, attorneys, accountants, advisors and consultants, letter of credit fees payable with respect to the Commercial Paper Certificates, the premium payable with respect to any insurance policy with respect to the Commercial Paper Certificates, the costs of audit and any credit enhancement facility; the cost of title insurance; any reimbursements payments to the City; fees and expenses of the Trustee and the Delivery and Paying Agent; the administrative expenses of the City attributable to the capital facilities, including, without limitation, compensation of officers, directors, employees, agents, attorneys, accountants and consultants of the City and any fees and expenses of the Trustee and the Delivery and Paying Agent during construction; and such other costs, whether or not specified herein, as may be necessary or incidental to the acquisition, construction, development or financing of the capital facilities and any improvements thereto and the placing of the same in operation, and such other costs and expenses for changes, alterations and additions to the capital facilities requested by the City.

Under the Trust Agreement, the City and the Delivery and Paying Agent may not cause the execution and delivery of Commercial Paper Certificates unless the City has certified to the Delivery and Paying Agent that the Liquidity Agreement will, immediately after the execution and delivery of such Commercial Paper Certificates, be in an amount sufficient to pay the principal of all outstanding Commercial Paper Certificates and interest thereon at the rates then in effect, with respect to the Commercial Paper Certificates through the maturity dates thereof. Additionally, prior to the execution and delivery of Commercial Paper Certificates, the City must comply with certain conditions precedent set forth in the Liquidity Agreement.

The Commercial Paper Certificates will be dated the date of their respective authentication, execution and delivery, will be issued in book-entry form only, in denominations of $100,000 and in integral multiples of $1,000 in excess of $100,000, and will each bear interest at a separately stated interest rate not to exceed 12% per annum.

The Commercial Paper Certificates will be delivered as fully registered certificates and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Commercial Paper Certificates will be available in book-entry form only, and purchasers of the Commercial Paper

Certificates will not receive certificates representing their interests in the Commercial Paper Certificates purchased. While held in book-entry only form, the Trustee will make all payments of principal and interest with respect to the Commercial Paper Certificates by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Certificates. Payments to the beneficial owners are the responsibility of DTC and its participants. See Appendix B – "INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest with respect to the Series 2 Certificates will be computed on the basis of actual days elapsed and on a 365-day or 366-day year, whichever is applicable, and interest with respect to the Series 2-T Certificates will be computed on the basis of actual days elapsed and on a 360-day year.

Each Commercial Paper Certificate will mature on a Business Day not more than 270 days after its date, but not later than five days prior to the Stated Expiration Date (defined below) of the Liquidity Agreement. No Commercial Paper Certificates can be delivered by the Delivery and Paying Agent if such delivery would result in the aggregate principal amount of the Commercial Paper Certificates to be outstanding together with interest accrued or to accrue thereon being in excess of the Available Commitment.

***Upon the occurrence of any Special Event of Default or Suspension Event, the Commitment shall automatically and immediately be terminated or suspended, respectively, with respect to all outstanding Commercial Paper Certificates and the Bank shall have no obligation to make any Revolving Loan under the Liquidity Agreement. Upon such termination or suspension, Base Rental payable from the City's general fund will be the sole source of principal and interest evidenced by the Commercial Paper Certificates. See "THE LIQUIDITY AGREEMENT – Events of Default."***

## THE LIQUIDITY AGREEMENT

*Capitalized terms used in this section "THE LIQUIDITY AGREEMENT" and not otherwise defined shall have the meaning given to such terms as set forth in APPENDIX C – "FORM OF THE LIQUIDITY AGREEMENT.". In the event of any conflict between a definition set forth herein and the corresponding definition set forth in the Liquidity Agreement, the definition set forth in APPENDIX C – "FORM OF THE LIQUIDITY AGREEMENT" shall control for purposes of this section "THE LIQUIDITY AGREEMENT."*

The following is a summary of certain provisions of the Liquidity Agreement. This summary is not to be considered a full statement of the terms of the Liquidity Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

The Liquidity Agreement expires on _____, 2026, subject to earlier termination as provided therein and to extension or renewal as provided therein (the "Stated Expiration Date"). ***Under certain circumstances, the Liquidity Agreement is subject to immediate termination or suspension without notice or payment. See "–Events of Default" below.***

### Revolving Line of Credit

At the request and for the account of the City, the Bank has established a revolving line of credit for the benefit of the City in an amount not to exceed the Bank's Commitment which may be drawn upon from time to time for the purpose of making Revolving Loans to fund the payment by

the City in respect of the principal and interest with respect to any Commercial Paper Certificates at the stated maturity thereof in accordance with the terms and provisions of the Liquidity Agreement and the Trust Agreement. On the effective date of the Liquidity Agreement, the Available Commitment was equal to $163,500,000, consisting of an aggregate Available Principal Amount equal to $150,000,000, and an aggregate Available Interest Commitment equal to $13,500,000, in each case subject to adjustment as provided in the Liquidity Agreement. The Available Commitment in effect from time to time shall be subject to reductions and reinstatements as set forth in the Liquidity Agreement. The aggregate Principal Component of all Revolving Loans made on any date shall not exceed the Available Principal Commitment on such date. The aggregate Interest Component of all Revolving Loans made on any date shall equal the lesser of (i) the Available Interest Commitment on such date and (ii) the actual aggregate amount of interest, if any, accrued on the Commercial Paper Certificates to be paid with the proceeds of such Revolving Loan. Upon satisfaction of the applicable conditions set forth in the Liquidity Agreement, the Bank will advance Revolving Loans under the Liquidity Agreement to the extent requested by the Delivery and Paying Agent to enable the City to pay principal of and interest on Commercial Paper Certificates maturing on the date of such Revolving Loan. Revolving Loans advanced under the Liquidity Agreement will reduce the Available Commitment, which will be subject to reinstatement as provided in the Liquidity Agreement. All Revolving Loans advanced under the Liquidity Agreement will be paid with the Bank's own immediately available funds.

The obligation of the Bank to make a Revolving Loan under the Liquidity Agreement on any date is subject to the satisfaction of the conditions precedent that, on the date of such Loan: (1) the Bank shall have received a properly presented and conforming Notice of Loan from the Delivery and Paying Agent delivered not later than the time specified in the Liquidity Agreement and in accordance with the terms and conditions of the Liquidity Agreement, and (2) no Special Event of Default shall have occurred and no Suspension Event shall have occurred and be continuing. In addition, the Bank shall have no obligation to make any Revolving Loan the proceeds of which shall be used to pay the principal and/or interest with respect to maturing Commercial Paper Certificates that were issued after receipt by the Delivery and Paying Agent of a No-Delivery Notice.

**Covenants**

In the Liquidity Agreement, the City agrees that makes certain covenants, certain of which are not subject to cure by the City, as described below. In addition, The City's failure to comply with any of the covenants described below in paragraph (f) (*City to Maintain Existence*) or clause (i) of paragraph (l) (*Covenants and Legal Duties*) under the caption "*Covenants Not Subject to Cure Period*" below constitute Special Events of Default. See "Events of Default – *Special Events of Default*" below. Upon the occurrence of any Special Event of Default the Commitment shall automatically and immediately be terminated with respect to all outstanding Commercial Paper Certificates and the Bank shall have no obligation to make any Revolving Loan under the Liquidity Agreement. Upon the occurrence of any Suspension Event, the Commitment shall automatically and immediately be suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding and the Bank shall have no obligation to make any Revolving Loan under the Liquidity Agreement unless the obligation of the Bank to make Loans under the Liquidity Agreement is reinstated pursuant to the terms the Liquidity Agreement. Upon such termination or suspension, Base Rental payable from the City's general fund will be the sole source of principal and interest evidenced by the Commercial Paper Certificates. See also "– Remedies" below.

*Covenants Not Subject to Cure Period.* In the Liquidity Agreement, the City agrees that so long as any amounts may be drawn thereunder or any amount payable thereunder remains unpaid:

(a) *No Amendment Without Consent of the Bank.* Without the prior written consent of the Bank, the City will not agree or consent to any amendment, supplement, waiver or modification of any provision of any Related Document to which the City is a party that affects the rights, interests, security or remedies of the Bank under the Liquidity Agreement.

(b) *Outstanding Certificates Plus Interest Thereon Not to Exceed Available Commitment; No-Delivery after Receipt of No-Delivery Notice.*

(i) The City will instruct the Delivery and Paying Agent not to authenticate or deliver any Commercial Paper Certificate if, immediately after the authentication and delivery of, and receipt of payment for, such Certificate, the sum of (A) the face value of all discount Certificates and (B) the principal amount of all outstanding non-discount Certificates plus all interest to accrue on such non-discount Certificates to the maturity date thereof, would exceed the Available Commitment.

(ii) The City shall not instruct the Delivery and Paying Agent to authenticate or deliver any Commercial Paper Certificate if the Delivery and Paying Agent has received a No-Delivery Notice unless and until such No-Delivery Notice is rescinded.

(c) *Other Obligations.* The City will comply with and observe all other obligations and requirements set forth in the Trust Agreement and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank) in all material respects and in all laws, statutes and regulations binding upon it, noncompliance with which would materially adversely affect the City's ability to perform its obligations under the Certificates, the Liquidity Agreement or any of the Related Documents.

(d) *Dealer(s); Trustee; Delivery and Paying Agent.* The City will not, without the prior written consent of the Bank (which consent shall not be unreasonably withheld or delayed), appoint or permit the appointment of a successor Dealer or Delivery and Paying Agent. The City shall at all times maintain one or more Dealers and a Trustee and a Delivery and Paying Agent under the Trust Agreement. The City shall at all times cause each Dealer and the Delivery and Paying Agent to market, issue, and deliver, as applicable, Certificates up to the Maximum Rate. If any Reimbursement Obligation remains outstanding and any Dealer fails to sell the Certificates for 60 consecutive days, then the City shall, at the written request of the Bank, cause the applicable Dealer to be replaced with a Dealer reasonably satisfactory to the Bank. Any dealer agreement with a successor Dealer shall provide that (a) such Dealer may resign upon at least 60-days' prior written notice to the City, Delivery and Paying Agent and the Bank and (b) such Dealer shall use its best efforts to sell the Certificates up to the Maximum Rate.

(e) *Limitation on Voluntary Liens.* The City shall not create a pledge, lien or charge on any part of the Property or the Pledged Property, other than the lien in favor of holders of the Certificates and the Bank.

(f) *City to Maintain Existence.* The City agrees that it will maintain its existence as a charter city and county under the laws and Constitution of the State of California.

(g) *No Impairment.* The City will not take any action, or cause or permit the Trustee or the Delivery and Paying Agent to take any action, under the Trust Agreement, the Sublease or any other Related Document inconsistent with the rights and remedies of the Bank under the Liquidity Agreement.

(h) *Additional Obligations.* The City will not issue or authorize the issuance of any obligations payable from Base Rental or Additional Rental due under the Sublease other than the Certificates and the Revolving Bank Certificate.

(i) *References to the Bank.* The City shall not refer to any financial information or ratings with respect to the Bank in any official statement, offering memorandum, private placement memorandum or any similar offering document (or any amendment or supplement to an official statement, offering memorandum, private placement memorandum or any similar offering document) or make any changes in reference to any financial information or ratings with respect to the Bank in any official statement, offering memorandum, private placement memorandum or any similar offering document (or any amendment or supplement to an official statement, offering memorandum, private placement memorandum or any similar offering document) without the prior written consent of the Bank (the Bank hereby giving its written consent to the reference to it in the Offering Memorandum as in effect on the Effective Date to the extent the same conforms to information provided by the Bank for inclusion in the Offering Memorandum). For the avoidance of doubt, the City may identify (i) the Bank as a party to the Liquidity Agreement, (ii) the Available Commitment and (iii) the expiration date of the Liquidity Agreement in official statements, offering memoranda, private placement memoranda or any similar offering documents with respect to Lease Obligation Debt, so long as no other information relating to the Liquidity Agreement, the Fee Agreement or the Bank is disclosed in such official statements, offering memoranda, private placement memoranda or any similar offering documents without the prior written consent of the Bank.

(j) *Title Insurance.* Title insurance shall be provided and maintained in the manner and in form and substance as set forth in the Sublease; *provided* that notwithstanding anything contained in the Sublease or any other Related Document to the contrary, any policy of title insurance shall be subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank, including endorsements regarding zoning and access to public roads, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State.

(k) *Maintenance of Insurance.* Insurance shall be provided and maintained in the manner and in form and substance as set forth in the Sublease.

(l) *Covenants and Legal Duties.* (i) Subject to the provisions in the Sublease relating to the delivery of Debt Service Certificate - Annual for the Base Rental Periods set forth in Section 3.1(g) thereof, the City agrees to include all Minimum Required Rental Payments due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such Minimum Required Rental Payments, subject to the provisions of the Sublease relating to rental abatement set forth in Section 3.5 thereof.

(ii) Subject to the provisions in the Sublease relating to the delivery of Debt Service Certificate - Annual for the Base Rental Periods set forth in Section 3.1(g) thereof, the City agrees to include all Additional Rental due under the Sublease in each Fiscal Year in its annual

budget and to make the necessary annual appropriations for all such Additional Rental and for all Minimum Supplemental Rental Payments, if any, subject to Section 3.5 of the Sublease.

(iii) The covenants on the part of the City contained in the Liquidity Agreement and in the Sublease shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants and agreements.

(m) *Use of Loan Proceeds.* The City shall cause the Delivery and Paying Agent to use the proceeds of Loans made under the Liquidity Agreement solely to pay the principal and interest with respect to maturing Certificates.

(n) *Ratings.* The City shall give written notice to the Bank as soon as practicable of the increase, decrease, withdrawal or suspension of any rating maintained by Moody's, Fitch or S&P, to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt, in respect of the City's unenhanced Lease Obligation Debt, unless such rating is terminated due to the payment in full of such certificates of participation; *provided* that the requirement to provide such notice shall be satisfied if such information is publicly available on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board. The City shall cause to be maintained at all times long-term unenhanced ratings on its Lease Obligation Debt from at least two (2) of Moody's, Fitch and S&P. The City shall not withdraw any rating by any Rating Agency on the City's unenhanced Lease Obligation Debt in order to cure any Event of Default or reduce the Commitment Fee Rate then in effect.

(o) *Voluntary Rent Abatement.* Except as required by law and the terms of the Sublease, the City shall not seek or assert a claim for abatement of rental payments under the Sublease.

(p) *Immunity.* To the fullest extent permitted by law, the City agrees not to assert the defense of immunity (on the grounds of sovereignty or otherwise) in any proceeding by the Bank to enforce any of the obligations of the City under the Liquidity Agreement or any other Related Document.

(q) *Swap Agreements.* In no event shall the City enter into a Swap Contract with a claim on the General Fund of the City with any swap counterparty rated lower than "A" (or its equivalent) by any one of Fitch, S&P or Moody's at the time of entering into such Swap Contract, without the prior written consent of the Bank,

(r) *Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions; Use of Proceeds.* The City shall maintain in effect and enforce policies and procedures designed to ensure compliance by the City and its directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions. The City shall not request any Revolving Loan, and the City shall not use, and shall ensure that its directors, officers, employees and agents shall not use, the proceeds of any Revolving Loans, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto

*Covenants Subject to Cure Period.* In the Liquidity Agreement, the City agrees that so long as any amounts may be drawn thereunder or any amount payable thereunder remains unpaid:

(a) *Information.* The City will prepare or cause to be prepared and deliver to the Bank the following:

(i) as promptly as available, and in any event no later than 270 days after the end of each fiscal year of the City, commencing with the fiscal year ended June 30, 2022, the complete Annual Comprehensive Financial Report of the City, certified as to the fairness of presentation and conformity with GAAP consistently applied, by a recognized firm of independent certified public accountants;

(ii) concurrently with the delivery of the financial statements delivered to the Bank pursuant to (a)(i) above, a certificate from an Authorized Representative certifying that such Authorized Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing and a certificate from an Authorized Representative of the City certifying that such Authorized Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing;

(iii) within ninety (90) days of adoption of the most recently adopted annual operating budget of the City with respect to the City's General Fund, evidence that such annual operating budget with respect to the City's General Fund includes therein as a separate line item all Minimum Required Rental Payments and Additional Payments due during such period, if not otherwise paid from capitalized interest funded by proceeds of the Certificates; and

(iv) such other information respecting the affairs, conditions and/or operations, financial or otherwise, of the City or the Property, as the Bank may from time to time reasonably request.

All factual information delivered by City in writing to the Bank will be, to the knowledge of the authorized person delivering such information after reasonable inquiry, accurate and complete in all material respects on the date as of which such information is certified.

(b) *Incorporation of Covenants by Reference.* The City agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party, which provisions, as well as related defined terms contained in the Liquidity Agreement, are incorporated by reference in the Liquidity Agreement with the same effect as if each and every such provision were set forth therein in its entirety. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of the Liquidity Agreement, such provision shall be complied with only if it is waived or consented to by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank.

(c) *Defaults.* The City will promptly (and in any event within five Business Days) notify the Bank of the occurrence of any Default or Event of Default specifying the details of such Default

or Event of Default or event of default and the action that the City proposes to take with respect thereto.

(d) *Books, Records.* The City will permit, during normal business hours and from time to time, upon reasonable prior notice, the Bank or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the City (except records and books of accounts the examination of which by the Bank is prohibited by law), and to discuss the affairs, finances and accounts of the City with any representative or any other appropriate officer of the City or the City's independent public accountants. Without limiting the foregoing, upon reasonable prior notice the City shall permit the Bank to visit and inspect any of the Property during regular business hours as often as the Bank may reasonably request.

(e) *Litigation; Material Change.* The City shall promptly notify the Bank of (i) the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, or (ii) the occurrence of any other event or change which could have a material adverse effect on (A) the ability of the City to perform its obligations under the Liquidity Agreement or under the other Related Documents or (B) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(f) *Obligations under Related Documents.* The City shall take all actions as may be reasonably requested by the Bank to enforce the obligations under the Related Documents of each of the other parties thereto.

(g) *Limitation on Voluntary Liens.* The City covenants to keep the Components and all parts thereof free from judgments, and materialmen's and mechanics' liens, claims, demands, encumbrances, liabilities and other liens of whatever nature or character, which, in each case, might hamper the City in utilizing the Components; and promptly, upon request of the Bank, to take such action from time to time as may be reasonably necessary or proper to remedy or cure any cloud upon or defect in the title to the Components or any part thereof, whether now existing or hereafter developing, to prosecute all actions, suits, or other proceedings as may be reasonably appropriate for such purpose.

(h) *Further Assurances.* The City will execute, acknowledge where appropriate, and deliver from time to time promptly at the request of the Bank all such instruments and documents as in the opinion of the Bank are reasonably necessary or desirable to carry out the intent and purposes of the Liquidity Agreement.

(i) *Alternate Credit Facility*. The City agrees to use its best efforts to obtain an Alternate Credit Facility for the Liquidity Agreement in the event that (A) the Bank decides not to extend the Stated Expiration Date (such replacement to occur on the then current Stated Expiration Date), (B) any Revolving Loan made thereunder converts to a Term Loan or (C) the Liquidity Agreement shall otherwise terminate in accordance with its terms.

(j) *ERISA.* The City will comply in all material respects with Title IV of ERISA, if, when and to the extent applicable.

(k) *Swap Agreements.* (i) The City will use its best efforts to enter into all future Swap Contracts with a claim on the General Fund of the City with counterparties rated "AA-" (or its equivalent) or better by at least one Fitch, S&P or Moody's.

(l) *Future Credit Facilities.* (i) In the event that the City shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants, additional or more restrictive events of default, shorter amortization periods with respect to term outs and/or rights or remedies than are provided to the Bank in the Liquidity Agreement or a maximum rate with respect to the obligations under the related Bank Agreement in excess of 12% per annum (any such right, an "*Additional Right*"), any such Additional Right shall automatically be deemed to be incorporated into the Liquidity Agreement and the Bank shall have the benefits of such Additional Right. Upon the request of the Bank, the City shall promptly, enter into an amendment to the Liquidity Agreement to include such Additional Right, provided that the Bank shall maintain the benefit of such Additional Right even if the City fails to provide such amendment. Notwithstanding the foregoing, no Additional Right (except for those relating to shorter amortization periods with respect to term outs or a maximum rate as described further below) shall be incorporated by reference into the Liquidity Agreement, and the City shall have no obligation to enter into an amendment to include any such Additional Right, if the related Bank Agreement is entered into by the City after the four (4) month anniversary of the Effective Date; except that any Additional Right relating to shorter amortization periods with respect to term outs or a maximum rate with respect to the obligations under the related Bank Agreement in excess of 12% per annum shall be incorporated into the Liquidity Agreement by reference pursuant to the Liquidity Agreement, and the City shall enter into an amendment to the Liquidity Agreement to include such Additional Right, no matter when such Bank Agreement is entered into. If the City shall amend the related Bank Agreement such that it no longer provides for such Additional Right, then, without the consent of the Bank the Liquidity Agreement shall be deemed to automatically no longer contain the related Additional Right and the Bank shall no longer have the benefits of any such Additional Right.

(ii) Notwithstanding anything to the contrary set forth in the Liquidity Agreement, (1)(x) the obligations of the Bank thereunder may not be immediately terminated or suspended other than as a result of a Special Event of Default or a Suspension Event (in each case, as such terms are defined as of the Effective Date or as amended pursuant to any amendment thereto in accordance with the Liquidity Agreement) and (y) no additional condition precedent, or modification of any existing condition precedent, to the extension of Revolving Loans may be added to Section 3.2 of the Liquidity Agreement relating to the conditions precedent to making Revolving Loans, in each case, in connection with any such amendment, unless (2) (a) the then-current ratings on the Certificates (and the City shall use its best efforts to cause each such Rating Agency to provide a rating confirmation prior to the date on which the related Bank Agreement becomes effective) shall have been confirmed by each Rating Agency then rating the Certificates and (b) such amendment shall only become effective on a date on which all Certificates have matured (and the City shall (x) use its best efforts to cause any Commercial Paper Certificates outstanding on and after the date on which the related Bank Agreement becomes effective to be rolled only to the maturity date of the longest maturity date of any outstanding Certificates on the date on which the related Bank Agreement becomes effective and (y) update the Offering Memorandum with respect to the related changes prior to offering Certificates after such date with the amendments).

(iii) The City shall not, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides the counterparty thereto with additional or more restrictive events of default or additional or modified conditions precedent the remedy for which, or the result of which, is in an immediate termination or suspension of the obligations of the related provider than are provided to the Bank in the Liquidity Agreement or which are incorporated into the Liquidity Agreement pursuant to an amendment referred to in paragraph (l)(i) above.

(m) *Fair Rental Value.* In the event the aggregate fair rental value of all of the Components is less than the aggregate principal of and interest on all Term Loans (or Default Advances if such Term Loans have been converted to Default Advances under the Liquidity Agreement) outstanding in any calendar year, the City will use its best efforts to either (i) take all steps necessary to seek an appropriation from the City's General Fund in an amount equal to such difference between the aggregate principal of and interest on all Term Loans (or Default Advances if such Term Loans have been converted to Default Advances under the Liquidity Agreement) outstanding and such fair rental value and use such appropriation to prepay the Term Loans (or Default Advances if such Term Loans have been converted to Default Advances under the Liquidity Agreement) or (ii) obtain an Alternate Credit Facility to replace the Bank's obligations under the Liquidity Agreement or to otherwise refinance the Certificates.

(n) *Tax-Exempt Certificates.* The City shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of any Commercial Paper Certificate issued as tax-exempt.

**Events of Default**

***Upon the occurrence of any Special Event of Default or Suspension Event, the Commitment will automatically and immediately be terminated or suspended, respectively, with respect to all outstanding Commercial Paper Certificates and the Bank shall have no obligation to make any Revolving Loan unless, in the event of a Suspension Event only, the Bank's obligations are reinstated pursuant to the Liquidity Agreement.***

***Special Events of Default*. The occurrence of any of the following events are both an *"Event of Default"* and a *"Special Event of Default"* under the Liquidity Agreement:**

(a) the City shall fail to pay any Reimbursement Obligation or interest thereon as and when due under the Liquidity Agreement (but excluding (i) any failure to pay any Reimbursement Obligation accelerated in accordance with Section 6.4 of the Liquidity Agreement for any reason other than nonpayment thereof as described in this paragraph (a) and (ii) any failure to pay any Reimbursement Obligation solely because the amount of such unpaid Reimbursement Obligation exceeds the fair rental value with respect to the Components subject to the Sublease for such Base Rental Period);

(b) The City shall default in the performance of any of the covenants described in paragraph (f) (*City to Maintain Existence*) or clause (i) of paragraph (l) (*Covenants and Legal Duties*) under the caption "– Events of Default – *Covenants Not Subject to Cure Period*."

(c) The City shall fail to pay when due and payable any principal of or interest on any Special Lease Obligation Debt (including, in each case, without limitation, any principal or sinking fund installments but excluding a failure to pay any amount of Special Lease Obligation Debt described in clause (v) of the definition of "Special Lease Obligation Debt" in the Liquidity Agreement which has been accelerated pursuant to the terms of a letter of credit, credit agreement, standby bond purchase agreement or other similar instrument for any reason other than nonpayment thereof), and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning the Special Lease Obligation Debt; or any failure to pay the principal of or interest on any Special Lease Obligation Debt under any indenture, contract or instrument providing for the creation of or

concerning such Special Lease Obligation Debt shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to pay the principal of or interest on any Special Lease Obligation Debt is to accelerate, or to permit the acceleration of, the maturity of such Special Lease Obligation Debt;

(d) The City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium on any Special Lease Obligation Debt, or shall take any action to authorize any of the foregoing; or any Governmental Authority of appropriate jurisdiction shall declare a moratorium with respect to the Certificates, the Obligations and/or all of the debt of the City payable from and/or secured by lease revenue rental payments payable from the General Fund of the City;

(e) (i) A case or other proceeding shall be commenced against the City (x) seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or (y) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or any writ, judgment, warrant of attachment, execution or similar process against all or any substantial part of its assets, and such involuntary case shall remain undismissed and unstayed for a period of sixty (60) days; or (ii) an order for relief shall be entered against the City or under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(f) (i) Any provision of the Liquidity Agreement, the Certificates, the Revolving Bank Certificate, the Delivery and Paying Agent Agreement, or the Trust Agreement related to the payment of principal or interest with respect to the Certificates or the Revolving Bank Certificate or the pledge of the Pledged Property shall at any time for any reason cease to be valid and binding or enforceable on the City as determined by any Governmental Authority of competent jurisdiction in a final nonappealable judgment, or (ii)(a) the validity or enforceability of any provision of the Liquidity Agreement, the Certificates, the Revolving Bank Certificate, the Delivery and Paying Agent Agreement or the Trust Agreement related to the payment of principal or interest with respect to the Certificates or the Revolving Bank Certificate or the pledge of the Pledged Property shall be publicly contested in writing by an authorized officer of the City or (b) any Governmental Authority having appropriate jurisdiction over the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which contests the validity or enforceability of any provision of the Liquidity Agreement, the Certificates, the Revolving Bank Certificate, the Delivery and Paying Agent Agreement or the Trust Agreement related to the payment of principal or interest with respect to the Certificates or the Revolving Bank Certificate or the pledge of the Pledged Property, or (c) an authorized officer of the City shall publicly deny in writing that it has any or further liability or obligation under the Liquidity Agreement, the Certificates, the Revolving Bank Certificate, the Delivery and Paying Agent Agreement or the Trust Agreement;

(g) The long-term unenhanced rating assigned by Moody's, Fitch and S&P (to the extent such Rating Agencies are then maintaining a rating on Lease Obligation Debt) to any Lease Obligation Debt which is senior to or on a parity with the Certificates and the Revolving Bank Certificate shall be withdrawn or suspended, in either case, for credit related reasons or reduced below "Baa3" (or its equivalent), "BBB-" (or its equivalent) and "BBB-" (or its equivalent), respectively; or

(h) One or more final, nonappealable judgments or orders for the payment of money in the aggregate amount of $25,000,000 or more shall be rendered against the City and such judgment or order shall continue unsatisfied and unstayed for a period of 60 days.

***Suspension Events***. **The obligation of the Bank to make a Revolving Loan under the Liquidity Agreement on any date is subject to certain conditions precedent, including that no** Suspension **Event shall have occurred and be continuing as of the date of such loan. Under the Liquidity Agreement, the occurrence of the following events each constitute "Suspension Events":**

(a) the commencement of a case or other proceeding against the City (x) seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law in effect on or after the date of the Liquidity Agreement or (y) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or any writ, judgment, warrant of attachment, execution or similar process against all or any substantial part of its assets, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; and

(b) the entry of an order for relief against the City or under the federal bankruptcy laws as now or hereafter in effect, or the issuance or levy of any writ, judgment, warrant of attachment, execution or similar process against a substantial part of the property, assets or business of the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

***Events of Default Not Constituting Special Events of Default.*** In addition to the Events of Default described under the caption "– Events of Default – *Special Events of Default*" above, the occurrence of any of the following events also constitute an "Event of Default" under the Liquidity Agreement, but not a "Special Event of Default" thereunder:

(a) the City shall fail to pay (i) any Reimbursement Obligation or interest thereon as and when due under the Liquidity Agreement (including, without limitation, (A) any failure to pay any Reimbursement Obligation accelerated in accordance with the Liquidity Agreement for any reason and (B) any failure to pay any Reimbursement Obligation because the unpaid amount of such Reimbursement Obligation exceeds the fair rental value with respect to the Components subject to the Sublease for such Base Rental Period); (ii) any fee set forth in certain specified sections of the Fee Agreement as and when due under the Liquidity Agreement or thereunder and the continuance of such failure for a period of 3 Business Days, (iii) any other Obligation (other than Obligations specified in paragraph (a) appearing under the caption "– Events of Default – *Special Events of Default*" or clause (i) or (ii) above) as and when due under the Liquidity Agreement and the continuance of such failure for a period of 30 days after written notice thereof or (iv) the principal of

any Commercial Paper Certificate when due, but in the case of this clause (iv) only, solely in the event a Suspension Event has occurred and is continuing;

(b) The City shall default in the performance of any of the covenants described under the caption "– Covenants – *Covenants Not Subject to Cure Period"*;

(c) The City shall default in the performance of any other term, covenant or agreement set forth herein and such failure shall continue for a period of 30 days after the earlier to occur of (i) written notice thereof shall have been given to the City by the Bank or (ii) the 10th day after the Controller of the City shall have actual knowledge of such default;

(d) Any representation, warranty, certification or statement made by the City (or incorporated by reference) in the Liquidity Agreement or by the City in any other Related Document or in any certificate, financial statement or other document delivered pursuant to the Liquidity Agreement or any other Related Document shall prove to have been incorrect in any material respect when made or deemed made;

(e) the City shall (A) fail to make any payment on any Material City Debt (other than the Certificates or as set forth in clause (i) of this paragraph (e)) or any interest or premium thereon when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate the maturity of such Material City Debt; or (C) any Material City Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; *provided, however,* that in the case of clause (A) or (B) any such failure shall not be considered an Event of Default under the Liquidity Agreement if the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) The Trustee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing;

(g) (i) A case or other proceeding shall be commenced against the Trustee (x) seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or (y) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or any writ, judgment, warrant of attachment, execution or similar process against all or any substantial part of its assets, and such involuntary case shall remain undismissed and unstayed for a period of 60

days; or (ii) an order for relief shall be entered against the Trustee under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the Trustee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) any provision of the Liquidity Agreement or any Related Document other than a provision described in paragraph (f) under the caption "– Events of Default – *Special Events of Default*" shall cease for any reason whatsoever to be a valid and binding agreement of the City or the Trustee, or the City or the Trustee shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created under the Liquidity Agreement or under the Trust Agreement to secure any amounts due under the Liquidity Agreement shall fail to be valid or fully enforceable;

(j) An event of default shall occur under any of the Related Documents (other than the Liquidity Agreement) or the City shall fail to make any payment under the Sublease when and as due;

(k) (i) Any long-term unenhanced rating assigned by Moody's, Fitch or S&P (to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt) to any Lease Obligation Debt shall be withdrawn, suspended or otherwise unavailable for credit related reasons, or (ii) any long-term unenhanced ratings assigned by Moody's, Fitch or S&P (to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt) on any Lease Obligation Debt shall be reduced below *"Baa1"* (or its equivalent), *"BBB+"* (or its equivalent) or *"BBB+"* (or its equivalent), respectively; *provided, however*, that, for purposes of this clause (ii), Lease Obligation Debt shall mean, (x) in the case of Moody's, if Moody's assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by Moody's, (y) in the case of S&P, if S&P assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by S&P, and (z) in the case of Fitch, if Fitch assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by Fitch;

(l) Any Event of Default (or term of like meaning or effect) shall have occurred under any Bank Agreement related to any Lease Obligation Debt;

(m) The Internal Revenue Service declares the interest with respect to any Commercial Paper Certificate issued as tax-exempt is not excludable from gross income for federal income tax purposes; or

(n) any Governmental Authority of appropriate jurisdiction shall declare a moratorium with respect to any of the debt of the City.

**Remedies**

If any Event of Default shall have occurred and be continuing, the Bank may declare the Revolving Bank Certificate, in whole or in part, all or some Reimbursement Obligations, as well as

any other Obligation, and all interest thereon to be a Default Advance under the Liquidity Agreement due and payable in the manner set forth in the Liquidity Agreement. Notwithstanding anything to the contrary in the immediately foregoing sentence, upon the occurrence or existence of an Event of Default of the type described in paragraph (d) or (e) appearing under the caption "– Events of Default – *Special Events of Default*", the remedies described in the immediately preceding sentence shall occur immediately and automatically without notice or further action on the part of the Bank or any other person.

From and after the occurrence an Event of Default, all Obligations shall bear interest at the Default Rate.

Upon the occurrence of any Special Event of Default, the Commitment shall automatically and immediately terminate with respect to all outstanding Certificates and the Bank shall have no obligation to make any Revolving Loan.

Upon the occurrence of an Event of Default that is not a Special Event of Default, the Bank may, by notice to the City, terminate the Commitment (except as provided below), deliver a No-Delivery Notice to the Delivery and Paying Agent directing the Delivery and Paying Agent to cease issuing any Certificates, whereupon no additional Commercial Paper Certificates shall be issued, the Available Commitment shall immediately be reduced to the then outstanding principal amount of Commercial Paper Certificates, and the Available Commitment shall be further reduced in a similar manner as and when such Commercial Paper Certificates mature; *provided* that the Commitment shall not terminate, and the right of the Bank to declare the Revolving Bank Certificate, in whole or in part, all or some Reimbursement Obligations, as well as any other Obligation, and all interest thereon to be a Default Advance under the Liquidity Agreement due and payable in the manner set forth in the Liquidity Agreement shall not affect the obligation of the Bank to make Revolving Loans in an aggregate principal amount equal to the Commitment to the extent necessary for the City to make required payments of principal of the Commercial Paper Certificates issued and sold prior to the date upon which the No-Delivery Notice is received by the Delivery and Paying Agent; *provided further* that if any Revolving Loan is made that would not have been made but for the application of the immediately preceding provision, such Revolving Loan shall be immediately due and payable on the date such Revolving Loan was made.

Upon the occurrence of a Default under the caption "– Events of Default – *Suspension Events*.", the obligation of the Bank to make Revolving Loans under the Liquidity Agreement shall be automatically and immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, the obligation of the Bank to make Loans under the Liquidity Agreement shall be reinstated and the terms of the Liquidity Agreement will continue in full force and effect (unless the obligation of the Bank to make Loans under the Liquidity Agreement shall have otherwise expired or terminated in accordance with the terms of the Liquidity Agreement or there has occurred a Special Event of Default) as if there had been no such suspension.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of, or the right to take action in the future in regard to, such or subsequent Events of Default.

The Liquidity Agreement states that nothing contained therein will result in, or be construed to require, an acceleration of Base Rental under the Sublease or is intended to abrogate abatement of Base Rental made in accordance with the terms of the Sublease.

Each Loan, to the extent not required to be repaid earlier under the terms and conditions of the Liquidity Agreement, shall mature on the earliest to occur of (i) the date which is three (3) years from the related Funding Date, (ii) the Substitution Date, (iii) the date which is three (3) years from the related Commitment Termination Date, (iv) the date on which the Certificates are no longer outstanding nor may be reissued, (v) the date that the Available Commitment is permanently reduced to zero or the Liquidity Agreement is otherwise terminated, including upon the occurrence of an Event of Default and (vi) the date on which the City issues Certificates (or other commercial paper notes) or bonds payable from and/or secured by lease revenue rental payments payable from the General Fund of the City, the proceeds of which could be used to repay such Loan. The Stated Expiration Date of the Commitment may be extended as provided in the Liquidity Agreement. The City may not reduce the Commitment to a level such that the Available Principal Commitment is less than the outstanding principal amount of the Commercial Paper Certificates or the Available Interest Commitment is less than the amount of accrued interest on Outstanding Commercial Paper Certificates to their respective maturity dates.

**Substitution of Liquidity Agreement**

***The City may obtain an alternate liquidity agreement to replace the liquidity agreement then in effect; provided, no such substitution may result in the reduction of the Commitment to a level less than the outstanding principal amount of Commercial Paper Certificates supported by such liquidity agreement outstanding.***

## THE BANK

*The information under this heading has been provided solely by the Bank and is believed to be reliable. This information has not been verified independently by the City. The City makes no representation whatsoever as to the accuracy, adequacy or completeness of such information.*

**Wells Fargo Bank, National Association**

The Bank is a national banking association organized under the laws of the United States of America with its main office at 101 North Phillips Avenue, Sioux Falls, South Dakota 57104, and engages in retail, commercial and corporate banking, real estate lending and trust and investment services. The Bank is an indirect, wholly-owned subsidiary of Wells Fargo & Company ("Wells Fargo"), a diversified financial services company, a financial holding company and a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in San Francisco, California ("Wells Fargo").

The Bank prepares and files Call Reports on a quarterly basis. Each Call Report consists of a balance sheet as of the report date, an income statement for the year-to-date period to which the report relates and supporting schedules. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosure about the Bank, the reports nevertheless provide important information concerning the Bank's financial condition and results of operations. The Bank's Call Reports are on file with, and are publicly available upon written request to the FDIC, 550 17th Street, N.W., Washington, D.C. 20429, Attention: Division of Insurance and Research. The FDIC also maintains an internet website that contains the Call Reports. The address of the FDIC's website is http://www.fdic.gov. The Bank's Call Reports are also available upon written request to the Wells

Fargo Corporate Secretary's Office, Wells Fargo Center, MAC N9305-173, 90 South 7th Street, Minneapolis, MN 55479.

**The Liquidity Agreement will be solely an obligation of the Bank and will not be an obligation of, or otherwise guaranteed by, Wells Fargo & Company, and no assets of Wells Fargo & Company or any affiliate of the Bank or Wells Fargo & Company will be pledged to the payment thereof. Payment of the Letter of Credit will not be insured by the FDIC.**

The information contained in this section, including financial information, relates to and has been obtained from the Bank, and is furnished solely to provide limited introductory information regarding the Bank and does not purport to be comprehensive. Any financial information provided in this section is qualified in its entirety by the detailed information appearing in the Call Reports referenced above. The delivery hereof shall not create any implication that there has been no change in the affairs of the Bank since the date hereof.

## THE TRUSTEE AND DELIVERY AND PAYING AGENT

U.S. Bank Trust Company, National Association, an affiliate of the Dealer, has been appointed and is serving as Trustee and Delivery and Paying Agent for the Commercial Paper Certificates pursuant to the Trust Agreement and the Delivery and Paying Agent Agreement.

## THE DEALER

The City has appointed J.P. Morgan Securities LLC as the dealer with respect to the offering and sale of the Commercial Paper Certificates. Additional dealers may be engaged from time to time to offer and sell the Commercial Paper Certificates.

## TAX MATTERS

***Federal Tax Status***. On November 15, 2021, in connection with a technical reissuance of the Series 2 Certificates under federal tax law on such date, Jones Hall, A Professional Law Corporation, San Francisco, California, as Special Counsel to the City, rendered its opinion to the effect interest with respect to the first Series 2 Certificates executed and delivered on and after November 15, 2021, and interest with respect to any Series 2 Certificates executed and delivered from time to time by the City through the date that is 18 months after the date of execution and delivery of the first Series 2 Certificates executed and delivered on or after November 15, 2021, that the City elects to treat as part of the same issue of Series 2 Certificates, is excluded from gross income of the owners for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence were subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended that must be satisfied subsequent to the execution and delivery of the Series 2 Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the original date of execution and delivery of the Series 2 Certificates. The form of the opinion rendered by Special Counsel with respect to the Series 2 Certificates on November 15, 2021, is attached to this Offering Memorandum as Appendix A.

The 18-month period described in the preceding paragraph will expire on May 15, 2023. Under the Liquidity Agreement, prior to the issuance of Tax-Exempt Certificates on or after such date, the City is required to deliver a letter addressed to the Bank from Jones Hall, A Professional Law Corporation, Special Counsel, entitling the Bank to rely on such firm's approving opinion addressed to the City with respect to the exemption of interest on the Series 2 Certificates from the gross income of the recipients thereof for federal income tax purposes. No Series 2 Certificates will be issued on or after May 15, 2023 prior to the delivery of such letter.

The City anticipates taking any and all actions necessary to comply with all requirements of the Code that must be satisfied subsequent to the execution and delivery of any Series 2 Certificates after the date hereof in order that such interest with respect to such Series 2 Certificates be, or continue to be, excluded from gross income for federal income tax purposes.

**Interest on the Series 2-T Certificates is not intended by the City to be excluded from gross income for federal income tax purposes.**

***California Tax Status***. On November 15, 2021, Special Counsel rendered its opinion that interest with respect to the Commercial Paper Certificates is exempt from personal income taxes of the State of California under then present state law. The form of the opinion rendered by Special Counsel with respect to the Series 2 Certificates on November 15, 2021, is attached to this Offering Memorandum as Appendix A.

***No Reaffirmation***. Special Counsel has not been asked to, and does not, express any opinion as to whether interest on the Commercial Paper Certificates is as of the date of this Offering Memorandum excludable from gross income for federal income tax purposes or as to whether interest on the Commercial Paper Certificates is as of the date of this Offering Memorandum exempt from personal income taxes of the State of California. Neither the inclusion in this Offering Memorandum of the form of opinion rendered by Special Counsel November 15, 2021, nor the descriptions thereof above, shall constitute a reaffirmation of such opinion.

## NO LITIGATION

Upon the initial delivery of the Commercial Paper Certificates, the City will execute a certificate to the effect that there is no litigation pending which has been formally served upon the City or of which the City has formally been given notice, in any way restraining or enjoining the execution or delivery of the Commercial Paper Certificates.

## LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Commercial Paper Certificates have been passed upon by Jones Hall, A Professional Law Corporation, San Francisco, California, as Special Counsel. Certain legal matters in connection with the Liquidity Agreement were passed upon by Chapman and Cutler LLP, Chicago, Illinois, as special counsel for the Bank. Certain legal matters were passed upon for the City by the City Attorney for the City and County of San Francisco.

## MUNICIPAL ADVISOR

The City has retained KNN Public Finance, LLC ("KNN Public Finance"), as municipal advisor with respect to the execution and delivery of the Commercial Paper Certificates. KNN Public Finance is not obligated to undertake, and has not undertaken to make, an independent

verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum.

## INFORMATION INCORPORATED BY REFERENCE

Pursuant to Rule 15c2-12, the City has entered into undertakings, for the benefit of the holders of certain bonds, to provide specified disclosure information from time to time. This disclosure information consists of: (i) a report (an "Annual Report") containing specified updated disclosure information to be filed not later than 270 days after the end of the City's fiscal year (which currently ends June 30) with the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board; and (ii) a notice of each occurrence of certain enumerated events, to be filed with EMMA.

The City hereby incorporates by this reference into this Offering Memorandum, on the date of this Offering Memorandum, the following sections (the "Incorporated Sections") from the [[Remarketing Supplement Dated May 31, 2022 supplementing the Official Statement dated September 4, 2008, as supplemented by the Remarketing Supplement dated October 6, 2014 with respect to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) and City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project), filed with EMMA and available at https://emma.msrb.org/P21576769-P21217385-P21638883.pdf]]:[1]

- "THE CITY AND COUNTY OF SAN FRANCISCO"
- "CERTAIN RISK FACTORS RELATING TO THE CITY AND COUNTY OF SAN FRANCISCO"
- Appendix B – City and County of San Francisco Organization and Finances
- [[The Annual Comprehensive Financial Report of the City and County of San Francisco for the Fiscal Year Ended June 30, 2021 appended thereto as Appendix C.]]

In addition, the City hereby incorporates by this reference into this Offering Memorandum after the date of this Offering Memorandum and from time to time (i) the Incorporated Sections from the most recent Official Statement or other offering document filed by the City with EMMA with respect to its general obligation bonds, lease revenue certificates of participation executed and delivered from time to time on behalf of the City and lease revenue bonds issued from time to time by the County of San Francisco Finance Corporation for the benefit of the City, and (ii) if more recent than the item incorporated by reference by clause (i), the most recent Annual Report filed by the City with EMMA with respect to its general obligation bonds, lease revenue certificates of participation executed and delivered from time to time on behalf of the City and lease revenue bonds issued from time to time by the County of San Francisco Finance Corporation for the benefit of the City and any subsequent statements or notices filed with EMMA regarding the impacts of COVID-19 on the City's operations and finances.

The City is not required by Rule 15c2-12, and does not intend, to enter into any undertaking to provide updated disclosure information to holders of the Certificates.

[1] NTD: To be updated to reflect most recent public offering of general obligation bonds or lease revenue COPs or bonds prior to distribution; City to provide.

## RATINGS

Moody's Investors Service, Inc. ("Moody's"), S&P Global Ratings ("S&P") and Fitch Inc. ("Fitch") have assigned short-term ratings to the Commercial Paper Certificates of "__," "__" and "__," respectively. Each of such ratings is based on the availability of the revolving line of credit from the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. The City furnished to such rating agencies certain City information regarding the Commercial Paper Certificates. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Liquidity Agreement.

Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Certificates. The City undertakes no responsibility to oppose any such change or withdrawal. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Certificates.

## OTHER MATTERS

The Dealer has provided the following sentence for inclusion in this Offering Memorandum. The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in such information or expressions of opinion since the date hereof.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Offering Memorandum.

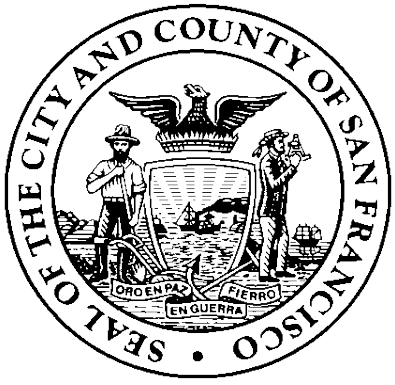
## MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Certificates, the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease, the Bank, the Liquidity Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to said documents for full and complete statements of the provisions.

The preparation and distribution of this Offering Memorandum have been duly authorized by the City

**CITY AND COUNTY OF SAN FRANCISCO**

By: _____
Director of the Office of Public Finance


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO
ORO EN PAZ
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EN GUERRA

# APPENDIX A

# FORM OF OPINION OF SPECIAL COUNSEL

## APPENDIX B

## INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

*Neither the City, the Trustee nor the Delivery and Paying Agent will have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Participants, Indirect Participants or Beneficial Owners. Neither the City nor the Issuing and Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and interest on the Commercial Paper Certificates paid to DTC or its nominee, as the registered Owner, or any notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Offering Memorandum.*

*The following information regarding DTC and its book-entry only system has been furnished by DTC for inclusion herein. The City cannot and does not make any representation as to the accuracy or completeness thereof, or the absence of material adverse changes therein subsequent to the date hereof. Beneficial Owners should confirm the following information with DTC or the Participants, as the case may be.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Commercial Paper Certificates. The Commercial Paper Certificates 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 Commercial Paper Certificate will be issued for each series of Commercial Paper Certificates, each in the aggregate authorized principal amount of such series, and will be deposited with DTC.

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 an S&P Global Ratings rating: AA+. 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. The information set forth on such website is not incorporated herein by reference.

Purchases of the Commercial Paper Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Certificates on DTC's records. The ownership interest of each actual purchaser of each Commercial Paper Certificate ("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 Commercial Paper Certificates 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 the Commercial Paper Certificates, except in the event that use of the book-entry system for the Commercial Paper Certificates is discontinued.

To facilitate subsequent transfers, all Commercial Paper Certificates 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 the Commercial Paper Certificates 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 Commercial Paper Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Commercial Paper Certificates 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.

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. Beneficial Owners of the Commercial Paper Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Certificates, such as tenders, defaults, and proposed amendments to the authorizing documents. For example, Beneficial Owners of the Commercial Paper Certificates may wish to ascertain that the nominee holding the Commercial Paper Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 the Commercial Paper Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest with respect to the Commercial Paper Certificates 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 the City or the Delivery and Paying 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 (nor its nominee), the Trustee, the Delivery and Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest with respect to the Commercial Paper Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Issuing and Paying 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.

DTC may discontinue providing its services as depository with respect to the Commercial Paper Certificates at any time by giving reasonable notice to the City, the Trustee or the Delivery and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Certificate certificates are required to be printed and delivered, as described in the Trust Agreement.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Commercial Paper Certificate certificates will be printed and delivered to DTC as described in the Trust Agreement.

The information in this Appendix B concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

*The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Commercial Paper Certificates, payment of the principal, interest and other payments with respect to the Commercial Paper Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Commercial Paper Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*The City cannot and does not give any assurances that DTC will distribute to DTC Participants, or that DTC Participants or others will distribute to the Beneficial Owners, payments of principal and interest with respect to the Commercial Paper Certificates paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Offering Memorandum. The City is not responsible or liable for the failure of DTC or any DTC Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Commercial Paper Certificates or any error or delay relating thereto.*

*So long as Cede & Co. is the registered owner of the Commercial Paper Certificates, as nominee of DTC, references herein to the Owners or registered holders of the Commercial Paper Certificates, shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Commercial Paper Certificates.*

# APPENDIX C

# FORM OF THE LIQUIDITY AGREEMENT