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**OFFICIAL NOTICE OF SALE**

**and**

**OFFICIAL BID FORM**

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**[\$[PAR AMOUNT]]\***  
**CITY AND COUNTY OF SAN FRANCISCO**  
**REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2015-R1**  
**(CITY OFFICE BUILDINGS - MULTIPLE PROPERTIES PROJECT)**

**evidencing proportionate interests of the Owners thereof in a certain Lease Agreement,  
including the right to receive Base Rental payments to be made by the  
CITY AND COUNTY OF SAN FRANCISCO**

The City and County of San Francisco will receive bids for the above-referenced Certificates by either the electronic bidding system specified on this Official Notice of Sale or via written sealed bids, on the date and up to the time specified below:

**SALE DATE:** Tuesday, June 9, 2015  
(Subject to postponement or cancellation in accordance  
with this Official Notice of Sale)

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

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

Telephone, telefax, or telegraph bids will not be accepted. If the Certificates are awarded by the City, it is anticipated that delivery will be made on or about Wednesday, July 1, 2015.\*

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\* Subject to adjustment in accordance with this Official Notice of Sale.

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**CITY AND COUNTY OF SAN FRANCISCO**  
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including the right to receive Base Rental payments to be made by the  
CITY AND COUNTY OF SAN FRANCISCO**

NOTICE IS HEREBY GIVEN that either electronic or written sealed all-or-nothing bids will be received by the City and County of San Francisco (the "City") for the purchase of \$[PAR AMOUNT]\* City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (the "Certificates").

Electronic bids must be submitted solely through the Ipreo LLC's BiDCOMP™/PARITY® System ("Parity"), as the only approved electronic bidding service for the Certificates, and written sealed bids must be delivered at the Office of Public Finance, City Hall, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102, on the date and up to the time specified below:

**Tuesday, June 9, 2015, until 8:30 a.m. California Time**

(Subject to postponement or cancellation in accordance with this Official Notice of Sale)

Bidding procedures and sale terms are as described in this Official Notice of Sale. No telephone, telefax, or telegraph bids will be accepted or considered. The Certificates are described in the City's Preliminary Official Statement for the Certificates dated [June 2, 2015] (the "Preliminary Official Statement").

Each bidder choosing to submit a bid via Parity shall be solely responsible for registering to bid via Parity and for all costs, fees or other expenses incurred by the bidder in connection with the bid and/or the use of Parity. The use of Parity shall be at the bidder's risk. Each bidder expressly assumes the risk for any error contained in any bid submitted through Parity, or for failure of any bid to be transmitted or received including without limitation the risk of any incomplete or untimely bid submitted by such bidder by reason of failed or garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause. None of the City, the City Attorney, or any City consultant or legal representative of the City, assumes any responsibility for any such error or failed or garbled transmission of any bid. The official time of receipt of bids will be determined by the City's Director of Public Finance, and the City will not be required to accept the time kept by Parity as the official time. Additional terms and conditions regarding the use of Parity are set forth below in "TERMS OF SALE—Form of Bids; Delivery of Bids."

***Postponement or Cancellation of Sale; Notice.* THE RECEIPT OF BIDS ON JUNE 9, 2015 MAY BE POSTPONED OR CANCELLED BY THE CITY AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED THROUGH ANY OF THE BOND BUYER WIRE, THOMSON FINANCIAL OR BLOOMBERG BUSINESS NEWS (EACH, A "NEWS SERVICE") AND/OR PARITY AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION.** Notice of the new date and time for receipt of bids shall be given through a News Service and/or Parity as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids. If the sale is

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\* Subject to adjustment in accordance with this Official Notice of Sale.

canceled, all written sealed bids will be returned unopened. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice. In the event of a postponement of the sale only, any subsequent bid submitted by a bidder will supersede any prior bid made.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from: Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com); and Ross Financial, 1736 Stockton Street, Suite 1, San Francisco, California 94133; telephone: (415) 912-5612 (office), Attention: Peter J. Ross (email: rossfinancial@smkc.com) (the “Co-Financial Advisors”); provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale.

**Modification or Amendment; Notice.** Other than with respect to postponement or cancellation of the sale as described above, the City reserves the right to modify or amend this Official Notice of Sale in any respect. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. See “TERMS OF SALE–Right to Modify or Amend.”

**Notice of Sale; Posting; Priority.** This Official Notice of Sale will be submitted for posting to the Parity bid delivery system (as described in “TERMS OF SALE – Form of Bids; Delivery of Bids” below). In the event the summary of the terms of sale of the Certificates posted on Parity conflicts with this Official Notice of Sale, or any amendment hereto, in any respect, the terms of this Official Notice of Sale and any amendment hereto shall control.

## **TERMS RELATING TO THE CERTIFICATES**

**THE TERMS, AUTHORITY FOR EXECUTION AND DELIVERY, PURPOSES, REPAYMENT, SECURITY, FORM OF LEGAL OPINIONS OF CO-SPECIAL COUNSEL AND OTHER INFORMATION REGARDING THE CERTIFICATES ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE CERTIFICATES. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE CERTIFICATES. THE DESCRIPTION OF THE CERTIFICATES CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE CERTIFICATES CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.**

Subject to the foregoing, the Certificates are generally described as follows:

**Issue.** The \$[PAR AMOUNT]<sup>\*</sup> aggregate principal amount of the Certificates will be delivered as fully registered certificates without coupons in book-entry form in denominations of \$5,000 or any integral multiple thereof, all dated the date of execution and delivery, which is expected to be July 1, 2015<sup>\*</sup>. See “CLOSING PROCEDURES AND DOCUMENTS–Delivery and Payment.” If the sale is postponed, notice of the new date of the sale will also set forth the new date of delivery of the Certificates.

**Book-Entry Only.** The Certificates will be registered in the name of a nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Certificates. Individual purchases will be made in book-entry form only, and the Purchaser (as defined

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<sup>\*</sup> Preliminary, subject to change.

below under “TERMS OF SALE–Process of Award”) will not receive certificates representing its interest in the Certificates purchased. As of the date of award of the Certificates, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

**Interest Rates.** Interest evidenced and represented by the Certificates will be payable semiannually on [March 1 and September 1] of each year (each, an “Interest Payment Date”), commencing on [September 1, 2015]. Interest on a Certificate will be payable continuing to and including the Certificate Payment Date (defined below) or on prepayment prior thereto. Interest with respect to the Certificates will be calculated on the basis of a 30-day month, 360-day year from the date of the Certificates, as further described in the Preliminary Official Statement.

Bidders must specify the rate or rates of interest which each Certificate will bear. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided that:

- (i) The maximum interest rate bid shall not exceed [six percent (6%)] per annum;
- (ii) Each interest rate specified in any bid must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum and a zero rate of interest cannot be named;
- (iii) Each Certificate shall bear interest from its date to its stated payment date at the single rate of interest specified in the bid;
- (iv) A single interest payment shall be due on each Certificate on each Interest Payment Date, and no supplemental payments will be permitted; and
- (v) All Certificate payments due at any one time shall bear the same rate of interest.

**Principal Payments.** The Certificates shall be serial and/or term Certificates, as specified by each bidder and principal shall be payable on September 1 of each year, commencing on September 1, 2015 (each, a “Certificate Payment Date”), calculated to produce approximately level annual debt service on a fiscal year basis. No term Certificate shall require sinking fund payments prior to September 1, 20\_\_\_\_. The final Certificate Payment Date shall be no later than September 1, 20\_\_\_\_. No serial Certificates may have a Certificate Payment Date following the commencement of the first mandatory sinking fund payment. For any term certificates specified, the principal amount for a given year may be allocated only to a single term certificate and must be part of an uninterrupted annual sequence from the first sinking account installment prepayment to the term certificate final Certificate Payment Date.

The principal amount of the serial payments or mandatory sinking fund payments for the Certificates is shown below for information purposes only. Subject to adjustment as herein provided, the principal amount of the serial payments or sinking account installment prepayment for the Certificates in each year is as follows:

<b>Certificate Payment Date (September 1) *</b>	<b>Certificate Principal Amount *</b>
2015	\$ _____
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
Total	\$[PAR AMOUNT]

\*Subject to adjustment in accordance with this Official Notice of Sale.

***Adjustment of Principal Payments.*** The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid. **Potential bidders will be notified via a News Service and/or Parity prior to the sale of any change to the principal payment schedule for the Certificates to be utilized for the bidding process.** The City reserves the right to change the Certificate Payment Amounts set forth above after the determination of the apparent winning bidder (see “TERMS OF SALE–Process of Award”), by increasing or decreasing the aggregate principal amount of Certificates and/or by adjusting one or more principal payments of the Certificates in increments of \$5,000, as determined in the sole discretion of the City. Any such adjustment of principal payments with respect to the Certificates shall be based on the schedule of principal payments provided by the City to be used as the basis of bids for the Certificates. Any such adjustment will not change the average per Certificate dollar amount of the Purchaser’s discount. See also “TERMS OF SALE–Right to Modify or Amend,” regarding the City’s right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity for the Certificates and adding or

deleting serial or term maturity payment dates, along with corresponding principal amounts with respect thereto.

IN THE EVENT OF ANY SUCH ADJUSTMENT, NO REBIDDING OR RECALCULATION OF THE BIDS SUBMITTED WILL BE REQUIRED OR PERMITTED AND NO SUCCESSFUL BID MAY BE WITHDRAWN. A PURCHASER MAY NOT CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE SERIES OF THE CERTIFICATES IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

***Optional Prepayment.*** The Certificates with a Certificate Payment Date on or after September 1, 20\_\_\_\_, are subject to optional prepayment prior to their respective Certificate Payment Dates in whole or in part (and if in part, in such order of maturity as the City specifies and within a maturity by lot or by such other method as the Trustee determines to be fair and reasonable and in Authorized Denominations) on any date on or after September 1, 20\_\_\_\_, at the option of the City, if the City exercises its option under the Lease Agreement (as defined in the Preliminary Official Statement) to prepay the principal component of the Base Rental payments at a prepayment price equal to sum of the principal component of the Certificates called for prepayment plus the interest component of such Certificates to the prepayment date, without premium.

***Sinking Fund Prepayment.*** The Certificates are further subject to prepayment prior to their respective stated Certificate Payment Dates on September 1 of each year for which a sinking account installment prepayment as specified by the bidder, by lot in the principal amount to be prepaid and accrued interest thereon to the prepayment date, without premium, but only in amounts equal to, and in accordance with, the scheduled prepaid components of the Base Rental represented by the Certificates to be prepaid.

***Special Mandatory Prepayment.*** The Certificates are subject to mandatory prepayment prior to their respective Certificate Payment Dates in whole or in part on any date, at the Prepayment Price equal to the principal amount thereof (plus accrued but unpaid interest to the prepayment date), without premium, from amounts received following an event of damage, destruction or condemnation of the Leased Property (as defined in the Preliminary Official Statement) or any portion thereof or loss of the use or possession of the Leased Property or any portion thereof due to a title defect.

***Municipal Bond Insurance at Bidder's Option.*** The City has not taken any steps to qualify the Certificates for municipal bond insurance and makes no representation as to whether the Certificates will qualify for municipal bond insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy and payment of any additional rating agency fees shall be the sole responsibility of the bidder. **In particular, the City will not amend or supplement the documents authorizing the execution and delivery of the Certificates in any way, nor will either agree to enter into any additional agreement with respect to the provision of any such policy. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF OR PAY FOR THE CERTIFICATES.**

If the Purchaser exercises this option, the Purchaser must provide the City with the municipal bond insurance commitment, including the amount of the policy premium, as well as information with respect to the municipal bond insurance policy and the insurance provider for inclusion in the final Official Statement within two (2) business days following the award of the Certificates by the City. The City will require a certificate from the insurance provider substantially in the form attached hereto as Exhibit A on or prior to the date of delivery of the Certificates, as well as an opinion of counsel to the insurance provider regarding the enforceability of the municipal bond insurance policy and a tax certificate, each in form reasonably satisfactory to the City and Sidley Austin LLP and Garcia,

Hernández, Sawhney & Bermudez, LLP, Co-Special Counsel (collectively, “Co-Special Counsel”). **THE PURCHASER SHALL PAY ALL COSTS ASSOCIATED WITH ANY DECISION OF THE CITY TO AMEND, SUPPLEMENT, REPRINT AND/OR “STICKER” THE FINAL OFFICIAL STATEMENT AS A RESULT OF A FAILURE BY THE PURCHASER TO TIMELY PROVIDE INFORMATION FOR THE FINAL OFFICIAL STATEMENT OR ANY SUBSEQUENT EVENT WHICH RESULTS IN THE MUNICIPAL BOND INSURANCE DISCLOSURE PRINTED IN THE FINAL OFFICIAL STATEMENT BEING INACCURATE OR OTHERWISE INADEQUATE.**

***Tax Matters.*** Upon delivery of the Certificates, Co-Special Counsel will deliver their separate legal opinions that, under existing law and assuming compliance with certain covenants in the documents pertaining to the Certificates and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest with respect to the Certificates is not includable in the gross income of the owners of the Certificates for federal income tax purposes. In the further opinion of Co-Special Counsel, interest with respect to the Certificates is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Interest with respect to the Certificates, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation’s alternative minimum tax liability. In the further opinion of Co-Special Counsel, interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California. Co-Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest with respect to the Certificates. See “TAX MATTERS” in the Preliminary Official Statement.

***Legal Opinion.*** A complete copy of the proposed form of the separate legal opinions of Co-Special Counsel is set forth in Appendix F to the Preliminary Official Statement. The separate legal opinions of Co-Special Counsel with respect to the Certificates, approving the validity of the Certificates, will be furnished, without cost, to the Purchaser upon delivery of the Certificates.

## **TERMS OF SALE**

***Form of Bids; Delivery of Bids.*** Each bid for Certificates must be (1) for not less than all of the Certificates hereby offered for sale, (2) for not less than 99% of the par value of the Certificates, (3) unconditional and (4) submitted either (a) via Parity or (b) by written sealed bids on the Official Bid Form attached hereto as Exhibit B (the “Official Bid Form”) and signed by a duly authorized signatory of the bidder. No telephone, telefax or telegraph bids will be accepted or considered.

If a bidder chooses to submit its bids via Parity, such bidder must follow the instructions under “–Use of Parity.” If a bidder chooses to submit its bid as a written sealed bid, written sealed bids must be enclosed in a sealed envelope and delivered to the City c/o Angela Whittaker of the Office of Public Finance of the City and County of San Francisco at the address set forth on the cover of this Official Notice of Sale and clearly marked “Bid for the City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings - Multiple Properties Project)” or words of similar import.

To the extent any instructions or directions set forth in Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about Parity, potential bidders may contact (i) either of the Co-Financial Advisors (Public Financial Management, Inc., 50 California Street, Suite 2300, San Francisco, California 94111; telephone: (415) 982-5544 (office), Attention: Sarah Hollenbeck (email: hollenbecks@pfm.com); or Ross Financial, 1736 Stockton Street, Suite 1, San Francisco, California 94133; telephone: (415) 912-5612 (office), Attention: Peter J. Ross (email: rossfinancial@smkc.com)); or (ii) Parity, phone: (212) 849-5021. Bids may include a premium on the par value of the Certificates. No bid submitted to the City is subject to withdrawal or modification by the bidder. **All bids will be deemed to incorporate and be subject to all of the**

**terms of this Official Notice of Sale. The City retains absolute discretion to determine whether any bid, whether electronic or written sealed, is timely and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete or nonconforming with this Official Notice of Sale or has not been received.**

***Use of Parity:*** The use of Parity shall be at the bidder's option and risk and each bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Certificates conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through a News Service and/or Parity, will control; (2) each bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, nor will the City be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid; (4) the City is permitting the use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Certificates; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (6) the electronic transmission of a bid through Parity (including information regarding the purchase price for the Certificates or the interest rates for any maturity of the Certificates) is the bidder's binding offer to purchase the Certificates; and (7) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale.

***Process of Award.*** The City will take final action awarding the Certificates or rejecting all bids not later than thirty (30) hours after the time for receipt of bids, unless such time period is waived by the Purchaser.

The following six (6) steps constitute the City's process for a final award of the Certificates:

- (1) The Co-Financial Advisors, on behalf of the City, will give a verbal notice of award to the apparent winning bidder (the "Apparent Winning Bidder") to be determined as described below under "--Basis of Award;"
- (2) The Apparent Winning Bidder shall provide within the time specified by the City the initial reoffering prices and the Reoffering Price Certificate described under "--Public Offering; Initial Offering Prices," and "CLOSING PROCEDURES AND DOCUMENTS--Reoffering Price Certificate;"
- (3) If the Apparent Winning Bidder submitted its bid via Parity, such Apparent Winning Bidder shall, promptly after verbal award, but no later than one hour after the City award, fax or email to the City (in c/o its Co-Financial Advisors and to the City's Director of Public Finance at the fax and/or email addresses provided for such purpose) the executed and completed Official Bid Form (attached hereto as Exhibit B), executed on the Bidder's behalf by duly authorized signatory;
- (4) The Apparent Winning Bidder shall provide the Good Faith Deposit by wire transfer, as described under "--Good Faith Deposit;"
- (5) The Co-Financial Advisors will fax or email to the Apparent Winning Bidder confirmation of the final principal amortization schedule and purchase price for the Certificates, after adjustments, if any, are made, as described under "TERMS RELATING TO THE CERTIFICATES--Adjustment of Principal Payments;" and
- (6) The City will fax or email to the Apparent Winning Bidder its written final award.



Upon completion of all six (6) steps described above, the Apparent Winning Bidder will be deemed the Purchaser of the Certificates (the "Purchaser") and will be bound by the terms of the contract to purchase the Certificates, which contract shall consist of: (a) this Official Notice of Sale; (b) the information that is transmitted electronically by the bidder through Parity or provided in the bidder's written sealed bid, as applicable; (c) any adjustments to the final principal amortization schedule and purchase price made as described under "TERMS RELATED TO THE CERTIFICATES—Adjustment of Principal Payment;" and (d) the Official Bid Form executed and delivered, provided, however, in case of any inconsistencies between the information in the bid as originally transmitted by the Apparent Winning Bidder (either electronically or in the form of a written sealed bid) and the Official Bid Form subsequently submitted by such Apparent Winning Bidder, the data submitted electronically through Parity (or the written sealed bid, as applicable) shall control.

***Basis of Award.*** Unless all bids are rejected, the Certificates will be awarded to the responsible bidder whose bid represents the lowest true interest cost ("TIC") to the City, taking into account the interest rate or rates and the discount or premium, if any, specified in the bid. The TIC will be that nominal annual interest rate which, when compounded semiannually and used to discount to the dated date of the Certificates all payments of principal and interest represented by the Certificates, results in an amount equal to the purchase price of such Certificates to be received by the City. In the event that two or more bidders offer bids for the Certificates at the same lowest TIC, the City will determine by lot which bidder will be awarded such Certificates. Bid evaluations or rankings made by Parity are not binding on the City.

***Estimate of True Interest Cost.*** Each bidder is requested, but not required, to state in its bid the amount of interest payable on the Certificates during the life of the issue and the percentage TIC to the City (determined as described above under "-Basis of Award"), which estimate will be considered as informative only and not binding on either the bidder or the City.

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

***Good Faith Deposit.*** To secure the City from any loss resulting from the failure of the Apparent Winning Bidder to comply with the terms of its bid, a good faith deposit in the amount of \$\_\_\_\_\_ for the Certificates (the "Good Faith Deposit") must be provided by the Apparent Winning Bidder.

Upon the determination by the City of the Apparent Winning Bidder of Certificates (as described above under "-Process of Award"), the Co-Financial Advisors will request the Apparent Winning Bidder to (i) immediately wire the Good Faith Deposit, as described below, and (ii) provide, within ninety (90) minutes of such request by the Co-Financial Advisors, the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors: Public Financial Management, Inc., Attention: Sarah Hollenbeck (email: [hollenbecks@pfm.com](mailto:hollenbecks@pfm.com)) and Ross Financial, Attention: Peter J. Ross (email: [rossfinancial@smkc.com](mailto:rossfinancial@smkc.com)) and to Angela Whittaker, telephone: (415) 554-6643 or fax: (415) 554-4864. The wire transfer is to be made to U.S. Bank, ABA: #091000022, BNF: U.S. Bank National Association, Acct: #\_\_\_\_\_, Ref: CCSF 2015-R1; Attention: Andrew Fung.

In the event that the Apparent Winning Bidder does not wire the Good Faith Deposit as required, or does not provide the Federal wire reference number confirming the wire-transfer of such deposit to the Co-Financial Advisors and Angela Whittaker within the time specified above, the City may reject the bid of the Apparent Winning Bidder and may award the Certificates to a responsible bidder that submitted a confirming bid that represents the next lowest TIC to the City.

No interest will be paid upon a Good Faith Deposit made by any bidder. The Good Faith Deposit of the Purchaser will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon,

will be credited against the purchase price of the Certificates purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Certificates, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Certificates or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, except pursuant to a right of cancellation. See “CLOSING PROCEDURES AND DOCUMENTS–Right of Cancellation.” In the event of nonpayment for the Certificates by a successful bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Certificates and, in addition, any damages suffered by the City.

**Public Offering; Initial Offering Prices.** The Purchaser of the Certificates must actually reoffer all Certificates to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). As soon as is practicable, but not later than one hour after the award of the Certificates, the Purchaser shall provide to the City the initial offering prices at which it has offered the Certificates of each maturity to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), in a bona fide public offering. The Purchaser will be required to provide a certificate as to the reoffering prices and actions. The City, Co-Special Counsel and the Co-Financial Advisors will rely on the Purchaser’s certification of the initial public offering prices in determining the arbitrage yield on the Certificates. See “CLOSING PROCEDURES AND DOCUMENTS–Reoffering Price Certificate.”

The price and yield will, at the discretion of the City, be reflected in the Official Statement and the Purchaser will be required to certify as to the accuracy of such information. See “CLOSING PROCEDURES AND DOCUMENTS–Purchaser Certificate Concerning Official Statement.”

**Right of Rejection and Waiver of Irregularity.** The City reserves the right, in its sole and absolute discretion, to reject any and all bids, for any reason, and to waive any irregularity or informality in any bid.

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

## CLOSING PROCEDURES AND DOCUMENTS

**Delivery and Payment.** **Delivery of the Certificates, in the form of one certificate for each maturity, will be made to the Purchaser through the facilities of DTC in New York, New York, or through the facilities of the Trustee via FAST transfer, and is presently expected to take place on July 1, 2015\*.** Payment for the Certificates (including any premium) must be made at the time of delivery by wire transfer in funds immediately available in San Francisco. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The costs of preparing the Certificates will be borne by the City. The City will deliver to the Purchaser, dated as of the delivery date, the separate legal opinions of Co-Special Counsel in the form set forth in “APPENDIX F – PROPOSED FORM OF CO-SPECIAL COUNSEL OPINIONS” to the Preliminary Official Statement, subject to changes, as set forth in “TAX MATTERS” in the Preliminary Official Statement.

**Qualification for Sale; Blue Sky.** The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations

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\* Preliminary, subject to change.

of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided, however*, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Certificates, the Purchaser assumes all responsibility for qualifying the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Certificates, including the payment of fees for such qualification. **The Purchaser will not sell, offer to sell or solicit any offer to buy, Certificates in any jurisdiction where it is unlawful for such Purchaser to make such sale, offer or solicitation, and the Purchaser shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the Purchaser sells Certificates.**

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

***No Litigation.*** The City Attorney will deliver a certificate stating that no litigation is pending (with service of process having been accomplished), or, to the knowledge of City Attorney, threatened, concerning the validity of the Trust Agreement (as defined in the Preliminary Official Statement), the Facilities Lease and the Lease Agreement (each as defined in the Preliminary Official Statement, and together, the “Leases”) or the Certificates, the corporate existence of the City, or the title to their respective offices of the officers of the City who will execute the Certificates, the Trust Agreement and the Leases.

***CUSIP Numbers and other Fees.*** It is anticipated that CUSIP numbers will be printed on the Certificates and in the Official Statement, but neither the failure to print such numbers on any Certificates or the Official Statement nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Official Notice of Sale. CUSIP data is provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. The City will not take any responsibility for the accuracy of such numbers. The expenses associated with printing CUSIP numbers on the Certificates will be paid by the City.

The Purchaser will be required to pay all fees required by DTC, Securities Industry and Financial Markets Association, Municipal Securities Rulemaking Board, and other similar entity imposing a fee in connection with the execution and delivery of the Certificates (including the California Debt and Investment Advisory Commission as described below).

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

***Official Statement.*** Copies of the Preliminary Official Statement prepared by the City will be available electronically at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) or will be furnished to any interested bidder upon request to the Co-Financial Advisors. The contact information for the Co-Financial Advisors is set forth on pages one and two of this Official Notice of Sale. In accordance with Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), the City deems such Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Certificates, the Purchaser will be furnished with a reasonable number of copies (not to exceed 100) of the final Official Statement, without charge, for distribution in connection with the resale of the Certificates. Upon the request of the Purchaser made within two (2) days of the award of the Certificates, the City will supply additional copies of the Official Statement at the expense of the Purchaser.

By submitting a bid for the Certificates, each bidder agrees, if awarded the Certificates, (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the City, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the City, with a nationally recognized municipal securities information repository, as defined in Rule 15c2-12, and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Certificates to the ultimate purchasers, including without limitation the delivery of a final Official Statement to each investor who purchases Certificates.

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

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

***Reoffering Price Certificate.*** On the day prior to delivery of the Certificates, the Purchaser shall provide to the City; Sidley Austin LLP, 555 California Street, 20<sup>th</sup> Floor, San Francisco, California 94111; fax (415) 772-7400; Attention: Eric Tashman, Esq.; e-mail: etashman@sidley.com; and Garcia, Hernández, Sawhney & Bermudez, LLP, 1330 Broadway, Suite 1701, Oakland, California 94612; fax: (510) 380-7704; Attention: Aerobel Banuelos, Esq.; e-mail: abanuelos@ghsblaw.com, a reoffering price certificate for the Certificates in the form attached hereto as Exhibit C, which shall be dated the date of the closing and be in a form and substance acceptable to and include such additional information as may be requested by Co-Special Counsel including information necessary to complete IRS form 8038G and information regarding its sales of the Certificates. For the purposes of this paragraph, sales of the Certificates to other securities brokers or dealers will not be considered sales to the general public.

***Purchaser Certificate Concerning Official Statement.*** As a condition of delivery of the Certificates, the Purchaser of the Certificates will be required to execute and deliver to the City, prior to the date of closing, a certificate to the following effect:

- (i) The Purchaser has provided to the City the initial reoffering prices or yields on the Certificates as printed in the final Official Statement, and the Purchaser has made a bona fide offering of the Certificates to the public at the prices and yields so shown;
- (ii) The Purchaser has not undertaken any responsibility for the contents of the final Official Statement. The Purchaser, in accordance with and as part of its responsibilities under the federal securities laws, has reviewed the information in the final Official Statement, has been afforded an opportunity to speak to officials at the City and has not notified the City of the need to modify or supplement the final Official Statement; and
- (iii) The foregoing statements will be true and correct as of the date of closing.

***Continuing Disclosure.*** In order to assist the Purchaser in complying with paragraph (b)(5) of Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

***Equal Opportunity.*** Pursuant to the spirit and intent of the City's Local Business Enterprise ("LBE") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the

inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, 8th Floor, San Francisco, California; phone: (415) 252-2500.

Dated: [June 2, 2015]

**EXHIBIT A CERTIFICATE OF BOND INSURER**

The undersigned, the duly authorized and acting \_\_\_\_\_ of \_\_\_\_\_ (the "Bond Insurer"), hereby certifies on behalf of the Bond Insurer as follows:

1. The statements contained in the Official Statement dated [June 9, 2015] (the "Official Statement"), relating to the \$\_\_\_\_\_ City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings - Multiple Properties Project)(the "Certificates"), provided by the Insurer for use under the captions \_\_\_\_\_, which statements constitute descriptions or summaries of the municipal bond insurance policy (the "Policy") of the Bond Insurer covering the Certificates, the Bond Insurer, and financial information concerning the Bond Insurer, accurately reflect and fairly present the information set forth therein, and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; and

2. The form of Policy set forth in Appendix \_\_ of the Official Statement is a true and complete copy of the Policy (except for omissions therefrom of particulars relating to the Certificates).

[NAME OF BOND INSURER]

By: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: [Date of Delivery]

**EXHIBIT B**

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

\_\_\_\_\_, 2015

**OFFICIAL BID FORM FOR THE PURCHASE OF  
\$[PAR AMOUNT]\*  
CITY AND COUNTY OF SAN FRANCISCO  
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2015-R1  
(CITY OFFICE BUILDINGS - MULTIPLE PROPERTIES PROJECT)**

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

BIDDING FIRM'S NAME: \_\_\_\_\_

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated [June 2, 2015], which is incorporated herein and made a part of this proposal, we have reviewed the Preliminary Official Statement relating to the above-referenced Certificates (the "Certificates") and hereby offer to purchase all of the \$[PAR AMOUNT]\* aggregate principal amount of the Certificates described in the Official Notice of Sale on the following terms, including the submission of the required Good Faith Deposit in the amount of \$\_\_\_\_\_ by wire transfer; and to pay therefor the price of \$\_\_\_\_\_ (such amount being the "Purchase Price"), which is equal to the combined par value of the Certificates, less an underwriters' discount of \$\_\_\_\_\_, and (complete one): less a net original issue discount of \$\_\_\_\_\_ or plus a net original issue premium of \$\_\_\_\_\_. The Certificates shall mature and will be subject to mandatory sinking fund prepayment commencing no earlier than September 1, 20\_\_\_\_ (if term Certificates are specified below) in the amounts and years, and bear interest at the rates per annum (in multiples of 1/8 or 1/20 of 1%, as set forth in the schedule below).

**CERTIFICATE PAYMENT SCHEDULE**

(Check one) <sup>(1)</sup>					(Check one) <sup>(1)</sup>				
Certificate Payment Date	Principal Amount*	Serial Maturity	Mandatory Sinking Fund Prepayment	Interest Rate	Certificate Payment Date	Principal Amount*	Serial Maturity	Mandatory Sinking Fund Prepayment	Interest Rate
(September 1)*	\$ _____	_____	_____	_____	(September 1)*	\$ _____	_____	_____	_____
2015	\$ _____	_____	_____	_____	2028	\$ _____	_____	_____	_____
2016	_____	_____	_____	_____	2029	_____	_____	_____	_____
2017	_____	_____	_____	_____	2030	_____	_____	_____	_____
2018	_____	_____	_____	_____	2031	_____	_____	_____	_____
2019	_____	_____	_____	_____	2032	_____	_____	_____	_____
2020	_____	_____	_____	_____	2033	_____	_____	_____	_____
2021	_____	_____	_____	_____	2034	_____	_____	_____	_____
2022	_____	_____	_____	_____	2035	_____	_____	_____	_____
2023	_____	_____	_____	_____	2036	_____	_____	_____	_____
2024	_____	_____	_____	_____	2037	_____	_____	_____	_____
2025	_____	_____	_____	_____	2038	_____	_____	_____	_____
2026	_____	_____	_____	_____	2039	_____	_____	_____	_____
2027	_____	_____	_____	_____	2040	_____	_____	_____	_____

<sup>(1)</sup> Circle the final maturity of each term certificate specified. There shall be no serial maturities for dates after the first mandatory sinking fund redemption payment.

\_\_\_\_\_  
Authorized Signatory  
Title: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_

True Interest Cost (optional and not binding): \_\_\_\_\_

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

\* Preliminary, subject to change.

**EXHIBIT C**

**FORM OF REOFFERING PRICE CERTIFICATE**

**(TO BE DELIVERED AND COMPLETED BY THE PURCHASER OF  
CERTIFICATES, AS DESCRIBED UNDER “CLOSING PROCEDURES AND  
DOCUMENTS-REOFFERING PRICE CERTIFICATE” IN THE OFFICIAL NOTICE  
OF SALE)**

This Reoffering Price Certificate is being delivered by \_\_\_\_\_, as the purchaser (the “**Purchaser**”), in connection with its purchase of the \$\_\_\_\_\_ aggregate principal amount of City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings - Multiple Properties Project) (the “**Certificates**”). The Purchaser hereby certifies and represents the following:

**A. Issue Price.**

1. The Purchaser, beginning on \_\_\_\_\_, 2015, which is the date on which it agreed to purchase the Certificates (the “**Sale Date**”) offered all of the Certificates of each maturity to the General Public (defined below) in a bona fide offering at their respective initial offering prices, as set forth in Schedule I attached hereto (each, an “**Initial Public Offering Price**”), and reasonably expects on the Sale Date to sell the Certificates of each maturity at their respective Initial Public Offering Prices.

2. The aggregate of the Initial Public Offering Prices is \$\_\_\_\_\_ (representing \$\_\_\_\_\_ aggregate principal amount of the Certificates, [plus] [minus] [net] original issue [premium] [discount] of \$\_\_\_\_\_).

3. [Except for the Certificates maturing on September 1, 20\_\_, September 1, 20\_\_, and September 1, 20\_\_ (the “**Undersold Certificates**”), with] [With] respect to each maturity of the Certificates, the Purchaser first sold for cash at least 10% of the aggregate principal amount of the Certificates to the General Public at their respective Initial Public Offering Prices.

4. With respect to [each maturity of] the Undersold Certificates, despite the reasonable expectation of the Purchaser to sell the Certificates at their [respective] Initial Public Offering Prices, the Purchaser did not sell at least 10% of the Certificates [of the maturity] to the General Public at their [respective] Initial Public Offering Prices. [PROVIDE EXPLANATION].\*

5. For purposes of this Certificate, the term “**General Public**” excludes bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers.

**B. Compensation.**

All compensation received by the Purchaser for underwriting services (which includes certain expenses) in connection with the sale and delivery of the Certificates will be paid in the form of a purchase discount in the amount of \$\_\_\_\_\_, and no part of such compensation includes any payment for any property or services other than underwriting services relating to sale and delivery of the Certificates.

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\* For any maturity of Undersold Certificates, the successful bidder will be required to supply an explanation, satisfactory to the issuer, as to why the successful bidder did not sell at least 10% of each such maturity.



The undersigned is an authorized representative of the Purchaser and is duly authorized by the Purchaser to execute and deliver this Reoffering Price Certificate on behalf of the Purchaser. The Purchaser understands that the representations contained in this Reoffering Price Certificate will be relied upon by the City and County of San Francisco (the “City”) in making certain of its representations in its Tax Certificate for the Certificates and in completing and filing the Information Return for the Certificates with the Internal Revenue Service, and by Sidley Austin LLP and Garcia, Hernández, Sawhney & Bermudez, LLP, Co-Special Counsel to the City, in rendering certain legal opinions in connection with the execution and delivery of the Certificates.

Dated: \_\_\_\_\_  
[Closing Date]

By: \_\_\_\_\_  
(Name of Purchaser)

Execution by: \_\_\_\_\_

Type Name: \_\_\_\_\_

Title: \_\_\_\_\_