

OFFICIAL NOTICE OF SALE
[\$[Amount]*
CERTIFICATES OF PARTICIPATION
(WAR MEMORIAL VETERANS BUILDING
SEISMIC UPGRADE AND IMPROVEMENTS),
SERIES 20155

Evidencing Proportionate Interests of the Owners Thereof in a Project Lease,
Including the Right to Receive Base Rental Payments to be Made by the
CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN that electronic bids and sealed bids will be received in the manner described below, and in the case of electronic bids, solely through Ipreo LLC's BiDCOMP™/PARITY® System ("Parity") for bid submission, by the City and County of San Francisco (the "City") for the purchase of \$[Amount]* aggregate principal amount of Certificates of Participation (War Memorial Veterans Building Seismic Upgrade and Improvements), Series 2015 (the "Certificates") more particularly described hereinafter, at 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102 on:

June __, 2015, at 8:30 a.m. (California time)

(subject to postponement in accordance with this Official Notice of Sale)

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

The Preliminary Official Statement for this offering will be posted electronically at Ipreo's i-prospectus at www.i-dealprospectus.com.

THE RECEIPT OF BIDS ON JUNE --, 2015, MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY THE CITY THROUGH PARITY AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. If the sale is postponed, bids will be received at the place set forth above on any weekday during the period from June __, 2015 through July __, 2015, as the City may determine. Notice of the new date and time for receipt of bids shall be given through Parity as soon as practicable following a postponement and no later than [1:00] p.m. (California time) on the date preceding the original or new date for receiving bids.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from: Kitahata & Company, 137 Joost Avenue, San Francisco, California 94131, Telephone: (415) 337-1950, Attention: Gary Kitahata; email: gkitahata@gmail.com and First Southwest Company, 1620 26th Street, Suite 230 South,

* Preliminary; subject to change

Santa Monica, California 90404, Telephone: (310) 401-8052, Attention: Michael Kremer, email michael.kremer@firstsw.com (collectively, the “Co-Financial Advisors”); provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any required notice or the legality of the sale. See “TERMS OF SALE - Postponement or Cancellation of Sale.”

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

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

TERMS RELATING TO THE CERTIFICATES

IMPORTANT INFORMATION REGARDING THE CERTIFICATES AND THE CITY IS PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT (THE “PRELIMINARY OFFICIAL STATEMENT”) WHICH EACH BIDDER MUST REVIEW, AND WILL BE DEEMED TO HAVE 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 CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Interest Rates. The interest evidenced and represented by the Certificates shall be payable on ____ 1 and ____ 1 of each year, beginning on ____ 1, 2015 (each an “Interest Payment Date”). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months, from the date of delivery of the Certificates.

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

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

Premium Bids; Discount Bids. Bids may include a net discount from or a net premium on the par value of the Certificates; provided that the following conditions are met:

- (i) the amount of total net discount (inclusive of original issue discount) with respect to the Certificates may not exceed _____ (___%) of the aggregate principal amount of the Certificates; and
- (ii) the amount of total net premium with respect to the Certificates may not exceed ____ (___%) of the aggregate principal amount of the Certificates.

Principal Payments. The Certificates shall be serial and/or term Certificates, as specified by each bidder and principal shall be payable on _____ 1 of each year, beginning on _____ 1, 2015 as shown below; provided that no term Certificate shall require sinking fund payments prior to _____ 1, 2015. 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 maturity. Subject to adjustment as herein provided, the aggregate principal amount of the serial maturity or sinking account installment prepayment for the Certificates in each year is as follows:

Certificate Payment Date (_____ 1)[†]	<u>Principal Amount*</u>
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Total	[\$Amount]
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[†] Preliminary, subject to change. Maturity schedule may be adjusted prior to pricing. Certificate Payment Dates for the Certificates are subject to the creation of term certificates by the bidder, as set forth in herein.

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. **The City reserves the right to change the principal payment schedule set forth above after the determination of the winning bidder, by adjusting one or more of the principal payments of the Certificates in increments of \$5,000, in an aggregate amount not to exceed the greater of 10% of such principal amount or \$___,000, as determined in the sole discretion of the City; provided however, that the Certificates will be executed and delivered in an aggregate par amount of not-to-exceed \$_____. Any such adjustment of principal payments on 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 underwriter's discount. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. THE BIDDER AWARDED THE CERTIFICATES BY THE CITY (THE "PURCHASER") WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS WITH RESPECT TO THE CERTIFICATES IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.**

Prepayment. (a) *Optional Prepayment.* The principal component evidenced by the Certificates with a Certificate Payment Date on or after ____ 1, 202__, is subject to optional prepayment prior to the respective Certificate Payment Dates in whole or in part on any date on or after ____ 1, 202__, at the option of the City, in the event the City exercises its option under the Project Lease to prepay the principal component of the Base Rental payments at a prepayment price equal to 100% of the principal component to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

(b) *Special Mandatory Prepayment.* The principal component of the Base Rental payments evidenced by the Certificates is subject to special mandatory prepayment prior to the respective Certificate Payment Dates in whole or in part on any date, at the Prepayment Price (plus accrued interest to the prepayment date), without premium, from any amounts deposited in the Base Rental Fund pursuant to the Trust Agreement following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or loss of the use or possession of the Leased Property or any portion thereof due to a title defect.

(c) *Mandatory Sinking Account Installment Prepayment.* The principal component of the Base Rental payments evidenced by the Certificates is further subject to prepayment prior to the respective stated Certificate Payment Dates on ____ 1 of each year for which a sinking account installment prepayment is specified by the bidder, by lot in the principal component to be prepaid plus accrued interest to the prepayment date, without premium, but only in amounts equal to, and in accordance with, the scheduled prepaid components of the Base Rental evidenced by the Certificates to be prepaid.

[Municipal Bond Insurance at Bidder's Option. The City has provided information to [Name of Insurer] in order to pre-qualify the Certificates for municipal bond insurance. However, bids shall not be conditioned upon the issuance of any such policy or the ratings of such insurer upon delivery of the Certificates. The City 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 neither amend nor supplement the ordinance or agreements relating to the Certificates in any way, nor will it agree to enter into any additional agreements with respect to the provision of any such policy.*** 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 of 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 Orrick, Herrington & Sutcliffe LLP and Lofton & Jennings (collectively, “Co-Special Counsel”). THE PURCHASER SHALL PAY ALL COSTS ASSOCIATED WITH ANY CITY DECISION TO AMEND, SUPPLEMENT, REPRINT AND/OR “STICKER” THE OFFICIAL STATEMENT IN CONNECTION WITH CERTIFICATE INSURANCE. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY OR ANY OTHER INFORMATION OR EVENTS OCCURRING OR BECOMING KNOWN RELATING TO SUCH INSURANCE PROVIDER OR THE POLICY, INCLUDING BUT NOT LIMITED TO A RATINGS DOWNGRADE, SHALL NOT CONSTITUTE CAUSE FOR A FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF OR PAY FOR THE CERTIFICATES.]

Legal Opinion and Tax Matters. Upon delivery of the Certificates, Co-Special Counsel, Orrick, Herrington & Sutcliffe LLP and Schiff Hardin LLP, each will deliver an approving opinion concerning interest with respect to the Certificates. See “TAX MATTERS” in the Preliminary Official Statement. A complete copy of the proposed forms of opinion of Co-Special Counsel is set forth in Appendix ___ to the Preliminary Official Statement. See “TAX MATTERS” in the Preliminary Official Statement.

Tax-Exempt Status: In the opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Schiff Hardin LLP, San Francisco, California, Co-Special Counsel, based upon an analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest evidenced by the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from State of California personal income taxes. Interest evidenced by the Certificates is not a specific preference item for purposes of federal individual and corporate alternative minimum taxes, although Co-Special Counsel observes that interest evidenced by the Certificates is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Co-Special Counsel express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Certificates. See “TAX MATTERS” in the Preliminary Official Statement.

In the event that prior to the delivery of the Certificates the income received by any private holder from obligations of the same type and character as the Certificates shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax law, either by the terms of such law or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, the successful bidder may, at its option, prior to the tender of the Certificates by the Corporation, be relieved of its obligation to purchase the Certificates and in such case the Good Faith Deposit accompanying its bid will be returned. For purposes of the preceding sentence, interest will be treated as excluded from gross income for federal income tax purposes whether or not it is includable as an item of tax

preference for calculating alternative minimum taxes or is otherwise includable for the purpose of calculating certain other tax liabilities.

TERMS OF SALE

Form of Bids; Delivery of Bids. Each bid for the Certificates must be: (1) for not less than all of the Certificates hereby offered for sale, (2) unconditional, and (3) (i) submitted on the Official Bid Form attached hereto as **Exhibit B** and signed by the bidder, or (ii) submitted via Parity, along with a facsimile transmission by the winning bidder, after the verbal award, of the completed and signed Official Bid Form conforming to the Parity bid, with any adjustments made by the City pursuant hereto, by not later than [10:30] a.m. California time on the sale date. Electronic bids must conform with the procedures established by Parity. Sealed bids must be enclosed in a sealed envelope, delivered to the City at the address set forth on the cover and clearly marked “Bid for the Certificates” or words of similar import, as hereinafter described and received by [8:30] a.m. California time, at the offices of the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102; phone: (415) 554-5956. No bid submitted to the City is subject to withdrawal or modification by the bidder.

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

Solely as an accommodation to bidders, electronic bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact Parity, phone: (212) 849-5021.

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

If a bidder submits an electronic bid for the Certificates through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Certificates conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications issued through Parity, will control; (2) each bidder will be solely responsible

for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the 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 City may regard 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) as though the information were submitted on the Official Bid Form and executed on the bidder's behalf by a duly authorized signatory; (7) if the bidder's bid is accepted by the City, the signed, completed and conforming Official Bid Form submitted by the bidder by facsimile transmission after the verbal award, this Official Notice of Sale and the information that is transmitted electronically through Parity will form a contract, and the bidder will be bound by the terms of such contract; and (8) information provided by Parity to bidders will form no part of any bid or of any contract between the Purchaser and the City unless that information is included in this Official Notice of Sale or the Official Bid Form.

Basis of Award. The City reserves the right to reject all the bids or postpone the bids if the City determines the desired savings have not been achieved, or for any other reason. Unless all bids are rejected, the Certificates will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost ("TIC") to the City. The TIC will be that nominal interest rate which, when compounded semiannually and applied to discount all payments of principal and interest payable on the Certificates to the dated date of the Certificates, results in an amount equal to the principal amount of such Certificates plus the amount of any net premium bid. For the purpose of calculating the TIC, mandatory sinking fund payments for any Term Certificates specified by each bidder will be treated as Certificates maturing on the dates of such mandatory sinking fund payments. 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 the Certificates. Bid evaluations or rankings made by Parity are not binding on the City.

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

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

Good Faith Deposit. 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 \$_____ (the "Good Faith Deposit") must be provided. The Good Faith Deposit may be provided concurrently with the bid [and must be received no later than ninety (90) minutes from the time the apparent winning bidder is identified].

The Good Faith Deposit may be submitted in the form of a (i) cashier's check, drawn on a bank or trust company transacting business in the State of California and payable to the order of the City, (ii) wire transfer (as described below), or (iii) a financial surety bond issued by an insurer licensed to do business in the State of California and acceptable to the City, followed by a wire transfer. The Certificates will not be officially awarded to a bidder who has not submitted a Good Faith Deposit by one of the methods herein described.

If the apparent winning bidder on the Certificates is determined to be a bidder which has submitted a financial surety bond and not a Good Faith Deposit, the Co-Financial Advisors will request the apparent winning bidder to immediately wire the Good Faith Deposit to the Trustee (as described below), and provide the Federal wire reference number of such Good Faith Deposit to the Co-Financial Advisors, within ninety (90) minutes of such request by the Co-Financial Advisors. The wire transfer is to be made to _____, for credit to the City, Account No. _____, with notice thereof to [Angela Whittaker], telephone: (415) 554 6643, fax: (415) 554 4864.

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

If the purchase price is not paid in full upon execution and delivery 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, unless it shall appear that the Certificates would not be validly delivered if delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS – Right of Cancellation." [In the event of nonpayment for the Certificates by the Purchaser, 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.][The Good Faith Deposit of the successful bidder will be retained by the City as liquidated damages should such bidder fail to pay the purchase price in full upon tender of the Certificates. Such retention shall constitute a full release and discharge of all claims by the City against the successful bidder. The City's actual damages may be higher or lower than the amount of such Good Faith Deposit. Such amount represents a good faith estimate of the City's actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.]

Reoffering Prices and Certificate. The successful bidder for the Certificates must actually reoffer all of the 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 successful bidder shall provide to the City the initial offering prices at which it has offered all of the Certificates of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers), in a bona fide public offering. Prior to delivery of the Certificates, the successful bidder shall provide a reoffering price certificate, substantially in the form attached hereto as Exhibit C, to the City, Orrick, Herrington & Sutcliffe LLP, 405 Howard Street, San Francisco, CA, 94105; Attention: William M. Doyle e-mail:

bdoyle@orrick.com and Schiff Hardin LLP, One Market, Spear Street Tower, 32nd Floor, San Francisco, CA 94105; Attention: William M. Lofton, Esq.; e-mail: blofton@schiffhardin.com. In addition, at the request of Co-Special Counsel, the successful bidder will provide information regarding its sales of the Certificates. For the purposes of this paragraph, sales of the Certificates to the other securities brokers or dealers will not be considered sales to the general public.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole and absolute discretion (a) to reject any bid for any reason; (b) to reject all bids for any reason; or (c) to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect; *provided*, that any such modification or amendment will be communicated to potential bidders through Parity 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.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Certificates at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of a new sale date and time will be given through Parity not later than [1:00] p.m. (California time) on the business day preceding the new date that bids are to be received. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Controller will take official action awarding the 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.

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

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Certificates will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about June __, 2015.** Payment for the Certificates (including any premium) must be made at the time of delivery in immediately available funds to the Treasurer of the City. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions described in APPENDIX __ – "PROPOSED FORM OF OPINIONS OF CO-SPECIAL COUNSEL" to the Official Statement.

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

regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided*, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the 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. Under no circumstances may the Certificates be sold or offered for sale or any solicitation of an offer to buy the Certificates be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation is pending with service of process having been accomplished, or, to the knowledge of the officer of the City executing such certificate, threatened, concerning the validity of the 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 or concerning the validity of the Project Lease, Property Lease and the Trust Agreement.

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

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificate 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 contract. The Purchaser, at its sole cost, will obtain separate CUSIP numbers for each maturity of the Certificates. CUSIP data is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers will be provided for convenience of reference only. The City will take no responsibility for the accuracy of such numbers.

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

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

By submitting a bid for the Certificates, the Purchaser agrees: (1) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements, (2) to promptly file a copy of the final Official Statement, including any supplements,

with a nationally recognized municipal securities information repository, as defined in Rule 15c2-12, and (3) to take any and all other actions necessary to comply with applicable SEC and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Certificates to the Purchaser, 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 is within the sole discretion of the City. The Purchaser's name will not appear on the cover of the Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Certificates, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that, to the best of the knowledge of such authorized representative, the Official Statement (except for information regarding DTC and its book-entry system and reoffering information, as to which no view will be expressed), as of the date of sale of the 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 the light of the circumstances under which they were made, not misleading.

Continuing Disclosure. In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12(b)(5)"), the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. [The City has not failed, in the prior five years, to comply in all material respects with any previous undertakings with regard to Rule 15c2-12(b)(5) to provide annual reports or notices of material events.]

Dated: June __, 2015

CERTIFICATE OF INSURER

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

1. The statements contained in the Official Statement dated _____, 2015 (the "Official Statement"), relating to the \$_____ aggregate principal amount of Certificates of Participation (War Memorial Veterans Building Seismic Upgrade and Improvements), Series 2015 under the caption "Certificate Insurance," insofar as such statements constitute descriptions or summaries of the Insurer or the municipal bond insurance policy (the "Policy") of the Insurer covering the Certificates, 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 Insurance Policy set forth in APPENDIX ___ of the Official Statement is a true and complete copy of the form of Policy.

NAME OF INSURER:

By: _____

Title: _____

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

OFFICIAL BID FORM FOR THE PURCHASE OF
\$[Amount]*
CERTIFICATES OF PARTICIPATION
(SAN FRANCISCO WAR MEMORIAL VETERANS BUILDING RENOVATIN PROJECT),
SERIES 2015_

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

BIDDING FIRM'S NAME:

Subject to the provisions and in accordance with the terms of the Official Notice of Sale dated June __, 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 \$[Amount]* aggregate principal component of the Base Rental payments evidenced by the Certificates dated the date of the delivery on the following terms, including the submission of the required Good Faith Deposit in the amount of \$_____ (previously submitted or to be submitted within ninety (90) minutes from receipt of notice that we are the apparent winner) in the form of (check one): _____ cashier's check, _____ wire transfer, or _____ surety bond/wire transfer; and to pay therefor the price of \$_____, which is equal to the aggregate principal component of the Base Rental payments evidenced by the Certificates plus/less a net premium/discount of \$_____ (such amount being the "Purchase Price"). The principal component of the Base Rental payments evidenced by the Certificates shall be payable and will be subject to mandatory sinking fund prepayment commencing no earlier than _____, 2015 (if term certificates are specified below) in the amounts and years, and shall evidence interest at the rates per annum (in multiples of __ or __ of __%; not to exceed __%), as set forth in the schedule below.

(Check one)

Table with 5 columns: Certificate Payment Date, Principal Amount*, Serial Payment, Mandatory Sinking Fund Prepayment(1), Interest Rate

Total \$[Amount]

(1) Circle the final payment date of the principal component evidenced by each term Certificate specified. No term Certificate shall require mandatory sinking fund prepayments prior to __ __, 20__.

Authorized Signatory
Title:
Phone Number:
Fax Number:

TTC (optional and not binding): _____

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

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

REOFFERING PRICE CERTIFICATE

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED UNDER “REOFFERING PRICE CERTIFICATE” IN THE OFFICIAL NOTICE OF SALE)

This certificate is being delivered by _____, the purchaser (the “Purchaser”) in connection with the issuance of the Certificates of Participation (War Memorial Veterans Building Seismic Upgrade and Improvements), Series 2015 (the “Certificates”). The Purchaser hereby certifies and represents that:

A. Issue Price.

1. On the date of the Certificates’ [sale][award] (the “Sale Date”), all Certificates of all maturities have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices not higher than, or, in the case of obligations sold on a yield basis, at yields not lower than, those set forth in Schedule A attached hereto.

2. On the Sale Date, to the best of our knowledge based on our records, the first price or yield at which at least ten percent (10%) of each maturity of the Certificates [*if less than ten percent of some maturities of the Certificates has been sold to the public, add:* , except the Certificates maturing in the year[s] []], was sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) was not greater than the respective price, or was not lower than the respective yield, shown in the Official Statement. [Less than ten percent of the Certificates maturing in the year[s] [] were sold to the public following a bona fide public offering at the prices or yields shown in the Official Statement.]

3. On the Sale Date, based on our assessment of the then prevailing market conditions, we had no reason to believe that any of the Certificates would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields lower than the yields, shown in the Official Statement.

4. The prices and yields of the Certificates, maturity-by-maturity, shown in the Official Statement, represented our best judgment of the fair market value of the Certificates.

[B. Qualified Guarantee.

The present value of the premium paid in respect of the policy issued by [] insuring the scheduled principal and interest payments on the Certificates [if not all maturities are insured add: maturing in the years [] through []] is less than the present value of the interest savings resulting from obtaining the policy. Present value, for this purpose, is computed by using the yield on the Certificates as the discount rate after taking into account the insurance premium. Based on our experience, the insurance premium represents a reasonable charge for the transfer of credit risk.]

C. Compensation.

All compensation received for underwriting services (which includes certain expenses) in connection with the sale and delivery of the Certificates is being paid on the date hereof 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.

We understand that the representations contained herein will be relied upon by the City and County of San Francisco in connection with the execution and delivery of the Certificates in making certain of the representations contained in the Tax Certificate, and we further understand that Co-Special Counsel to the issuer may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the of the portion of each payment due under the Project Lease designated as and comprising interest with respect to the Certificates, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Tax Certificate relating to the Certificates to which this certificate is attached as an exhibit.

Dated: June __, 2015

By: _____
Name: _____
Title: _____

Certificates

Certificate Payment Date (____ 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Reoffering Price or Yield</u>
	\$ _____	_____ %	_____ %
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

* Principal components evidenced by the Certificates were priced to call on _____, 20__ at 100% of par.