Resolution authorizing and directing the sale of not to exceed $69,060,000 City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment); prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts relating thereto; approving the forms of the Official Notice of Sale and the Notice of Intention to Sell Bonds; directing the publication of the Official Notice of Sale and Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

WHEREAS, The City and County of San Francisco (the "City") is subject to a final judgment to be rendered pursuant to Section 998 of the Code of Civil Procedure of the State of California by the Superior Court of the County of San Francisco in connection with various business tax cases as more fully described in Ordinance No. ______ adopted by the Board of Supervisors on April 23, 2001 (the "Judgment"), pursuant to which the City is obligated to pay, together with interest on the Judgment and related attorneys' fees, an amount expected to be not less than $64,000,000; and,

WHEREAS, By Resolution No. ______, adopted on April __, 2001, the Board of Supervisors authorized the issuance of its Settlement Obligation Bonds (the "Authorizing Resolution"); and,
WHEREAS, It is necessary and desirable to issue the Bonds in a single series as City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment) (the "Bonds"); and,

WHEREAS, The Bonds are being issued pursuant to the Authorizing Resolution, the Charter of the City and County of San Francisco (the "Charter") and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, commencing with Section 53570 of said Code (the "Refunding Law" and, together with the Charter, the "Law"); and,

WHEREAS, The City expects to pay certain expenditures in connection with the Judgment to be financed by the Bonds prior to the issuance and sale of the Bonds, and the City intends to reimburse itself and to pay third parties for such prior expenditures from the proceeds of the Bonds; and,

WHEREAS, Section 1.150-2 of the Treasury Regulations promulgated under the Internal Revenue Code of 1986 (the "Treasury Regulations") requires the City to declare its reasonable official intent to reimburse prior expenditures with the proceeds of a subsequent borrowing; and,

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

WHEREAS, The adoption of this Resolution shall constitute authorization of the Bonds within the meaning of Section 864 of the Code of Civil Procedure of the State of California;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the City and County of San Francisco, as follows:
Section 1.  **Recitals.** All of the recitals herein are true and correct.

Section 2.  **Conditions Precedent.** All conditions, things and acts required by law to exist, to happen and to be performed precedent to and in the issuance of the Bonds exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the City is now authorized pursuant to the Law to incur indebtedness in the manner and form provided in this Resolution (this "Resolution").

Section 3.  **Issuance of Bonds.** The Board of Supervisors hereby authorizes the issuance and sale of not to exceed $69,060,000 principal amount of bonds to be designated as "City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment)" for the purposes set forth in the Authorizing Resolution. The Director of Public Finance of the City, or her designee (collectively, the "Director of Public Finance"), is hereby authorized to determine the sale date, the interest payment dates and the redemption provisions of the Bonds, subject to the following terms and conditions: (i) the Bonds shall not have a true interest cost in excess of 12% (as such term is defined in the Official Notice of Sale); (ii) the Bonds shall not have a final maturity date after June 15, 2016, and (iii) any original issue discount on the purchase of the Bonds shall not exceed 2% of the principal amount of the Bonds. The Director of Public Finance is further authorized to assign the Bonds such additional or other series designation as may be necessary or appropriate to distinguish such series and from other bonds issued by the City.

Section 4.  **Execution, Authentication and Registration of the Bonds.** The officers of the City are hereby directed to cause the Bonds to be prepared in sufficient quantity for delivery to the purchaser thereof and the Clerk of the Board of Supervisors is hereby directed to cause the blanks therein to be completed in accordance with the Authorizing Resolution, to cause the seal of the City to be reproduced or impressed thereon, to procure their execution by the

SUPERVISOR AARON PESKIN
BOARD OF SUPERVISORS
proper officers of the City, and to deliver the Bonds when so executed to said purchaser in
exchange for the purchase price thereof.

The Bonds and the City Treasurer's certificate of authentication and registration and
the form of assignment to appear thereon shall be substantially in the form attached hereto as
Exhibit A (which is hereby declared to be a part of this Resolution as if fully set forth herein)
with necessary or appropriate variations, omissions and insertions as permitted or required by
this Resolution (provided that if a portion of the text of the Bonds is printed on the reverse of
the Bonds, the following legend shall be printed on the face of the Bonds: "THE
PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH
CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS
THOUGH FULLY SET FORTH HERE.")

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

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

Section 5. Registration Books. The City Treasurer shall keep or cause to be kept, at
the office of the City Treasurer, sufficient books for the registration and transfer of the Bonds,
which shall at all times be open to inspection, and upon presentation for such purpose, the
City Treasurer shall, under such reasonable regulations as he or she may prescribe, register
or transfer or cause to be registered or transferred, on said books, Bonds as herein provided.
Section 6. **Transfer or Exchange of Bonds.** Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 5 hereof, by the person in whose name it is registered, in person or by the duly authorized attorney of such person in writing, upon surrender of such Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the City Treasurer.

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

Whenever any Bond shall be surrendered for transfer or exchange, the designated City officials shall execute (as provided in Section 4 hereof) and the City Treasurer shall authenticate and deliver a new Bond or Bonds of the same interest rate and maturity in a like aggregate principal amount. The City Treasurer shall require the payment by any bond owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer or exchange.

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

Section 7. **Form of the Bonds; Terms of the Bonds; General Redemption Provisions.**

The Bonds shall each be dated the date of delivery or such other date (the “Dated Date”) as specified in the award of the Bonds pursuant to Section 12 hereof and shall be substantially in the form set forth as **Exhibit A** hereto. The Bonds shall bear interest from the date thereof until paid at rates not to exceed twelve percent (12%) per annum (the exact rates to be determined upon sale of the Bonds) calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on March 15, 2002 (or such later year **other date** as shall be...
designated in a certificate of the Director of Public Finance), and semiannually thereafter on
September 15 and March 15 of each year (or such other dates as may be designated in a
certificate of the Director of Public Finance). The Bonds shall be in fully registered form
without coupons in denominations of $5,000 or any integral multiple thereof and shall either
mature or be subject to mandatory redemption (as herein provided) on March 15 (or such
other date as may be designated in a certificate of the Director of Public Finance) of the years,
and in the amounts, as set forth in the Official Statement (defined herein) relating to the
Bonds.

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

Each Bond shall bear interest from the interest payment date next preceding the date
of authentication thereof unless it is authenticated as of a day during the period from the
Record Date next preceding any interest payment date to the interest payment date, inclusive,
in which event it shall bear interest from such interest payment date, or unless it is
authenticated on or before February 28, 2002 (or such other date as may be designated in a
certificate of the Director of Public Finance), in which event it shall bear interest from the
Dated Date; provided, however, that if, at the time of authentication of any Bond, interest is in
default on the Bonds, such Bond shall bear interest from the interest payment date to which
interest has previously been paid or made available for payment on the Bonds or from the
Dated Date if the first interest payment is not made. Payment of the interest on any Bond
shall be paid by check mailed to such owner at such owner's address as it appears on the registration books as of the Record Date; provided, however, if any interest payment occurs on a day that banks in California and New York are closed for business, then such payment shall be made on the next succeeding day that banks in both California and New York are open for business and the New York Stock Exchange is open for business (a "Business Day"); and provided, further, that the registered owner of an aggregate principal amount of at least $1,000,000 of the Bonds may submit a written request to the City Treasurer on or before a Record Date preceding an interest payment date for payment of interest by wire transfer to a commercial bank located within the continental United States. For so long as Cede & Co. or its registered assigns is the registered owner of all of the Bonds, payment shall be made by wire transfer of immediately available funds to Cede & Co.

The Bonds maturing on or before March 15, 20__ (in such year or such other date as shall be designated in a certificate of the Director of Public Finance) shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after March 15, 20__ (in such year or such other date as shall be designated in a certificate of the Director of Public Finance) may be subject to optional redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity) on or after March 15, 20__ (in such year or such other date as shall be designated in a certificate of the Director of Public Finance), at redemption prices equal to a percentage of the principal amount redeemed in the first year the Bonds are subject to optional redemption (with such redemption price declining to 100% at the rate of 1% annually), as designed in a certificate of the Director of Public Finance, together with accrued interest to the date of redemption.

The Bonds shall be subject to mandatory redemption at par, by lot, in any year for which the successful bidder therefor has designated that the principal amount payable with
respect to that year shall constitute a mandatory sinking fund payment as permitted by the
Official Notice of Sale (as more fully described in Section 12 hereof). Any Bonds subject to
mandatory redemption shall be designated in the successful bid that shall be awarded by the
Director of Public Finance prior to the delivery of the Bonds. The principal and interest on
Bonds subject to mandatory redemption shall be paid from the Bond Account pursuant to
Section 8 hereof. In lieu of any such mandatory redemption, at any time prior to the selection
of the Bonds for redemption, the City may apply such amounts on deposit in the Bond
Account (as defined in Section 8 hereof) to make such payment to the purchase of Bonds
subject to such redemption at public or private sale, as and when and at such prices not in
excess of the principal amount thereof (including brokerage and other charges but excluding
accrued interest), as the City may determine.

The date on which the Bonds which are called for redemption are to be presented for
redemption is herein sometimes called the "redemption date." Notice of any redemption of
Bonds shall be mailed, postage prepaid, to the respective registered owners thereof at the
addresses appearing on the bond registration books not less than thirty (30) nor more than
sixty (60) days prior to the redemption date. The notice of redemption shall (a) state the
redemption date; (b) state the redemption price; (c) state the dates of maturity of the Bonds
and, if less than all of any such maturity is called for redemption, the distinctive numbers of
the Bonds of such maturity to be redeemed, and in the case of Bonds redeemed in part only,
the respective portions of the principal amount thereof, to be redeemed; (d) state the CUSIP
number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by
the owners at the office of the City Treasurer or his or her agent; and (f) give notice that
interest on such Bonds will cease to accrue after the designated redemption date.

The actual receipt by the owner of any Bond of notice of such redemption shall not be a
condition precedent to redemption, and failure to receive such notice, or any defect in such

SUPERVISOR AARON PESKIN
BOARD OF SUPERVISORS
notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of accrual of interest on the redemption date.

At least five (5) days before the above notice date, notice also shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) confirmed electronic transmission or (iv) overnight delivery service, to each of the following securities depositories and information services or their successors, or such other depositories and/or information services as may hereafter be designated by the City:

**Securities Depositories**

1. The Depository Trust Company
   711 Stewart Avenue
   Garden City, New York 11503
   Facsimile transmission: (516) 227-4039
   (516) 227-4190

**Information Services**

1. Financial Information, Inc.'s Financial Daily Called Bond Service
   30 Montgomery Street, 10th Floor
   Jersey City, New Jersey 07302
   Attention: Editor

2. Interactive Data Corporation's Bond Service
   22 Cortland Street
   New York, New York 10007

3. Kenny Standard & Poor
   55 Water Street, 45th Floor
   New York, New York 10041
   Attention: Notification Department

4. The Bond Buyer
   One State Street Plaza
   New York, New York 10004
   Attention: Bond Notices

5. Mergent/FIS, Inc.
   5250 77 Center Drive, Suite 150
   Charlotte, North Carolina 28217
   Attention: Call Bond Department
The notice or notices required for redemption shall be given by the City Treasurer, or any agent appointed by the City. A certificate of the City Treasurer or such other appointed agent of the City that notice of redemption has been given to the owner of any Bond in accordance with this Resolution shall be conclusive against all parties.

At the time the City Treasurer or Controller determines to optionally call and redeem any of the Bonds, the City Treasurer or his or her agent shall establish a redemption account to be described or known as the "Settlement Obligation Bonds, Series 2001 (Business Tax Judgment) Redemption Account" (the "Redemption Account") and prior to or on the redemption date there must be set aside in said Redemption Account moneys available for the purpose and sufficient to redeem as provided in this Resolution, the Bonds designated in said notice of redemption. Said moneys must be set aside in the Redemption Account solely for the purpose and shall be applied on or after the redemption date to payment for the Bonds to be redeemed upon presentation and surrender of such Bonds. Any interest due on or prior to the redemption date shall be paid from the Bond Account as provided in Section 8 hereof or from the Redemption Account. Moneys held from time to time in the Redemption Account shall be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of General Fund moneys or pursuant to any resolution authorizing the issuance of refunding bonds or escrow agreement relating thereto. If, after all of the Bonds have been redeemed and canceled or paid and canceled, there are moneys remaining in said Redemption Account, said moneys shall be transferred to the General Fund of the City provided, however, that if said moneys are part of the proceeds of refunding bonds, said moneys shall be transferred pursuant to the resolution authorizing such refunding bonds.

When notice of optional redemption has been given, substantially as provided herein, and when the amount necessary for the redemption of the Bonds called for redemption (principal and premium, if any) is set aside for that purpose in said Redemption Account, as
provided herein, the Bonds designated for redemption shall become due and payable on the
date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the
place specified in the notice of redemption, such Bonds shall be redeemed and paid at said
redemption price out of said Redemption Account, no interest will accrue on such Bonds
called for redemption after the redemption date and the registered owners of such Bonds shall
look for payment of such Bonds only to said Redemption Account. All Bonds redeemed shall
be canceled forthwith by the City Treasurer and shall not be reissued.

The City shall have the right to rescind any optional redemption for any reason on any
date prior to the date fixed for redemption by causing written notice of the recission to be
given to the owners of all Bonds previously called for redemption prior to the redemption date.
Any notice of optional redemption shall be canceled and annulled if for any reason funds are
not available on the date fixed for redemption of the payment in full of the Bonds then called
for redemption. Notice of recission of redemption, whether resulting from the exercise of the
City's discretion or from the unavailability of sufficient funds, shall be given in the same
manner notice of redemption was originally provided. The actual receipt by the owner of any
Bond of notice of such recission shall not be a condition precedent to recission, and failure to
receive such notice or any defect in such notice shall not affect the validity of the recission.

Section 8. Bond Account. On or prior to the date on which any payment of principal
and interest on the Bonds is due, including any Bonds subject to mandatory redemption on
said date, the City Treasurer shall allocate to and deposit in the Bond Account pursuant to
Section 11 of the Authorizing Resolution, an amount which, when added to any available
moneys contained in the Bond Account, is sufficient to pay principal and interest on the Bonds
on such date. All interest earned on amounts on deposit in the Payment Account (as defined
in Section 9 hereof) shall be deposited in the Bond Account.
On or prior to the date on which any Bonds are to be redeemed at the option of the City pursuant to the resolution authorizing the issuance and sale of such series of Bonds, the City Treasurer may allocate to and deposit in the Redemption Account, from amounts held in the Bond Account pursuant to Section 11 of the Authorizing Resolution, an amount which, when added to any available moneys contained in the Bond Account, is sufficient to pay principal and interest and any premium on the Bonds on such date. The City Treasurer may make such other provision for the payment of principal and interest and any redemption premium on the Bonds as is necessary or convenient to permit the optional redemption of the Bonds.

Amounts in the Bond Account may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in the Bond Account into a separate fund or funds for investment purposes only; provided, however, that all of the moneys held in the Bond Account hereunder shall be accounted for separately notwithstanding any such commingling by the City Treasurer.

Section 9. Payment Account. All interest earned on amounts on deposit in the Payment Account established pursuant to Section 13 of the Authorizing Resolution shall be deposited in the Bond Account. Amounts in the Payment Account shall be expended in accordance with the provisions of the Authorizing Resolution.

Amounts in the Payment Account may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may commingle any of the moneys held in the Payment Account into a separate fund or funds for investment purposes only; provided, however, that all of the moneys held in the Payment Account hereunder shall be accounted for separately notwithstanding any such commingling by the City Treasurer.

Section 10. Appointment of Depositories and Other Agents. The City Treasurer is hereby authorized and directed to appoint one or more depositories as he or she may deem
desirable and the provisions of Section 7 relating to payments and redemption notices to
owners of the Bonds may be modified to comply with the policies and procedures of such
depository. The City will not have any responsibility or obligation to any purchaser of a
beneficial ownership interest in any Bonds or to any participants in such a depository with
respect to (i) the accuracy of any records maintained by such securities depository or any
participant therein; (ii) any notice that is permitted or required to be given to the owners of the
Bonds under this Resolution; (iii) the selection by such securities depository or any participant
therein of any person to receive payment in the event of a partial redemption of the Bonds;
(iv) the payment by such securities depository or any participant therein of any amount with
respect to the principal or redemption premium, if any, or interest due with respect to the
Bonds; (v) any consent given or other action taken by such securities depository as the owner
of the Bonds; or (vi) any other matter.

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

Section 11. Defeasance Provisions. Payment of all or any portion of the Bonds may
be provided for prior to maturity by irrevocably depositing with the City Treasurer (or any
commercial bank or trust company designated by the City Treasurer to act as escrow agent
with respect thereto):
(a) An amount of cash equal to the principal amount of such Bonds or portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Section 7 hereof or an irrevocable election to give such notice shall have been made by the City, the amount to be deposited shall be the principal amount thereof, all unpaid interest thereon to the redemption date, and any premium due on such redemption date; or

(b) Defeasance Securities (as herein defined) not subject to call, maturing and paying interest at such times and in such amounts, together with cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the redemption date, as the case may be, and any premium due, on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 7 hereof or an irrevocable election to give such notice shall have been made by the City;

then, all obligations of the City with respect to said outstanding Bonds shall cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited pursuant to paragraphs (a) or (b) of this Section 11, to the owners of said Bonds all sums due with respect thereto; provided that the City shall have received an opinion of nationally recognized bond counsel, that provision for the payment of said Bonds has been made in accordance with this Section 11.

For purpose of this Section 11, "Defeasance Securities" shall mean any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein:
(1) United States Obligations (as herein defined); and
(2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated "AAA" by S&P and "Aaa" by Moody's.

For purposes of this Section 11, "United States Obligations" shall mean (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds which have been stripped by request to the Federal Reserve Bank of New York in book-entry form or (ii) any security issued by any agency or instrumentality of the United States of America which is selected by the Director of Public Finance that results in the escrow fund being rated "AAA" by Standard & Poor's and "Aaa" by Moody's.

Section 12. Official Notice of Sale. The form of proposed Official Notice of Sale inviting bids for the Bonds (a copy of which is on file with the Clerk of the Board of Supervisors in File No. 010513 and which is hereby declared to be a part of this Resolution as if fully set forth herein), is hereby approved and adopted as the Official Notice of Sale inviting
bids for the Bonds with such changes, additions and completions as may be made in accordance with Section 18 hereof.

The Director of Public Finance is hereby authorized and directed to determine a date for the sale of the Bonds, and award the Bonds to the bidder whose bid represents the lowest true interest cost to the City, all in accordance with the procedures described in the Notice of Sale. Proposals shall be received by the Director of Public Finance on the sale date designated by the Director of Public Finance. The Director of Public Finance is hereby authorized and directed to cause to be mailed to prospective bidders for the Bonds copies of said Official Notice of Sale, subject to such corrections, revisions or additions as may be acceptable to the Director of Public Finance.

The Director of Public Finance may provide, concurrently with the issuance and delivery of the Bonds to the purchaser or purchasers thereof, a certificate setting forth the definitive terms of the Bonds pursuant to Section 7 hereof and as to the disposition of any proceeds of the Bonds, including any premium thereon.

Section 13. Publication of Notice of Intention to Sell Bonds. The form of proposed Notice of Intention to Sell Bonds (a copy of which is on file with the Clerk of the Board of Supervisors in File No. 010513 and which is hereby declared to be a part of this Resolution as if fully set forth herein), is hereby approved and adopted as the Notice of Intention to Sell Bonds, and the Clerk of the Board of Supervisors is hereby authorized and directed to cause said Notice of Intention to Sell Bonds, subject to such corrections, revisions or additions as may be made in accordance with Section 18 hereof, to be published once at least fifteen (15) days before the date of sale in The Bond Buyer, or a financial publication generally circulated throughout the State of California, and once at least ten (10) days before the date of sale in a local publication of general circulation within the City.
Section 14. Solicitation of Competitive Bids. This Board of Supervisors hereby authorizes the solicitation of competitive bids for the purchase of the Bonds on the date and at the place determined in accordance with the Official Notice of Sale herein referenced.

Section 15. Official Statement. The form of proposed Official Statement describing the Bonds (the "Official Statement") (a copy of which is on file with the Clerk of the Board of Supervisors in File No. ___010513___ and which is hereby declared to be a part of this Resolution as if fully set forth herein) submitted to the Board of Supervisors is hereby approved and adopted as the Official Statement describing the Bonds, with such additions, corrections and revisions as may be determined to be necessary or desirable and made in accordance with Section 18 hereof. The Controller of the City (the "Controller") is hereby authorized to cause the distribution of a Preliminary Official Statement deemed final for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, and to sign a certificate to that effect. The Controller is further hereby authorized and directed to sign the final Official Statement. The Director of Public Finance is hereby authorized and directed to cause to be printed and mailed to prospective bidders for the Bonds copies of the Official Statement in substantially the form of the Preliminary Official Statement approved and adopted hereby, as supplemented, corrected or revised.

Section 16. Tax Covenant.

(a) The City hereby covenants that the City will not make any use of the proceeds of the Bonds or any other funds of the City which would cause the Bonds to be: (i) "arbitrage bonds," the interest on which will be subject to inclusion in gross income for purposes of federal income taxation by reason of Section 148 of the Internal Revenue Code of 1986, as amended (herein called the "Code"); (ii) "private activity bonds," the interest on which will be subject to inclusion in gross income for purposes of federal income taxation by reason of Section 141(a) of the Code; or, (iii) obligations the interest on which will be subject to inclusion...
in gross income for purposes of federal income taxation because they are "federally
guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect
to the proceeds of the Bonds, will comply with all requirements of such sections of the Code
and all regulations of the United States Department of Treasury issued thereunder to the
extent that such requirements are, at the time, applicable and in effect, and will comply with
the provisions of the Certificate as to Arbitrage and the Certificate Regarding the Use of
Proceeds to be executed by the City, dated the delivery date of the Bonds, as originally
executed and as they may be amended from time to time (herein called collectively, the "Tax
Certificate").

(b) In furtherance of the covenants of the City set forth above, this Board of
Supervisors will cause the Controller and the City Treasurer and all other appropriate City
officials to comply with the Tax Certificate. These covenants shall survive payment in full or
defeasance of the Bonds.

Section 17. Continuing Disclosure Certificate. The form of Continuing Disclosure
Certificate issued by the City to permit the original purchasers of the Bonds to comply with
Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities
Exchange Act of 1934, as amended (a copy of which is on file with the Clerk of the Board of
Supervisors in File No. 010513 and which is hereby declared to be a part of this
Resolution as if fully set forth herein) submitted to the Board of Supervisors is hereby
approved and adopted as the Continuing Disclosure Certificate, with such additions,
corrections and revisions as may be determined to be necessary or desirable made in
accordance with Section 18 hereof. The Controller is hereby authorized and directed to enter
into the Continuing Disclosure Certificate on behalf of the City.

Section 18. Modification to Documents. Any City official authorized by this Resolution
to execute any document is hereby further authorized, in consultation with the City Attorney,
to approve and make such changes, additions, amendments or modifications to the document or documents such official is authorized to execute as may be necessary or advisable (provided that such changes, additions, amendments or modifications shall not authorize an aggregate principal amount of Bonds in excess of $69,060,000 or conflict with the provisions of Section 3 hereof). The approval of any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 19. Ratification. All actions heretofore taken by officials, employees and agents of the City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 20. Relationship to Authorizing Resolutions. In the event of any conflict between this Resolution and the Authorizing Resolution, the terms of this Resolution shall control.

Section 21. Reimbursement. The City hereby declares its official intent to reimburse prior expenditures of the City incurred or paid prior to the issuance and sale of the Bonds in connection with the Judgment, including attorneys’ fees and other related costs.

Section 22. General Authority. The Clerk of the Board of Supervisors, the Mayor, the City Treasurer, the Director of Public Finance, the City Attorney, the Controller, and their respective designees, are each hereby authorized and directed in the name and on behalf of the City to take any and all steps and to issue and deliver any and all certificates, requisitions, agreements, notices, consents, and other documents, including but not limited to letters of representations to any depository or depositories which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Bonds.
APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By: THERESA ALVAREZ
Deputy City Attorney
Resolution authorizing and directing the sale of not to exceed $69,060,000 City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment); prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts relating thereto; approving the forms of the Official Notice of Sale and the Notice of Intention to Sell Bonds; directing the publication of the Notice of Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

April 2, 2001 Board of Supervisors — CONTINUED
Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Peskin, Sandoval, Yee
Excused: 1 - Newsom

April 9, 2001 Board of Supervisors — CONTINUED
Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Peskin, Sandoval, Yee
Excused: 1 - Newsom

April 16, 2001 Board of Supervisors — ADOPTED
Ayes: 6 - Ammiano, Hall, Leno, Maxwell, McGoldrick, Peskin
Noes: 4 - Daly, Gonzalez, Sandoval, Yee
Excused: 1 - Newsom
I hereby certify that the foregoing Resolution was ADOPTED on April 16, 2001 by the Board of Supervisors of the City and County of San Francisco.

Jean Lum
Acting Clerk of the Board

Mayor Willie L. Brown Jr.