[2001 Affordable Housing Bond Sale]

Resolution Authorizing and Directing the Sale of not to Exceed $40,000,000 of City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C and City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D; Prescribing the Form and Terms of Said Bonds; Authorizing the Execution, Authentication and Registration of Said Bonds; Providing for the Appointment of Depositories and Other Agents for Said Bonds; Providing for the Establishment of Accounts Related Thereto; Approving the Forms of Official Notice of Sale of Bonds and 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 Documents; Ratifying Certain Actions Previously Taken; and Granting General Authority to City Officials to take Necessary Actions in Connection with the Authorization, Issuance, Sale and Delivery of Said Bonds.

WHEREAS, By Resolution No. 570-96 adopted by the Board of Supervisors (the "Board of Supervisors") of the City and County of San Francisco (the "City") on June 17, 1996, and signed by the Mayor of the City (the "Mayor") on June 19, 1996, it was determined and declared that public interest and necessity demand the financing of the development of housing affordable to low-income households and downpayment assistance to low and moderate income first-time homebuyers (the "Program") by the City; and,

WHEREAS, By Ordinance No. 296-96, finally passed by the Board of Supervisors on July 22, 1996 and signed by the Mayor on July 22, 1996, the Board of Supervisors duly called a

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special election to be held on November 5, 1996, for the purpose of submitting to the electors of
the City a proposition to incur bonded indebtedness for the Program; and,

WHEREAS, A special election was held in the City on November 5, 1996, for the purpose
of submitting to the qualified voters of the City the following proposition ("Proposition A") for
incurring bonded indebtedness of the City in the aggregate principal amount of $100,000,000 to
finance the Program:

AFFORDABLE HOUSING BONDS, to incur $100,000,000 of bonded indebtedness for the
financing of (1) the development of housing affordable to low-income households and (2) down
payment assistance to low- and moderate-income first-time homebuyers, and all other costs
necessary or convenient for the foregoing purposes.

WHEREAS, The Registrar of Voters of the City duly and regularly canvassed the return of
said election and, as the result of such canvass, certified to the Board of Supervisors that more
than two-thirds of the votes cast on said proposition favored the incurring of such bonded
indebtedness; and,

WHEREAS, By Ordinance No. 449-97 adopted on November 24, 1997 and signed by the
Mayor of the City on December 5, 1997, the Board of Supervisors authorized the issuance of its
City and County of San Francisco General Obligation Bonds (Affordable Housing) (the
"Ordinance"); and,

WHEREAS, On March 4, 1998 the City issued $20,000,000 of City and County of
San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A (the "Series
1998A Bonds") pursuant to the Ordinance; and,

WHEREAS, On June 10, 1999 the City issued $20,000,000 of City and County of San
Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1999A (the "Series
1999A Bonds") pursuant to the Ordinance; and,

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WHEREAS, On July 6, 2000 the City issued $20,000,000 of City and County General Obligation Bonds (Affordable Housing) Series 2000D (the "Series 2000D Bonds") pursuant to the Ordinance; and,

WHEREAS, The Board of Supervisors has determined, and does hereby declare that it is necessary and desirable to issue the remainder of said general obligation bonds in a fourth and a final series designated respectively as City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C (the "2001 Tax-Exempt Bonds") City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D (the "2001 Taxable Bonds" and together with the 2001 Tax-Exempt Bonds, the "Bonds"); and,

WHEREAS, The Bonds are being issued pursuant to the Ordinance, the Charter of the City and a duly held election and will be payable from proceeds of the annual tax levy provided for in the Ordinance; and,

WHEREAS; The issuance of the Bonds does not cause the aggregate amount of general obligation bond indebtedness of the City to exceed three percent (3%) of the assessed value of all taxable real and personal property located within the City and does not violate any applicable debt limitation contained in the City's Charter and Administrative Code, including Section 2.60 thereof or any similar provision; and,

WHEREAS, By Resolution No. 1047-97 adopted by the Board of Supervisors on November 24, 1997, and signed by the Mayor on December 5, 1997, the Board of Supervisors approved regulations for the Program (the "Regulations") in accordance with Section 81.6 of the City's Administrative Code; and

WHEREAS, The Board of Supervisors desires that the proceeds of the Bonds, as allocated herein, be applied in accordance with the Ordinance and the Regulations; and

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WHEREAS, The City expects to pay certain expenditures incurred 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 to 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 facilities are placed in service, 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 California Code of Civil Procedure; 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 its Charter, the Ordinance and applicable law to incur indebtedness in the manner and form provided in this Resolution.

Section 3. Documents. The documents presented to this Board of Supervisors and on file with the Clerk of the Board of Supervisors are contained in File No. __010666__.
Section 4. Issuance and Sale of Bonds. The Board of Supervisors hereby authorizes the issuance and sale of a fourth and a fifth series of bonds in a combined aggregate principal amount not to exceed $40,000,000 as authorized by and for the purposes set forth in Proposition A. The 2001 Tax-Exempt Bonds shall be in an aggregate principal amount of $17,000,000 (or such other amount designated by the Director of Public Finance in the Official Notice of Sale approved by Section 14 of this Resolution) and the 2001 Taxable Bonds shall be in an aggregate principal amount of $23,000,000 (or such other amount designated by the Director of Public Finance in the Official Notice of Sale approved by Section 14 of this Resolution); provided, however, that the combined principal amount of the Bonds shall not exceed $40,000,000.

Said fourth and fifth series of such bonds shall be designated, respectively, as "City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C" and "City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D" and or such other or additional series designation as shall be specified by the Director of Public Finance of the City (the "Director of Public Finance"). Sale of the Bonds may be aggregated with other general obligation bonds being issued by the City as authorized from time to time by the Board of Supervisors.

In accordance with Section 5(f) of the Ordinance, the Board of Supervisors declares that it does not intend or expect that the interest paid on the 2001 Taxable Bonds will be exempt from taxation under federal income tax laws and no covenants or provisions will be made by the City with respect to the 2001 Taxable Bonds to provide for such exemption.

Section 5. Execution, Authentication and Registration of Bonds. The Bonds shall be in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. 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 Director of Public Finance is hereby directed to cause the blanks therein to be completed in accordance with the Resolution. The Mayor and the

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Treasurer of the City (the "Treasurer") are each hereby authorized to approve and to execute the Bonds; and the Clerk and the Deputy Clerk of the Board of Supervisors are each hereby authorized to countersign the Bonds.

Except for the countersignature of a Deputy Clerk of the Board of Supervisors which shall be a manual signature, all signatures referred to hereinabove may be facsimile or manual. The Treasurer is hereby authorized to authenticate the Bonds, by manual signature and the Clerk of the Board of Supervisors is authorized to cause the official seal of the City or a facsimile thereof to be reproduced or impressed on the Bonds and to deliver the Bonds, when so executed and authenticated, to the purchaser in exchange for the purchase price thereof.

The Bonds and the 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 (a copy of which is on file with the Clerk of the Board of Supervisors and 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 necessary for each series of the Bonds or as permitted or required by this Resolution.

In case any of such officers whose signature or countersignature appears on the Bonds shall cease to be such officer before the delivery of such Bonds to the purchaser, such signature or countersignature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until the delivery of the Bonds.

Only Bonds that bear a certificate of authentication and registration in the form given in Exhibit A, executed by the Treasurer, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the 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.

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The 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 6. Registration Books. The Treasurer shall keep or cause to be kept, at the office
of the 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 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 7. 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 6 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 Treasurer.

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

Whenever any Bond shall be surrendered for transfer or exchange, the designated City
officials shall execute (as provided in Section 5 hereof) and the Treasurer shall authenticate and
deliver a new Bond or Bonds of the same series, interest rate and maturity in a like aggregate
principal amount. The Treasurer shall require the payment by the Owner of any Bond 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 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.

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Section 8. Terms of the Bonds; General Redemption Provisions. (A) Each series of Bonds shall each be dated the date of issuance of the Bonds or such other date (the "Dated Date") as specified in the award to be made pursuant to Section 16 hereof (the "Bond Award"). The Bonds shall bear interest from the date thereof until paid at 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 December 15, 2001, and semiannually thereafter on June 15 and December 15 (or such other dates as may be designated in the Bond Award) of each year and shall either mature or be subject to mandatory redemption (as hereinafter provided) on June 15 (or such other date as may be designated in the Bond Award) of the years, and in the amounts, as set forth in the Official Statement relating to the Bonds, provided that no Bonds shall mature later than June 15, 2026. The 2001 Tax-Exempt Bonds and the 2001 Taxable Bonds are not required to have identical bond terms and redemption provisions.

The costs incurred in connection with the issuance of the Bonds (excluding underwriters' discount and any cost of credit enhancement) shall not exceed two percent (2%) of the principal amount of the Bonds and shall be paid as specified in Section 10 hereof.

The Bonds shall be issued in book-entry form and initially shall be registered in the name of Cede & Co. as nominee of the Depository Trust Company. For so long as Cede & Co. or its registered assignee is the registered Owner of all of the Bonds, payment shall be made by wire transfer of immediately available funds to Cede & Co. 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 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 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 hereinafter defined).

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Each Bond shall bear interest from the interest payment date next preceding the date of
determination 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 the last day of the month preceding the initial interest payment date, in which event it shall
bear interest from the Dated Date of the Bonds; 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 of the Bonds if the first interest payment is not
made. Payment of the interest on any Bond shall be made 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 is due 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 (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 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
United States.

Each series of Bonds shall be subject to mandatory redemption, by lot, in any year for
which a 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 approved by Section 14 hereof. Any such mandatory redemptions shall be designated as
such in the Bond Award. 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 Debt
Service Account (as defined in the Ordinance) 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.

As used herein, "redemption date" shall mean date on which any Bonds called for early redemption are to be paid consistent with the Notice of Redemption.

The Bonds maturing on or before June 15, 2009 (or such other dates as may be designated in the Bond Award) shall not be subject to optional redemption prior to maturity. The Bonds maturing on or after June 15, 2010 (or such other dates as may be designated in the Bond Award) are 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 June 15, 2009 (or such other dates as may be designated in the Bond Award), at redemption prices equal to 102% 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 one percent (1%) annually), together with accrued interest to the date of redemption, or at such other redemption prices as may be designated in the Bond Award.

(B) (i) Prior to the time the Treasurer or the Controller of the City (the "Controller") determines to optionally call and redeem any of the 2001 Tax-Exempt Bonds, the Treasurer shall establish a Redemption Account to be described as the "General Obligation Bonds (Affordable Housing) Series 2001C Redemption Account" (the "Series 2001C Redemption Account") (or such other name as may be necessary to conform the name of the account to any other or additional series designation specified pursuant to Section 4) and prior to or on the redemption date there must be set aside in said Series 2001C Redemption Account moneys available for the purpose and sufficient to redeem, as provided in this Resolution, the 2001 Tax-Exempt Bonds designated in said notice of redemption. Said moneys must be set aside in said account solely for the

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purpose of, and shall only be applied on or after the redemption date to, payment of the
redemption price of the 2001 Tax Exempt Bonds to be redeemed upon presentation and
surrender of such 2001 Tax-Exempt Bonds. Any interest due on or prior to the redemption date
may be paid from the Debt Service Account. If, after all of the 2001 Tax-Exempt Bonds have
been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Series
2001C Redemption Account, said moneys shall be transferred to the General Fund of the City as
permitted by law; provided, however, that if said moneys are part of the proceeds of refunding
bonds, said moneys shall be transferred to the fund or account created for the payment of
principal and interest on such refunding bonds.

When notice of optional redemption has been given as provided below, and when the amount
necessary for the redemption of the 2001 Tax-Exempt Bonds called for redemption (principal and
premium, if any) is set aside for that purpose in said Series 2001C Redemption Account, as
provided herein, the 2001 Tax-Exempt Bonds designated for redemption shall become due and
payable on the date fixed for redemption thereof, and upon presentation and surrender of said
2001 Tax-Exempt Bonds at the place specified in the notice of redemption, such 2001 Tax-
Exempt Bonds shall be redeemed and paid at the stated redemption price out of said Series
2001C Redemption Account. No interest will accrue on such 2001 Tax-Exempt Bonds called for
redemption after the redemption date and the registered Owners of such 2001 Tax-Exempt Bonds
shall look for payment of such 2001 Tax-Exempt Bonds only to said Series 2001C Redemption
Account. All 2001 Tax-Exempt Bonds redeemed shall be cancelled forthwith by the Treasurer
and shall not be reissued.

The City may rescind any optional redemption and notice thereof for any reason on any date prior
to the date fixed for redemption by causing written notice of the rescission to be given to the
Owners of all 2001 Tax-Exempt Bonds so called for redemption. Any optional redemption and
notice thereof shall be rescinded if for any reason on the date fixed for redemption funds are not

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available in the Series 2001C Redemption Account in an amount sufficient to pay in full on said
date the principal of, interest, and any premium due on the 2001 Tax-Exempt Bonds called for
redemption. Notice of rescission of redemption shall be given in the same manner notice of
redemption was originally given. The actual receipt by the Owner of any 2001 Tax-Exempt Bond
of notice of such rescission shall not be a condition precedent to rescission, and failure to receive
such notice or any defect in such notice shall not affect the validity of the rescission.

(ii) Prior to the time the Treasurer or the Controller determines to optionally call and redeem any
of the 2001 Taxable Bonds, the Treasurer shall establish a Redemption Account to be described
as the "Taxable General Obligation Bonds (Affordable Housing) Series 2001D Redemption
Account" (the "Series 2001D Redemption Account") (or such other name as may be necessary to
conform the name of the account to any other or additional series designation specified pursuant
to Section 4) and prior to or on the redemption date there must be set aside in said Series 2001D
Redemption Account moneys available for the purpose and sufficient to redeem, as provided in
this Resolution, the 2001 Taxable Bonds designated in said notice of redemption. Said moneys
must be set aside in said account solely for the purpose of, and shall only be applied on or after
the redemption date to, payment of the redemption price of the 2001 Taxable Bonds to be
redeemed upon presentation and surrender of such 2001 Taxable Bonds. Any interest due on or
prior to the redemption date may be paid from the Debt Service Account. If, after all of the 2001
Taxable Bonds have been redeemed and cancelled or paid and cancelled, there are moneys
remaining in the Series 2001D Redemption Account, said moneys shall be transferred to the
General Fund of the City as permitted by law; provided, however, that if said moneys are part of
the proceeds of refunding bonds, said moneys shall be transferred to the fund or account created
for the payment of principal and interest on such refunding bonds.

When notice of optional redemption has been given as provided below, and when the amount
necessary for the redemption of the 2001 Taxable Bonds called for redemption (principal and

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premium, if any) is set aside for that purpose in said Series 2001D Redemption Account, as provided herein, the 2001 Taxable Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said 2001 Taxable Bonds at the place specified in the notice of redemption, such 2001 Taxable Bonds shall be redeemed and paid at the stated redemption price out of said Series 2001D Redemption Account. No interest will accrue on such 2001 Taxable Bonds called for redemption after the redemption date and the registered Owners of such 2001 Taxable Bonds shall look for payment of such 2001 Taxable Bonds only to said Series 2001D Redemption Account. All 2001 Taxable Bonds redeemed shall be cancelled forthwith by the Treasurer and shall not be reissued.

The City may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of all 2001 Taxable Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption funds are not available in the Series 2001D Redemption Account in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the 2001 Taxable Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner notice of redemption was originally given. The actual receipt by the Owner of any 2001 Taxable Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(C) 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

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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 Treasurer; 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 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 or (iii) overnight delivery service, to (i) all organizations registered with the Securities and Exchange Commission as securities depositories, (ii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iii) as may be further required in accordance with the Continuing Disclosure Certificate described in Section 18 hereof.

The notice or notices required for redemption shall be given by the Treasurer, or any agent appointed by the City. A certificate of the Treasurer or such other appointed agent of the City that notice of redemption has been given to the Owner of any Bonds in accordance with this Resolution shall be conclusive against all parties.

Section 9. Housing Account. All of the proceeds of the sale of the Bonds, excluding any premium or accrued interest received thereon, shall be deposited by the Treasurer to the credit of the Affordable Housing Bond Housing Account (the "Housing Account") created by the Controller pursuant to Section 43.3.3 of the City's Administrative Code. Pursuant to Section 7 of the Ordinance, a Tax-Exempt Subaccount has been created within the Development Account (the "Tax-Exempt Subaccount"). Amounts representing proceeds of the 2001 Tax-Exempt Bonds deposited to the credit of the Housing Account shall be disbursed as follows: (i) an amount to be
specified in the Bond Award shall be deposited the credit of the Costs of Issuance Account
created pursuant to Section 10 hereof and (ii) all of such deposit remaining after the disbursement
specified in (i) to the credit of the Tax-Exempt Subaccount. Amounts representing proceeds of
the 2001 Taxable Bonds deposited to the credit of the Housing Account shall be disbursed as
follows: (i) an amount to be specified in the Bond Award shall be deposited the credit of the Costs
of Issuance Account created pursuant to Section 10 hereof, (ii) an amount to be specified in the
Bond Award shall be deposited to the Downpayment Assistance Loan Program Account and (iii)
all of such deposit remaining after the disbursements specified in (i) and (ii) to the credit of the
Development Account. Amounts on deposit in the Housing Account shall be applied exclusively to
the objects and purposes specified in the Ordinance, the Regulations adopted pursuant to the
Ordinance, and Section 10 hereof. Any bid premium and accrued interest received upon sale of
the Bonds shall be deposited into the Debt Service Account pursuant to Section 8 of the
Ordinance.

Section 10. Payment of Costs of Issuance. In accordance with Section 9 hereof, upon the
sale of the Bonds, certain proceeds of the Bonds (excluding any bid premium and accrued
interest) shall be deposited in the Costs of Issuance Account within the Housing Account. The
Treasurer is hereby authorized to pay or cause to be paid on behalf of the City, the costs of
issuance associated with the Bonds. Amounts in the Costs of Issuance Account may be applied
to the payment of any costs of issuance of the Bonds, including, without limitation, bond and
financial printing expenses, mailing and publication expenses, rating agency fees, and the fees
and expenses of paying agents, registrars, financial consultants and bond counsel. Six months
after the date of issuance of the Bonds, any funds remaining in the Costs of Issuance Account
shall be transferred to the Housing Account and the Tax-Exempt Subaccount in proportion to the
transfers originally made pursuant to Section 9. Any costs of issuance paid after this date shall be
paid proportionally from the Tax-Exempt Subaccount and the Housing Account but shall not

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Section 11. Appointment of Depositories and Other Agents. The Treasurer is hereby authorized and directed to appoint from time to time one or more depositories as he or she may deem desirable. The Depository Trust Company is hereby appointed initial depository for the Bonds. 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 Treasurer is hereby further authorized to appoint from time to time 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 Treasurer, such agents may serve as paying agent, fiscal agent or registrar for the Bonds or may assist the Treasurer in performing any or all of such functions and other duties as the Treasurer may determine. Such agents shall serve under the terms and conditions (including compensation for such agents) as the Treasurer may determine. The Treasurer may remove or replace agents appointed pursuant to this Section 11 at any time.

Section 12. Retention of Other Agents; Payment of Compensation to Such Agents. The Director of Public Finance is hereby authorized to retain the services of other agents, including but not limited to, rating agencies, financial advisors, financial printers and bond insurers as he or she
may deem necessary or desirable to facilitate the issuance of the Bonds. The Director of Public Finance is hereby further authorized to enter into any agreements and to compensate such agents for services rendered. Such agents shall serve under such terms and conditions as the Director of Public Finance shall determine. The Director of Public Finance may remove or replace agents appointed pursuant to this Section 12 at any time.

Section 13. Defeasance Provisions. Payment of all or any portion of the Bonds may be provided for prior to maturity by irrevocably depositing with the Treasurer (or any commercial bank or trust company designated by the Treasurer to act as escrow agent with respect thereto):

(a) An amount of cash equal to the principal amount of all of such Bonds or 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 8 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 hereinafter defined) not subject to call, except as provided below in the definition thereof, 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.

Upon the deposit in accordance with the previous paragraph, 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 13, to the Owners of said Bonds all sums due with respect thereto; provided, that the City

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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 13. In the case of the
Bonds which are to be redeemed prior to maturity, notice of such redemption shall be given as
provided in Section 8 hereof or an irrevocable election to give such notice shall have been made
by the City.

For purpose of this Section 13, "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 hereinafter 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 13, "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 at the time of the initial deposit to the escrow fund and
upon any substitution or subsequent deposit of securities to the escrow fund.

Section 14. Official Notice of Sale. The forms of the proposed Official Notice of Sale
inviting bids for each series of the Bonds are hereby approved and adopted as the "Official Notice
of Sale" inviting bids for the Bonds with such changes as may be made in accordance with
Section 20 hereof.

The Director of Public Finance is hereby authorized and directed to determine a date, time
and place for the sale of the Bonds. The Director of Public Finance is hereby authorized and
directed to cause to be distributed to prospective bidders for the Bonds copies of said Official
Notice of Sale, subject to such changes as may be acceptable to the Director of Public Finance.

Section 15. Publication of Notice of Intention to Sell Bonds. The form of proposed Notice
of Intention to Sell Bonds is hereby approved and adopted as the Notice of Intention to Sell
Bonds, and the Director of Public Finance is hereby authorized and directed to cause said Notice
of Intention to Sell Bonds, subject to such changes as may be made in accordance with Section
20 hereof, to be published once at least fifteen (15) days before the date of sale in The Bond
Buyer, or another financial publication generally circulated throughout the State of California.

Section 16. Receipt of Bids; Award of Bonds. The Bonds shall be sold at a competitive
public sale as described in this Section and in the Official Notice of Sale. The Board of
Supervisors hereby authorizes the receipt of bids for the purchase of not to exceed $40,000,000
principal amount of the Bonds at such time, date and place as determined by the Director of
Public Finance.

The Controller is hereby authorized to award each series of Bonds to the bidder whose bid
represents the lowest true interest cost to the City for that series of Bonds, provided that: (a) the

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price bid for each series of Bonds shall not be less than the principal amount of that series of
Bonds, (b) neither the true interest cost, yield or coupon interest rate of the Bonds shall exceed
12%, and (c) the Bonds shall otherwise conform to all provisions set forth herein, all in accordance
with the procedures described in the Official Notice of Sale. The Controller shall provide a copy of
the Bond Award as soon as practicable to the Clerk of the Board of Supervisors and the Mayor’s
Director of Finance; provided, however, that failure to provide such copies shall not affect the
validity of the Bond Award.

Section 17. Official Statement. The form of proposed Official Statement describing the
Bonds submitted to the Board of Supervisors is hereby approved and adopted as the Official
Statement describing the Bonds, with such changes as may be determined to be necessary or
desirable made in accordance with Section 20 hereof. 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 and 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 18. Continuing Disclosure Certificate. The form of Continuing Disclosure
Certificate intended to permit the original purchasers of the Bonds to comply with Securities and
Exchange Commission Rule 15c2-12 (the "Rule") 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 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 of
the City with respect to the Bonds, with such changes as may be determined to be necessary or
desirable made in accordance with Section 20 hereof. The Controller is hereby authorized and

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directed to execute and deliver the Continuing Disclosure Certificate on behalf of the City to the
original purchasers of the Bonds.

Section 19. Tax Covenants Relating to the 2001 Tax-Exempt Bonds. (a) The City hereby
covenants that the City will not make any use of the proceeds of the 2001 Tax-Exempt Bonds or any
other funds of the City which would cause the 2001 Tax-Exempt 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 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 2001 Tax-
Exempt Bonds, will comply with all requirements of such sections of the Code and all Treasury
Regulations issued thereunder to the extent that such requirements are, at the time, applicable and
in effect, and will comply with the provisions of the Tax and Non-Arbitrage Certificate to be entered
into by the City, dated the date of issuance of the 2001 Tax-Exempt Bonds, as originally executed
and as it may be amended from time to time (herein called 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.

Section 20. 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 to the document or documents such official is authorized to
execute as may be necessary or advisable (provided that such changes shall not authorize an
aggregate principal amount of Bonds in excess of $40,000,000). 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 21. 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 22. Accountability Reports. The Bonds are subject to Article VIII of Chapter 2 of the
City's Administrative Code. Accountability report(s) with respect to the Bonds shall be submitted at
the time(s) and in the manner required by said Article VIII.

Section 23. General Authority. The Clerk of the Board of Supervisors, the Finance
Committee of the Board of Supervisors, the Treasurer, the City Attorney, the Controller and the
Director of Public Finance 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, opinions,
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:

DAVE ANGELO SANCHEZ
Deputy City Attorney

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Resolution authorizing and directing the sale of not to exceed $40,000,000 of City and County of San Francisco General Obligation Bonds (Affordable Housing) Series 2001C and City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 2001D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing the appointment of depositories and other agents for said Bonds; providing for the establishment of accounts related thereto; approving the forms of Official Notice of Sale of Bonds and 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 documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

May 7, 2001 Board of Supervisors — ADOPTED
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee
I hereby certify that the foregoing Resolution was ADOPTED on May 7, 2001 by the Board of Supervisors of the City and County of San Francisco.

MAY 9 - 2001
Date Approved

Gloria L. Young
Clerk of the Board

Mayor Willie L. Brown Jr.