

**COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE**

RESOLUTION NO. 72-2014

**Adopted August 19, 2014**

**AMENDING THE OFFICE OF COMMUNITY INVESTMENT AND  
INFRASTRUCTURE'S ("OCII'S") DEBT POLICY TO REFLECT REDEVELOPMENT  
DISSOLUTION LAW, OCII'S RESPONSIBILITIES FOR COMMUNITY FACILITIES  
DISTRICT DEBT ADMINISTRATION, AND NEW FEDERAL DISCLOSURE  
REQUIREMENTS FOR ISSUERS OF PUBLIC DEBT**

**BASIS FOR RESOLUTION**

WHEREAS, In accordance with Redevelopment Dissolution Law, Cal. Health & Safety Code § 34173, and San Francisco City and County Board of Supervisors ("Board of Supervisor's) Ordinance No. 215-12, the Office of Community Investment and Infrastructure ("OCII"), as Successor Agency to the San Francisco Redevelopment Agency, is recognized as a separate legal entity from the City and is subject to the governance of the City acting in its legislative capacity; and,

WHEREAS, The purpose of OCII's debt policy is to provide guidance and standards to OCII staff in managing the issuance and administration of OCII's debt; and,

WHEREAS, OCII has been operating under the overall guidance of the former San Francisco Redevelopment Agency debt policy, last updated on March 16, 2004; and,

WHEREAS, OCII's debt policy requires updating to reflect the changed legal environment after the dissolution of redevelopment agencies in February 2012; and,

WHEREAS, Approval of the updated debt policy is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5). Actions related to the approval of the debt policy will not independently result in a physical change in the environment are not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That the Commission on Community Investment and Infrastructure approves the attached OCII Debt Policy attached to this Resolution as Attachment A.

Attachment A: OCII Debt Policy

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of August 19, 2014.

  
Commission Secretary

**Debt Policy of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, also known as the Office of Community Investment and Infrastructure**

**I. Scope and Application.**

This Debt Policy (“Policy”) establishes policies and procedures for financings under the jurisdiction of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, also known as the Office of Community Investment and Infrastructure (“OCII”). The purposes of the Policy are to:

- A. Identify debt policy objectives,
- B. Improve the quality of decision making processes,
- C. Provide a basis for the determination of the appropriate debt structures; and
- D. Demonstrate a commitment to best practices in debt management planning and execution.

**This Policy shall govern the issuance and management of all bonds and other forms of indebtedness of OCII, together with any credit, liquidity or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness (“Bonds”). The failure of OCII to comply with any provision of this Policy shall not affect the authorization or the validity or enforceability of any Bonds or other forms of indebtedness that is otherwise issued in accordance with law.**

**II. Debt Management Objectives**

- A. Comply with the provisions of Section 34177.5 of the California Health and Safety Code, established by California Assembly Bill 1484 in June 2012 (together with other statutes, known as “Redevelopment Dissolution Law,”), which establish the parameters under which Successor Agencies may refund preexisting tax allocation debt and issue new tax allocation debt, along with any amendments to those provisions and other applicable federal and state laws and regulations
- B. Maintain cost-effective access to capital markets through prudent debt management policies and practices;
- C. Fund significant capital acquisitions or improvements through debt financing and, if cost effective, alternate financing mechanisms such as public/private partnerships.
- D. Structure long term financings to minimize transaction specific risk and total debt portfolio risk to OCII.
- E. Maintain good investor relationships and uphold contractual obligations through the timely dissemination of material financial information and timely response to requests for publically available information.

### **III. Refunding Bonds**

OCII shall comply with the provisions of Redevelopment dissolution law regarding refunding bonds, including but not limited to the following provisions:

Under the provisions of HSC Section 34177.5(a)(1), as of the date of this policy, OCII may refund preexisting debt to provide savings in the use of tax increment to service debt, provided that:

- A. the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded; and
- B. the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt reserves, and to pay related costs of issuance; and

Under the provisions of HSC Section 34177(a)(2) as of the date of this policy, OCII may issue refunding bonds to finance debt service spikes, provided that:

- A. The existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and
- B. The principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

Should applicable provisions of Redevelopment Dissolution Law be amended by the California legislature, such amendments shall be deemed incorporated into this policy.

As a general guideline, the overall present value savings in the transaction should equal at least 3% of the face amount of the refunded bonds. This criterion may be waived if there are other reasons for the refunding.

### **IV. New Tax Increment Bond Obligations**

Pursuant to HSC Section 34177.5(a)(4), OCII may issue bonds to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment or other funds and the obligation to issue bonds secured by that pledge.

To the extent that Redevelopment Dissolution Law is amended to authorize a successor agency's issuance of bonds, or incurrence of indebtedness under other circumstances, OCII may issue bonds consistent with that authority.

## V. Community Facilities District (“CFD” or “Mello-Roos”) Bonds

OCII may issue CFD bonds in accordance with its Amended and Restated Local Goals and Policies for Community Facilities Districts.

## VI. Credit Enhancements

OCII will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit and cost of each case. Credit enhancement shall be used only if it permits savings to be achieved or achieves other financial objectives. OCII will consider each of the following credit enhancements as alternatives by evaluating the cost and benefit of such enhancement.

- A. **Bond Insurance.** OCII shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The decision to purchase bond insurance shall be based on such insurance being less costly than the present value of the difference in the interest cost on insured bonds versus uninsured bonds, taking into consideration the risk and cost incurred by involving another party in the transaction. Insurance may also be purchased in order to acquire a surety policy. The Deputy Director, Finance & Administration or his/her designee will obtain bond insurance by soliciting quotes from bond insurers and make the selection based on, but not limited to, fees proposed, timeliness of approval process, and conditions and covenants required. Insurance may be used for some maturities of an issuance but not others.
- B. **Debt Service Reserves and Reserve Equivalents.** When required, a reserve fund equal to the least of 10% of the original principal amount of the bonds or 100% of the maximum annual debt services, and 125% of the average annual debt service, or, if permitted, 10% of the par value of bonds outstanding or other amount as the Deputy Director may deem necessary (the “Reserve Requirement”) may be funded from the proceeds of each series of bonds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies.

OCII may purchase reserve equivalents (e.g., an insurance policy known as a “surety bond”) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

- C. **Credit and Liquidity Facilities.** The issuance of certain types of Bonds requires a letter of credit or line of credit (“Credit Facility”) from a qualified financial institution to provide liquidity and/or credit support. OCII may enter into a LOC agreement when such an agreement is deemed prudent and advantageous to a bond financing, and taking into account the likely remedial strategies in the event of a material decline in the Credit Facility provider’s credit quality.

OCII shall prepare (or cause to be prepared) and distribute to qualified financial institutions as described below, a request for qualifications that includes terms and conditions that are acceptable to OCII.

1. **Provider Selection.** Only those financial institutions with long-term ratings greater than or

equal to that of OCII and short-term ratings from at least two NRSRO of at least P-2/A-1/ or equivalent.

2. **Selection Criteria.** The selection of LOC providers will be based on, but not be limited to, the following criteria:
  - a. Evidence of ratings (including “Outlook”).
  - b. Experience providing such facilities to local government issuers;
  - c. Fees, including without limitation initial and ongoing costs of the Credit Facility, draw, transfer and related fees; counsel fees; termination fees and any trading differential; and
  - d. Terms and conditions acceptable to OCII.

## **VII. Debt Approval Procedures**

Commission approval is required of all debt issued by OCII. The approval is in the form of one or more resolutions, which authorize such matters as the sale of bonds of a not-to-exceed amount, the method of sale, and approve as to form an indenture of trust, a loan agreement or loan agreements, a preliminary official statement, and other related documents. Final Commission authorization is requested shortly before the bonds are to be sold.

Oversight Board approval and California Department of Finance review is required of bond indentures, loan agreements and bond purchase contracts, all of which must comply with Redevelopment Dissolution Law.

City and County of San Francisco Board of Supervisors authorization is required for the maximum amount of tax allocation bonds to be sold and for not-to-exceed bond terms and interest rates. This approval is generally given within the context of OCII budget approval. Board of Supervisors approval is not normally required for each individual bond issuance or for bond documents unless specifically required by the Board in advance. Board approval is not generally required for the issuance of refunding bonds.

## **VIII. Debt Limitations**

OCII shall adhere to the effective limits specified in redevelopment project plans and enforceable obligations as well as all other statutory, regulatory and contractual constraints.

## **IX. Methods of Sale**

*Competitive Sale:* OCII bonds shall be sold competitively except in those instances where Agency staff and financial advisors have determined that a competitive sale is not feasible or is likely to yield a less favorable result than a negotiated sale. Factors to be considered include: structuring and timing flexibility, bond rating, the need for pre-marketing to address credit dynamics or other investor concerns.

*Marketing:* Bond sales shall be advertised as broadly as possible, utilizing the internet, list of underwriters, and advertising in local and industry newspapers. It is one of the key tasks of financial advisors to market the bonds to prospective bidders.

*Cancellation:* OCII shall have the right to cancel a bond sale prior to the time bids are received by issuing a notice within the customary period acceptable by bidders.

*Award:* Bonds shall be awarded to the bidder whose conforming bid represents the lowest all-in true interest cost (TIC) to OCII. OCII may then restructure the bonds in accordance with the Official Notice of Sale to achieve financial goals.

- i. OCII shall reserve the unfettered right to reject all bids
- ii. OCII's Deputy Executive Director for Finance & Administration or his/her designee shall award the bonds to the winning bidder.

*Negotiated Sale:* OCII may determine that it is advisable to sell bonds pursuant to a negotiated sale in order to achieve more favorable terms than those likely to be realized through a competitive sale. This may be due to the complex nature of the underlying credit, credit rating, bond structure or market environment that requires extensive communication with potential investors in order to demonstrate the true risk profile of the bonds. Under a negotiated sale, it is the responsibility of the underwriter to market, price and purchase OCII's bonds and re-sell the bonds to investors. In order to comply with certain provisions of State law, the Board of Supervisors created the Financing Authority of the City and County of San Francisco Redevelopment Agency (Financing Authority) to facilitate negotiated sales of redevelopment bonds and to allow the pooling of loans from disparate project areas into a single bond issue. Negotiated sales of bonds shall be carried out using the services of the Financing Authority when necessary or advisable. The OCII will retain a Financial Advisor to provide advice to ensure the transaction is structured and priced to the OCII's best advantage.

## **X. Debt Structuring Practices**

With the advice of consultants, the bonds will be structured to the best long-term economic and policy advantage of OCII subject to pertinent redevelopment plan, statutory, regulatory and contractual constraints.

## **XI. Derivatives Policy**

Properly used, derivatives, such as interest rate swaps and swap options, are management tools intended to take advantage of interest cost savings that may be available from variable rate date while reducing risks that may be associated with rising interest rates over time. Such products can be complex and carry risks if not adequately analyzed and monitored. The default policy of OCII shall be not to engage in the use of derivatives. This policy may be waived by the Commission on a proposed transaction if OCII finance staff provide an analysis showing a compelling public policy reason to use a derivative produce and recommend its approval.

## **XII. Permitted Investments of Bond Proceeds**

Proceeds of debt may be invested according to the terms of the California Government Code, the specific debt indentures, and OCII's applicable Investment Policy.

## **XIII. Professional Assistance**

- A. *Legal Counsel:* The General Counsel in consultation with the Deputy Director of Finance and Administration, subject to Commission approval as required, shall select bond counsel, tax counsel and disclosure counsel, as required or prudent, for all financing transactions.
- B. *Financial Advisor:* OCII may retain the services of a financial advisor to assist with a debt financing when prudent. OCII may select the financial advisor through issuance of an RFP to the City's pool of approved financial advisors.
- C. *Fiscal Consultant:* OCII may retain the services of a fiscal consultant for pre and post issuance disclosure work. OCII may select the fiscal consultant through issuance of an RFP to the City's pool. If the City has no pool from which to select, OCII will issue the RFP to a selection of firms deemed qualified in consultation with its advisors.
- D. *Rebate Consultant:* A rebate consultant shall be selected by RFP for all tax-exempt long-term obligations for a set term with 1-year extensions. Rebate analysis shall be performed as required.
- E. *Coordination with the City and County of San Francisco Controller's Office of Public Finance:* The OCII Executive Director may enter into agreements with the City and County of San Francisco Controller's Office of Public Finance to support OCII in its debt issuance and administration activities.

## **XIV. Post Issuance Debt Administration**

*Pursuant to the transfer of all housing assets of the former Redevelopment Agency to The Mayor's Office of Housing; that Office, as Housing Successor, will be responsible for all aspects of the post-issuance administration of OCII's multi-family housing bond portfolio. Disclosure for all other OCII debt will be the responsibility of OCII.*

- A. *Secondary Market Disclosure:* OCII will comply with all legal, regulatory and contractual obligations with respect to specified and material financial information. Such compliance will include timely filing of Annual Reports pursuant to SEC Rule 15(c)212 and filing of material events notices from time to time as required. OCII shall retain the services of a fiscal consultant to prepare certain information required under various continuing disclosure undertakings including but not limited to: project area assessed values, allocable tax increment, delinquency rates, ownership concentration, debt coverage, and assessment appeals. Secondary Market Disclosure for CFD bonds will be monitored by the OCII but will be the operational responsibility of the developers pursuant to their contractual obligations.
- B. OCII will rely on the City's Municipal Finance Disclosure Policies and Procedures, Appendix A to its Debt policy of September 14, 2011, as a disclosure best practice

template, adopting such practices and procedures as the Deputy Director for Finance and Administration, upon consultation with bond and disclosure counsel, deems pertinent. That Appendix A is appended as Exhibit 1 to this policy for reference and is not binding on the OCII.

- C. *Ratings:* OCII shall seek such ratings as are deemed advantageous in consultation with its advisors. It will also respond timely to rating agency requests for information.
- D. *Training:* OCII officials or employees shall attend disclosure training sessions offered by the City as described in Appendix A of the City's Debt Policy as applicable. Periodic trainings with OCII bond and disclosure counsel will be held at least annually for those responsible for disclosure.

**Appendix A:  
Municipal Finance Disclosure Policies and Procedures**

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Article I  
General

Section 1.1. Purpose. The purpose of the City and County of San Francisco Disclosure Policies and Procedures (these "Procedures") is to establish processes and controls to (i) ensure that the financial disclosures that the City and County of San Francisco (the "City") makes are accurate and comply with all applicable federal and state securities laws, and (ii) promote best practices regarding disclosures relating to securities issued by the City.

These Procedures do not apply to certain departments or enterprises of the City, including the Airport Commission, the Mayor's Office of Housing, the Municipal Transportation Authority, the Port Commission, or the Public Utilities Commission. These Procedures are being adopted by the Office of Public Finance ("OPF") as a debt issuance and disclosure best practice.

**The failure of OPF to comply with any provision of these Procedures shall not affect the authorization or the validity or enforceability of any bonds, notes or other forms of indebtedness that are otherwise issued by the City in accordance with law.**

Section 1.2. Disclosure Practices Working Group. To better carry out the purposes set forth in Section 1.1 of these Procedures, a Disclosure Practices Working Group (from time to time referred to below as the "DPWG") is established. Membership of the DPWG shall consist of (1) the Director of Public Finance, (2) the Controller (or the Controller's designee), (3) the Treasurer (or the Treasurer's designee), and (4) the Controller's Budget Director (or the Controller's Budget Director's designee). The City Attorney or the City Attorney's designee, who shall be a Deputy City Attorney specializing in public finance, together with the City's outside disclosure counsel, shall be legal advisors to the DPWG. The City Attorney and the City's outside disclosure counsel shall participate in all meetings of the DPWG and advise the DPWG on requirements of the federal securities laws.

Section 1.3. Definitions. Unless otherwise defined in this document, initially capitalized terms used in these Procedures shall have the meanings set forth below:

"*CAFR*" means the City's Comprehensive Annual Financial Report.

"*City*" means the City and County of San Francisco, California.

"*City Financial Statements*" means that portion of the CAFR that are the audited financial statements

"*Contributors*" means those persons contacted by the Disclosure Coordinator or the Disclosure Practices Working Group, or assigned by a department director, to assist with the review or preparation of a Disclosure Document as described in Section 3.3.

"*Disclosure Coordinator*" means the City official designated by the Controller from time to time to administer these Procedures. The Disclosure Coordinator shall be the Director of Public Finance. The Disclosure Coordinator may designate another member of the DPWG to preside over meetings if she is unable to attend a meeting.

"*Disclosure Documents*" means those documents defined as such in Article II.

"*Disclosure Practice Working Group*" or "*DPWG*" means the Disclosure Practice Working Group as identified under Section 1.2 of these Procedures.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive filings pursuant to Rule 15c2-12 under the federal Securities Exchange Act of 1934, as the same may be amended and modified from time to time.

"*Preparer*" means those persons defined as such in Section 3.3(A).

"*Procedures*" means these Municipal Finance Disclosure Policies and Procedures, as the same may be supplemented and amended from time to time.

Section 1.4. Meetings of the Disclosure Practices Working Group. The DPWG shall meet as often as necessary to fulfill its obligations, but generally shall plan to meet at least twice each calendar year to discuss matters related to these Procedures. A bond due diligence session will satisfy such meeting requirement, provided the Director, one or more deputy City Attorneys and the City's outside disclosure counsel is in attendance at such session, and it is understood by the parties that the due diligence session is serving as a meeting of the DPWG. Meetings of the DPWG are intended to be internal meetings of City staff, and shall not be deemed to be public meetings for purposes of the Brown Act or Sunshine Ordinance.

Any member of the DPWG may request that the Disclosure Coordinator convene a meeting of the DPWG. Members of the DPWG should, to the extent practicable, attend meetings in person but may participate in meetings by telephone. As necessary, the Disclosure Coordinator will distribute an agenda for each DPWG meeting. The agenda shall be prepared in consultation with members of the DPWG. Any member or ex officio participant of the DPWG may place an item on the agenda. The Disclosure Coordinator shall be required to keep a record of meetings and a brief summary of the matters discussed.

Section 1.5. Meetings: Delegation. The attendance of the Controller, the Director of Public Finance, one or more Deputy City Attorneys, and City's outside disclosure counsel is required at any meeting of the DPWG at which City Official Statements are finalized. The individuals identified in Section 1.2 above shall identify appropriate alternate individuals to attend DPWG meetings in the event that the designated individual is not able to attend.

Article II  
*Disclosure Documents*

Section 2.1. Disclosure Documents. For purposes of these Procedures, the term "Disclosure Documents" shall mean (i) the City's documents and materials prepared or distributed in connection with the City's disclosure obligations under applicable federal and state securities laws relating to its securities and (ii) other disclosure that the DPWG shall determine to review and approve. Disclosure Documents shall include, but not be limited to, the following:

- (A) Preliminary and final Official Statements, and preliminary and final Private Placement Memoranda, including but not limited to any City financial information included therein, relating to the City's securities, together with any supplements;
- (B) the City's Financial Statements, including but not limited to the MM&D and Notes thereto;
- (C) any filing made by the City with the MSRB, whether made under a continuing disclosure agreement to which the City is a party or made voluntarily;

The term "Disclosure Documents" shall also include any other disclosure that the DPWG shall determine is reasonably likely to reach the investors or the securities markets and may be material to investors, including but not limited to press releases, web site postings, and other communications required to be certified by the Controller or the Director as representations of the City's financial condition to investors or the securities markets. See Section 3.1 below.

Article III  
*Review Process*

Section 3.1. Determination of "Disclosure Document". Whether a particular document or written, posted or other form of communication is a Disclosure Document shall be determined by the DPWG, including but not limited to, the determination whether a document should be filed voluntarily with the MSRB (as provided in Section 2.1(C) above) or whether a communication is reasonably likely to reach investors or the securities markets and may be material to investors. Any member of the DPWG may seek the advice of the DPWG to determine whether any document should be treated as a Disclosure Document.

Section 3.2. Review of Form and Content of Disclosure Documents. The DPWG shall critically review the form and content of each Disclosure Document. The DPWG may require the attendance of all persons responsible for the preparation or review of the Disclosure Document.

Before submitting an Official Statement to the Board of Supervisors for consideration, the Controller or the Director of Public Finance shall make the certification to the Board of Supervisors, in the form attached as Exhibit E, and such certification shall be attached to the Official Statement when the same is submitted to the Board of Supervisors. Any ordinance or resolution may include a delegation to the Controller or the Director of Public Finance to finalize any offering document to, among other things, include the most recent City financial information or other material information relevant to investors, and to otherwise make corrections and clarifications to ensure that such offering document complies with federal securities laws.

(A) Disclosure Coordinator. The Disclosure Coordinator shall work with the bond financing team (i.e., bond counsel and/or disclosure counsel, underwriter(s), underwriter's counsel, financial advisors, and appropriate City staff), the City's outside disclosure counsel, and such other individuals as appropriate given the nature of the financing, to ensure that these Procedures are followed with respect to the preparation and/or dissemination of any Disclosure Document.

(1) The Disclosure Coordinator shall be responsible for soliciting material information from City departments, and shall identify Contributors who may have information necessary to prepare or who should review portions of the Disclosure Document. These Contributors should be timely contacted and informed that their assistance will be needed for the preparation of the Disclosure Document. See Exhibit A for the form of Request for Information from Contributors.

(2) The Disclosure Coordinator shall contact the individuals and departments identified as Contributors as soon as possible to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Disclosure Document assigned to them.

(3) The Disclosure Coordinator shall maintain or cause to be maintained a general log of all individuals or departments that were requested to review or draft in connection with a Disclosure Document, including what sections such individuals or department prepared or reviewed.

(4) The Disclosure Coordinator shall confirm to and advise the DPWG that each section of and all financial and operating information contained in the Disclosure Document has been critically reviewed by an appropriate person. To the extent practicable, the Disclosure Coordinator shall endeavor to establish an "audit trail" with respect to the preparation of any disclosure document. Of paramount importance is that the "Appendix A" and other information concerning the City's financial condition is thoroughly and critically compared for accuracy against the City's Financial Statements, including the notes of said financial statements, and the other financial reports prepared and released by the Controller and the Mayor's Office.

(5) The Disclosure Coordinator shall report any significant disclosure issues, if any, and concerns to the DPWG. The DPWG shall critically review the material submitted and undertake to devise appropriate disclosures.

(6) As required, the Disclosure Coordinator shall advise the financial advisor and the underwriter(s) and their counsel, if any, that they must execute upon their selection a confidentiality agreement.

(B) Responsibilities of Contributors. Contributors shall assist in reviewing and preparing the Disclosure Document using their knowledge of the City and by discussing the Disclosure Document with other members of the department in an attempt to ensure the accuracy of the information and to determine whether any other information should be discussed or disclosed. Once Contributors are notified of their need to participate in preparing a Disclosure Document, each of the Contributors and their department directors shall cooperate with DPWG requests. Each Contributor shall represent to the Controller (in a form satisfactory to the Controller) the accuracy and completeness of the section or sections for which the Contributor is responsible. See Exhibit B herein.

Section 3.3. Review of Disclosure Documents other than Official Statements. The following procedures shall apply to those Disclosure Documents that are not addressed in Section 2.1:

(A) Determination of Disclosure Document. Any City employee preparing (the "Preparer") any information for release to the public that could be considered a Disclosure Document, shall notify the DPWG of such information. The DPWG shall timely make a determination whether such information is a Disclosure Document under Section 2.1.

(B) Notify Disclosure Practices Working Group. If the DPWG determines that a document is a Disclosure Document, the Preparer shall inform the DPWG of the (i) expected completion date of the Disclosure Document and (ii) the expected dissemination date of the Disclosure Document to the DPWG. The DPWG shall be provided with a reasonable opportunity to review such Disclosure Document.

(C) Involvement of Deputy City Attorney. The Deputy City Attorney specializing in municipal finance whom the City Attorney assigns to work on the financing, in consultation with the City's outside disclosure counsel, shall assist the Preparer to:

- (1) identify material information that should be disclosed;
- (2) identify other persons that may have material information or knowledge of any information omitted from such Disclosure Document; and
- (3) determine when the Disclosure Document is final and ready for review by the DPWG.

(D) Prepare Source List. The Preparer shall keep a list of individuals or groups that have contributed to the preparation of the Disclosure Document and a list of sources from which the information summarized or updated in the Disclosure Document was derived. These lists shall be submitted to the DPWG along with the Disclosure Document.

Article IV  
*Training Policy*

Section 4.1. Training Sessions.

(A) City officials or employees with responsibility for collecting or analyzing information that may be material to the preparation of a Disclosure Document, as designated under Paragraph (B) below, shall attend disclosure training sessions as conducted from time to time. The Controller and/or the Director of Public Finance shall cause training material to be distributed to new employees of the City who will participate in the preparation of Disclosure Documents. New employees shall be provided with disclosure training materials within three months of their first day of employment. Such training materials shall include information on the City's disclosure obligations under applicable federal and state securities laws and such individual's responsibilities and potential liability regarding such obligations. Such training sessions may be conducted by videotape, if available. The Director of Public Finance shall present such training material to the DPWG for its review and approval.

(B) The determination as to whether a class of employees shall receive such training shall be made by the Controller, in consultation (if necessary) with the City Attorney. The DPWG may also require training for a particular employee not otherwise specified.

(C) At the request of the DPWG, the City's outside disclosure counsel shall conduct separate training sessions for the Mayor and members of the Board of Supervisors; provided however such training should be undertaken no less than once every three years. The Director of Public Finance shall endeavor to video tape any such training for members of the Board of Supervisors.

(D) The DPWG will convene as necessary to discuss and develop training material for new developments under federal securities laws, or otherwise, to ensure that the City maintains the best practices regarding its disclosure obligations.

Article V  
*Document Retention Policies*

Section 5.1. Official Statements.

(A) Materials retained. For a Disclosure Document that is an Official Statement or placement memorandum as referenced in Section 2.1(A), the OPF, on behalf of the DPWG, shall maintain a central depository with the following materials, for

a period of five years from the date of delivery of the securities referenced in such Disclosure Document.

- (1) the printed copy of the preliminary and final Official Statement (or preliminary and final Offering Memoranda);
- (2) the "deemed final" certification provided by a City official to the underwriter of the securities in accordance with paragraph (b)(1) of Rule 15c2-12;
- (3) any executed copies of the letters, requests, and certifications prepared and/or delivered in connection the offering;
- (4) the information and related sources referenced in the materials described in (3) above;
- (5) the bond purchase agreement or official notice of sale, as applicable; and
- (6) any written certification or opinions executed by a City official relating to disclosure matters, delivered at the time of delivery of the related securities.

(B) Materials not retained. These Procedures shall not require the DPWG to retain after the date of delivery of the related securities the drafts of any of the materials referenced in subsection (A) above.

Section 5.2. Disclosure Documents other than Official Statements. For Disclosure Documents other than those described in Section 5.1(A) above, the Office of Public Finance, on behalf of the DPWG, shall maintain a central depository, for a period of five years from the date the respective Disclosure Document is published, posted, or otherwise made publicly available:

- (1) the final version of the Disclosure Document,
- (2) final versions of all transmittal letters, requests, and certifications relating to information in the Disclosure Document,
- (3) the information and related sources referenced in the materials described in (2) above.

The DPWG shall not retain the drafts of any such materials.

#### *Article VI* *Confidential Submissions*

Section 6.1. Whistle Blower Complaint's Program. The City shall encourage City employees to contact the Controller's Whistle Blower Complaint program with any significant disclosure questions or concerns. The Controller's office shall contact the

DPWG as soon as practical for any matter which would have a serious impact on the City's Disclosure Documents.

*Article VII*  
*Annual Review*

Section 7.1. Annual Review. The DPWG shall conduct an annual review and evaluation of these Disclosure Policies and Procedures. As appropriate, the DPWG shall amend these Disclosure Policies and Procedures to be consistent with changes in the federal and state securities laws, pronouncements of the Securities and Exchange Commission and such other matters as the DPWG deems necessary or desirable.