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 enforcibility 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 Practice 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.

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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.
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(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.

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(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
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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.