Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

---

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION, CALIFORNIA

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO (LEASE REVENUE BONDS), CALIFORNIA

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer:

City and County of San Francisco CUSIP: 79765D, 797645,

City and County of San Francisco Finance Corporation CUSIP: 79765X

Parking Authority of the City and County of San Francisco CUSIP: 797700

Redevelopment Agency of the City and County of San Francisco (Lease Revenue Bonds) CUSIP: 79765V

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

X Electronic: **NOTICE OF A MATERIAL EVENT PURSUANT TO RULE 15c2-12**

Paper: _____

If information is also available on the Internet, give URL: NOT AVAILABLE

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. Annual Report.

(Financial information and operating data should not be filed with the MSRB)

B. Financial Statement or Annual Financial Report pursuant to Rule 15c2-12

C. X Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the security
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the securities
11. **X** – Rating changes –(See Exhibit A)
12. Other: _____

D. Notice of Failure to Provide Annual Financial Information as Required

E. Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name: **NADIA SESAY** Title: **DIRECTOR OF PUBLIC FINANCE**

Employer: **CITY AND COUNTY OF SAN FRANCISCO**

Address: **MAYOR'S OFFICE OF PUBLIC FINANCE** City: **SAN FRANCISCO** State: **CA** Zip Code: **94102**

Telephone: **(415) 554-5956** Fax: **(415) 554-4864**

Email Address: nadia.sesay@sfgov.org _____ Issuer Web Site Address: www.sfgov.org/mopf _____

Dissemination Agent Contact, if any:

Name: _____ Title: _____

Employer: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Telephone: _____ Fax: _____

Email Address: _____ Relationship to Issuer: _____

Investor Relations Contact, if any:

Name: _____ Title: _____

Telephone: _____ Email Address: _____

MATERIAL EVENT NOTICE PURSUANT TO S.E.C. RULE 15c2-12(b)(5)
OF MOODY'S RATING OUTLOOK REVISION TO POSITIVE FROM STABLE
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
CITY AND COUNTY OF SAN FRACISCO FINANCE CORPORATION, CALIFORNIA
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, LEASE REVENUE BONDS, CALIFORNIA

Dated: September 19, 2006

NOTICE IS HEREBY GIVEN that on August 23, 2006 Moody's revised the rating outlook to Positive from Stable on the proposed City and County of San Francisco, California (the "City") General Obligation Refunding Bonds, Series 2006R-1 (the "Bonds"), outstanding general obligation bonds, and all outstanding general fund-related bonds. At the same time, Moody's affirmed the City's Aa3 rating on the Bonds and outstanding general obligation bonds.

CITY AND COUNTY OF SAN FRANCISCO

Nadia Sesay

Nadia Sesay
Director of Public Finance

EXHIBIT A

MOODY'S ASSIGNS Aa3 RATING TO SAN FRANCISCO'S 2006-R1 G.O. REFUNDING BONDS; RATING OUTLOOK REVISED TO POSITIVE FROM STABLE

APPROXIMATELY $1.2 BILLION OF G.O. DEBT AFFECTED, INCLUDING OUTSTANDING BONDS

San Francisco (City & County of) CA
Municipality
California

Moody's Rating

Issue	Rating
General Obligation Refunding Bonds, Series 2006-R1	Aa3
Sale Amount $140,550,000	
Expected Sale Date 09/12/06	
Rating Description General Obligation, Unlimited Tax	

Moody's Outlook - Positive

NEW YORK, August 23, 2006 -- Moody's has assigned an Aa3 rating to the City and County of San Francisco's General Obligation Refunding Bonds, Series 2006-R1. At the same time we have affirmed the Aa3 ratings on the city's parity debt and the various ratings on San Francisco's general fund-related debt. Our outlook for these long-term ratings has been revised to positive from stable.

USE OF PROCEEDS: Refund a portion of the city's outstanding general obligation bonds for debt service savings

LEGAL SECURITY: Voter-approved, unlimited property tax pledge

INTEREST RATE DERIVATIVES: San Francisco does not have any interest rate swaps and none are currently contemplated.

KEY STRENGTHS:

* Steady, long-term upward trend in property values and assessed valuation, with no significant taxpayer concentration

* Moderate overall debt burden relative to the size of the city's property tax base

* Fundamentally sound local and regional economies, currently on the upswing, albeit slowly

* City residents' above average socioeconomic profile

* Notable revenue diversity, recent years' conservative budgeting, and regular, detailed mid-year fiscal monitoring

* Fully funded employee retirement system

KEY CHALLENGES:

* Very broad revenue raising constraints common to all California municipalities; a city charter containing more highly restrictive expenditure constraints than average; and a strong civic commitment to social service provision despite historically uneven state funding for county social programs

* Below average financial reserves despite recent improvement

* Slow economic growth and the uncertain impact of the cooling real estate market

* Significant additional borrowing ambitions despite an already very high debt per capita

* Long-term funding for what will likely prove to be a well above average retiree health care liability

San Francisco is the fourth largest city in California by population (about 800,000) and the 14th largest in the U.S. It is the only combined city and county in California. This combined nature most notably gives it the social service obligations of a California county but also the typically greater revenue diversity of a large, well-established California city.

LONG-TERM UPWARD TREND IN ASSESSED VALUATION MAINTAINS MODERATE DEBT BURDEN

San Francisco has experienced a long upward trend in its assessed valuation. Though the rate of growth has slowed a bit in recent years, it remained sound in 2006 at 6.7% compared to 6.6% the prior year and a 7.9% long-term average (1997 to 2006). Since 1997, the city's assessed valuation has doubled to $110 billion, resulting in an A.V. per capita that is one of the highest in the country among large cities (>500,000 population).

San Francisco's property tax base growth and relative wealth largely offset the fact that over the last ten years the city's outstanding debt has increased from $1.2 billion to $1.8 billion. As of fiscal 2006, the city's direct and overall debt burdens were quite moderate at 1.7% and 2.0% respectively, the latter of which is notably about half the national average for large cities in the Aa rating group. Ten years ago the city's direct debt burden was 2.3%.

Some relative weakness in debt profile is suggested only by the city's high debt per capita figure of $2,779 compared to a large U.S. city median of about $2,000. San Francisco's rate of debt retirement is sound at 56.8% over ten years and annual debt service is basically level over the next few years and then fairly rapidly declining. The city's proposed long-range capital plan includes significant additional borrowing, but only 4.5% annual A.V. growth would be necessary to maintain the city's current tax rate and support both the city's existing general obligation bonds and those that have been

proposed. Currently the city has only $346 million in unused general obligation bonding authority, but its recently proposed ten-year capital plan envisions $2.0 billion in additional G.O. borrowing. Issuance of the most significant portion of this is envisioned for fiscal 2009 ($800 million for seismic upgrades at the general hospital).

The cooling of the real estate market will undoubtedly slow the rate of assessed valuation growth in the city. History and the Proposition 13 imposed constraints on A.V. growth would suggest however that even a relatively hard landing for real estate prices would not materially affect the city's overall credit quality, provided it managed its finances reasonably prudently. The impact of the early 1990s recession on the city's assessed valuation was only an aggregate decline of 1.3% over two years.

FUNDAMENTALLY SOUND LOCAL AND REGIONAL ECONOMIES CURRENTLY ON THE UPSWING, THOUGH SLOWLY

San Francisco and the nine-county Bay Area generally has a diverse employment base and sound long-term prospects. Tourism and the finance, insurance, and real estate sectors are particularly strong in San Francisco, and high-tech broadly defined has been a mainstay of high income employment regionally. The effects of the internet bubble and high-tech downturn created a significant drag on the regional economy, delaying the recovery compared to the rest of the state. But in the past year or two most economic indicators have re-established consistent upward trends. Total employment still remains well below the prior peak, but job growth has resumed, taxable sales growth appears to be accelerating, and real income growth in San Francisco and the San Francisco PMSA turned upward in 2004 after annual declines from 2000 to 2003.

San Francisco's unemployment rate has fallen and averaged only 5.1% in 2005, down from 6.0% in 2004 and 6.9% in 2003. Significantly, the improvement in 2005 was more than 50% due to job growth rather than a reduction in the employment-seeking labor force. The prior trend of apparent improvement in the unemployment rate had been the result of a reduction in the labor force. While not strictly comparable to the prior data, the most recent monthly figures for San Francisco (June 2006) suggest continued job growth and a likely further decline in the unemployment rate.

City management also reports a range of positive signs of sustained economic improvement: 11 consecutive quarters of positive net absorption in the office market; steadily downward trending office and apartment vacancies, putting upward pressure on lease and rental rates; a 5% up-tick in international passenger traffic at SFO in the past year; and favorable trends in hotel occupancy, resulting in increased average room rates.

STRONG SOCIOECONOMIC PROFILE

As of the 2000 Census, San Francisco was at the high end of the distribution of incomes for its rating category. Income growth over the prior decade was particularly strong in San Francisco, with the percentage increase in median family and per capita incomes exceeding that of all the California counties in Moody's Major Metropolitan and Emerging Middle groups. With the weaker economy in recent years and slower recovery than the rest of the state, San Francisco's relative income gains have been eroded somewhat. Median family

income and per capita income relative to the state average declined two to four percentage points over the 2000 to 2004 period. However, the city's overall socioeconomic profile remains a credit positive and above average for large cities in the Aa rating group.

FISCALLY SOUND GENERAL FUND, THOUGH HISTORICALLY SOMEWHAT MORE VARIABLE THAN AVERAGE

San Francisco's most recent GAAP basis results confirmed its general fund's fundamental health, fiscal 2006 results should be similar, and the fiscal 2007 budget is balanced with reasonable budgetary expectations and largely settled labor agreements. Most notably, fiscal 2005 represented the city's first general fund operating surplus in four years, after the rapid spend down of excess revenues accumulated during the high-tech and internet boom years. In 2005, the city's total general fund balance jumped to 13% and the unreserved portion of this (44%) was the highest since at least 1995 (though essentially the same as reached during the peak of the dot-com boom--43% in fiscal 2001). Whether this reflects increased budgetary conservatism or just the unexpected benefit of a booming real estate market remains to be seen. But Moody's does expect the city's heretofore above average fiscal volatility to be somewhat smoothed by the "Rainy Day" reserve fund policy established by city voters in fiscal 2004. According to this policy, a portion of projected revenue growth above 5% must be deposited in an economic stability reserve. Despite this policy, Moody's expects San Francisco will remain on the low end of the financial reserve spectrum for Aa rated credits.

Like all California municipalities, San Francisco is subject to significant revenue raising constraints. These are principally the result of Propositions 13 and 218. San Francisco voters have also imposed a myriad of restrictions on the city's reserves and expenditures, down to specifying the exact equipment to be kept in certain fire stations and the formula for calculating the city's contribution to its retiree health care benefits. Such restrictions inevitably complicate the city's fiscal management and pose a measure of increased risk for bondholders compared to cities with less engaged citizenry. Moody's recognizes however that practical political constraints exist to some degree in every municipality, whether codified or not.

San Francisco also has several notable fiscal strengths compared to many big cities, including regular, detailed mid-year monitoring and reporting of revenue and expenditure trends. Its employee pension system remained more than fully funded as of the last actuarial valuation (June 30, 2005). And in the near-term, the revenues at risk from the state constitutional challenge to telephone-related utility users taxes are relatively small, even adjusting for the fact that San Francisco is a county as well as a city. San Francisco also has above average revenue diversity, and many of its revenue sources are received on a more regular basis than property tax revenues, providing better than average liquidity.

OPEB LIABILITY LIKELY TO PROVE TO BE WELL ABOVE AVERAGE

While the city's pension system has been well funded, San Francisco like most municipalities funds its other post-employment benefits (OPEB) on a pay-as-you-go basis. In fiscal 2005, these costs were a relatively manageable $86 million despite the fact that the city's retiree health care benefit is

particularly generous. The city provides lifetime benefits after only five years of employment not only to the employee but to spouses/domestic partners and dependents. The city is currently working on developing a plan for addressing its OPEB costs, the liability for which it will begin reporting per GASB 45 in its fiscal 2008 annual report. Were such benefits paid as earned, the costs would be significantly higher, with the actual figures highly dependent on the assumed growth rate of health care premiums. But using the city's assumptions from its initial actuarial study, were benefits paid as earned rather than the current pay-go approach, the cost would be about $129-to-287 million, depending on interest assumptions. Amortizing the prior accrued liability would require another $162-to-169 million annually. By way of comparison, the combined annual contribution of $290-to-456 million represents about 11-to-18% of the city's budgeted fiscal 2007 general fund revenues versus the current 3.4% pay-go amount.

In aggregate terms, the city's estimated liability as of June 30, 2006, is on the order of $3.0 billion, assuming a 30-year amortization period and 8.0% investment returns. While Moody's believes this fiscal challenge will be manageable, we note that San Francisco's liability is quite likely to be well above average for municipalities nationwide, based on the scope of benefits provided and the small number of municipalities that have reported actuarial results to date. In the absence of an established average for comparison, some perspective may be gained by considering that a $3.0 billion liability for San Francisco represents a per capita liability for city residents of $3,750. San Francisco's current overlapping debt per capita figure is only $2,779, yet already above average nationally.

OUTLOOK:

Given the city's fundamentally sound long-term economic trends, its healthy current fiscal condition, and the prospect of reduced fiscal volatility, we have revised our outlook on the city's long-term ratings to positive from stable. It is a cautious positive however, and a rating upgrade will likely depend on demonstrated, continuing fiscal stability through at least fiscal 2007 and the development of a fiscally prudent plan for addressing the city's OPEB liability.

KEY INDICATORS

Net Direct Debt as % of Full Value, FY 2006: 1.7%

Debt Burden (Overall Net Debt as % of Full Value), FY 2006: 2.0%

Payout 10 Years; All Tax-Supported Debt: 56.8%

Total Full Value, FY 2006 (millions): $109,830

5-Year Average Annual Change, Full Value, 2001-2006: 7.7%

Full Value per Capita ($), FY 2006: $137,414

Per Capita Income, 2000 Census: $34,556

Per Capita Income as % of State, 2000 Census: 152.2%

Per Capita Income as % of US, 2000 Census: 160.1%

Total GF Fund Balance as % of Revenue, FY 2005:13.0%

Unreserved GF Fund Balance as % of Revenue, FY 2005: 5.7%

ANALYSTS:
Eric Hoffmann, Analyst, Public Finance Group, Moody's Investors Service
Dari Barzel, Backup Analyst, Public Finance Group, Moody's Investors Service

CONTACTS:
Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Copyright 2006, Moody's Investors Service, Inc. and/or its licensors and affiliates including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each

security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from $1,500 to $2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."
Moody's Investors Service Pty Limited does not hold an Australian financial services licence under the Corporations Act. This credit rating opinion has been prepared without taking into account any of your objectives, financial situation or needs. You should, before acting on the opinion, consider the appropriateness of the opinion having regard to your own objectives, financial situation and needs.