OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

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MEMORANDUM

TO: Board of Supervisors of the City and County of San Francisco

FROM: Vishal Trivedi, Financial Analyst, Office of Public Finance
Grant Carson, Debt Capital Markets Specialist, Office of Public Finance
Keith Sevigny, Principal Administrative Analyst, Office of Public Finance

DATE: Tuesday, July 28, 2026

SUBJECT: Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Health & Recovery, 2020) Series 2026B in an amount not to exceed $83,475,000

Ordinance De-Appropriating $43,505,000 of the Series 2025G General Obligation Bond Proceeds and Appropriating $83,475,000 of Series 2026B General Obligation (GO) Bond Proceeds

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Earthquake Safety & Emergency Response, 2020) Series 2026C in an amount not to exceed $215,000,000

Ordinance Appropriating $215,000,000 of Series 2026C General Obligation (GO) Bond Proceeds

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Affordable Housing, 2019) Series 2026D in an amount not to exceed $107,540,000

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Affordable Housing, 2024) Series 2026E in an amount not to exceed $47,000,000

Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Preservation and Seismic Safety, 2016) Series 2026F in an amount not to exceed $47,464,550

Ordinance Appropriating $202,004,550 of Series 2026DEF General Obligation (GO) Bond Proceeds

Recommended Action:

We respectfully request that the Board of Supervisors (the "Board") consider for review and adoption the resolutions authorizing the issuance and approving the sale of general obligation ("GO") bonds for the following bond programs: 1) For the 2020 Health and Recovery bond program, a fourth issuance in an amount not to exceed $83,475,000 (the "2026B Bonds"); 2) For the 2020 Earthquake Safety and Emergency Response ("ESER") bond program, a fourth issuance in an amount not to exceed $215,000,000 (the "2026C Bonds"); 3) For the 2019 Affordable Housing bond program, a fourth issuance in an amount not to exceed $107,540,000 (the "2026D Bonds"); 4) For the 2024 Affordable Housing bond program, a second issuance in an amount not to exceed $47,000,000 (the "2026E Bonds"); and 5) For the 2016 Preservation and Seismic Safety ("PASS") bond program, a fourth issuance in an amount not to exceed $47,464,550 (the "2026F Bonds"). In connection with this request, three supplemental appropriation ordinances to appropriate the bond proceeds, and related supporting documents are expected to be introduced at the Board meeting on Tuesday, July 28, 2026. We will request that the items be heard at the scheduled Budget and Finance Committee meeting on September 2, 2026.

Background

On November 3, 2020, a two-thirds majority of voters of the City approved Proposition A, a San Francisco Health and Recovery General Obligation Bond. Proposition A authorizes the sale of up to $487,500,000 in general obligation bonds to (i) stabilize, improve, and make permanent investments in supportive housing facilities, shelters, and/or facilities that deliver services to persons experiencing mental health challenges, substance use disorder, and/or homelessness; (ii) improve the accessibility, safety and quality of parks, open spaces and recreation facilities; and (iii) improve the accessibility, safety and condition of the City's streets and other public right-of-way and related assets. From this authorization, $374,805,000 of bonds have been issued to date, and $112,695,000 remains unissued. The funds from this proposed issuance are expected to fund a variety of Recreation and Park projects, including playgrounds, citywide parks, and sustainability projects, as well as Public Health projects including the construction of the Treasure Island Behavioral Health Center.

On March 3, 2020, a two-thirds majority of voters of the City approved Proposition B, the San Francisco Earthquake Safety and Response General Obligation Bond. Proposition B authorizes the sale of up to $628,500,000 of general obligation bonds to fund capital projects including: (i) renovation, expansion and seismic upgrading of the City's Emergency Firefighting Water System (EFWS); (ii) improvement and rehabilitation of neighborhood fire stations and replacement of the Firefighter Training Facility currently located on Treasure Island; (iii) seismic, safety and operations improvements to district police stations and City-owned Police Department support facilities; (iv) upgrading or replacement of critical City-owned disaster response facilities; and (v) expansion of the City's 9-1-1 Emergency Call Center. From this authorization, $385,515,000 of bonds have been issued to date, and $242,985,000 remains unissued. The funds from the proposed issuance are intended to fund improvements to EFWS, the Firefighter Training Facility, Fire Station 7, and Taraval Police Station.

On November 5, 2019, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Affordable Housing General Obligation Bond. Proposition A authorizes the sale of up to $600,000,000 of general obligation bonds to finance the construction, development, acquisition, and preservation of housing, affordable to extremely-low, low and middle-income households through programs that will prioritize vulnerable populations in the City and prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for San Francisco Unified School District and City College of San Francisco employees; and to pay related costs. From this authorization, $492,460,000 of bonds have been issued to date, and $107,540,000 remains unissued. The funds from the proposed issuance are intended to fund a mix of Senior Housing supporting approximately 577 units, as well as a number of Middle-Income downpayment assistance loans.

On March 5, 2024, a two-thirds majority of voters of the City approved Proposition A, the San Francisco Affordable Housing General Obligation Bond. Proposition A authorizes the sale of up to $300,000,000 of general obligation bonds to finance the construction, development, acquisition, and/or rehabilitation of rental housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households; and to pay related costs. From this authorization, $147,230,000 of bonds have been issued to date, and $152,770,000 remains unissued. The funds from the proposed issuance are intended to fund Low-Income Housing projects supporting approximately 337 units.

Proposition A (Earthquake Loan Bond Program) was approved by the voters in November 1992. The program, also known as the Seismic Safety Loan Program (or “SSLP”), authorized $350,000,000 of general obligation bonds to provide loans for the seismic strengthening of unreinforced masonry buildings (UMBs). Per the SSLP, the $350,000,000 total authorization was allocated into two separate loan programs; a $150,000,000 below-market rate (BMR) loan program for seismic improvements to affordable housing UMBs, and a $200,000,000 market rate (MR) loan program intended for commercial or other UMBs, as further described below.

Due to low historical demand for SSLP loans funded through this general obligation bond program, in November 2016 the City’s voters approved Proposition C, which amended the 1992 authorization to broaden the scope of the original program. Proposition C added the eligibility to finance the cost to acquire, improve, and rehabilitate and to convert at-risk multi-unit residential buildings to affordable housing, to perform needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. On October 30, 2018, the Board of Supervisors approved Ordinance No. 270-18, amending the Administrative Code to authorize and implement a Seismic Safety Retrofit and Affordable Housing Loan Program to be funded by the sale of the authorized general obligation bonds.

On February 1, 2019, the Board of Supervisors approved Resolution No. 18-1218 authorizing the issuance and sale of not to exceed $260,684,550 aggregate principal amount of General Obligation Bonds (Proposition A, 1992/Proposition C, 2016) also referred to as Preservation and Seismic Safety bond program. All loans funded with proceeds from the first three issuances under the PASS authorization are current on their obligated repayments, with no outstanding defaults or delinquencies. Additionally, projects are required to achieve stabilization prior to closing on PASS financing. This helps to ensure that projects meet the minimum required 1.15 debt service coverage ratio, residential and commercial occupancy and rental achievement, and full funding of all reserves prior to loan closing. Of the total authorization, $213,220,000 has been issued to date, and $47,464,550 of the original SSLP financing authority remains for future bond issuances. The funds from the proposed issuance are expected to fund a number of Affordable Housing projects totaling approximately 390 units.

Financing Parameters

The proposed legislation will approve the issuance and sale of the Series 2026B, 2026C, 2026D, 2026E and 2026F bonds (together the "Series 2026BCDEF Bonds") under 2020 Health and Recovery Proposition A, 2020 Earthquake Safety and Emergency Response Proposition B, 2019 Affordable Housing Proposition A, 2024 Affordable Housing Proposition A, and 2016 Affordable Housing Proposition C (PASS), and appropriation of the bond proceeds from the sale. Table 1 below outlines the sources and uses for the Series 2026BCDEF Bonds, based on an estimate provided by Fieldman, Rolapp & Associates, a municipal advisory firm registered with the Municipal Securities Rulemaking Board (MSRB). The information below is intended to advise the Board regarding the proposed financing in accordance with Section 5852.1 of the California Government Code.

Table 1: Estimated Sources & Uses of the Series 2026BCDEF Bonds

Estimated Sources:	Series 2026B (2020 Health and Recovery)	Series 2026C (2020 ESER)	Series 2026D (2019 Affordable Housing)	Series 2026E (2024 Affordable Housing)	Series 2026F (2016 PASS)	Total
Not-to-Exceed Par Amount	$83,475,000	$215,000,000	$107,540,000	$47,000,000	$47,464,550	$500,479,550
Estimated Par	$83,475,000	$211,435,000	$107,540,000	$45,010,000	$47,464,550	$494,924,550
Reserve for Market Uncertainty	$-	$ 3,565,000	$-	$1,990,000	$-	$5,555,000
Total Sources	**$83,475,000**	**$215,000,000**	**$107,540,000**	**$47,000,000**	**$47,464,550**	**$500,479,550**
Estimated Uses:						
Project Fund Deposit						
Project Fund	$82,996,539	$210,221,000	$106,923,604	$44,750,000	$47,074,069	$491,965,212
CSA Audit Fee	$165,993	$420,442	$213,847	$89,500	$94,148	$983,930
Total Project Fund Deposits	**$83,162,532**	**$210,641,442**	**$107,137,451**	**$44,839,500**	**$47,168,217**	**$492,949,142**
Delivery Date Expenses						
Cost of Issuance	$187,255	$476,405	$241,239	$102,985	$106,475	$1,114,359
CGOBOC Fee	$83,475	$211,435	$107,540	$45,010	$47,465	$494,925
Underwriter's Discount	$41,738	$105,718	$53,770	$22,505	$142,393	$366,124
Total Delivery Date Expenses	**$312,468**	**$793,558**	**$402,549**	**$170,500**	**$296,333**	**$1,925,408**
Reserve for Market Uncertainty	$-	$3,565,000	$-	$1,990,000	$-	$5,555,000
Total Uses	$83,475,000	$215,000,000	$107,540,000	$47,000,000	$47,464,550	$500,479,550

Source: Fieldman, Rolapp & Associates, Inc.

The 2026BCDEF bonds are expected to be priced and issued together, but while the 2026BCDE bonds are anticipated to be structured with a 20-year final maturity, consistent with the City's common practice, the 2026F PASS bonds are anticipated to have a 40-year final maturity. The longer maturity of the 2026F bonds is intended to match the loan repayment terms for non-profit housing developers to whom the proceeds are expected to be loaned for affordable housing acquisition, preservation, and improvement projects. The loans are anticipated to be made with a blend of BMR and MR loans based on the authority remaining in each program. Based upon an estimated market interest rate of 5.26% for the Series 2026BCDEF Bonds, the Office of Public Finance estimates that this would result in a total average annual debt service cost of about $35,700,000 through the anticipated 20-year term of the 2026BCDE bonds, plus an anticipated average annual debt service of about $3,400,000 through the anticipated 40-year term of the 2026F bonds. The anticipated par amount of $494,924,550 is estimated to generate about $346,845,000 in interest payments, resulting in approximately $841,770,000 in total debt service. This debt service would be repaid over the anticipated 20-year term of the 2026BCDE bonds and the 40-year term of the 2026F bonds.

Detailed descriptions of the projects to be financed with proceeds of the Series 2026BCDEF Bonds are included in the Bond Accountability Reports to be prepared by the Mayor's Office of Housing and Community Development, Department of Public Works, Department of Public Health, Recreation and Park Department, and Public Utilities Commission. In addition, a portion of the Bond proceeds will be used to pay certain expenses incurred in connection with the issuance and delivery of the Bonds, and the periodic oversight and review of the Projects by City Services Auditor ("CSA Audit") and the Citizens' General Obligation Bond Oversight Committee ("CGOBOC").

Property Tax Impact

Repayment of annual debt service on the Series 2026BCDEF Bonds will be recovered through increases in the annual property tax rate, which is estimated to average $0.01081 per $100 of assessed value or $10.81 per $100,000 of assessed value over the first 20 years of the bond term. For the 2026F bonds, BMR loans are expected to be repaid with principal and an interest rate at 1/3 of the City's borrowing cost, and MR loans are expected to be repaid at the full borrowing cost to the City, plus an additional 1% interest over the City's borrowing costs to cover administrative costs. Subsequently, the loan repayments received by the City will be used to mitigate the impact of the debt service of the 2026F bonds on property taxes.

For the entirety of the 2026BCDEF bonds, and not accounting for any loan repayments applied to Series 2026F, the owner of a residence with an assessed value of $600,000, assuming a homeowner's exemption of $7,000, would pay average additional property taxes to the City of approximately $64.10 per year if the proposed amount of $494,924,550 of Series 2026BCDEF Bonds are sold. For years 21-40 of the anticipated 40-year term of the Series 2026F bonds, the increase in the property tax rate to repay debt service is estimated to be $0.00095 per $100 of assessed value or $0.95 per $100,000 or assessed value. The owner of a residence with an assessed value of $600,000, assuming a homeowner's exemption of $7,000, would pay average additional property taxes to the City of approximately $5.64 per year over years 21-40 of the term of the Series 2026F bonds.

Debt Limit

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for fiscal year 2025-26 is approximately $10.74 billion, based on a net assessed valuation of approximately $357.8 billion. As of July 1, 2026, the City had outstanding approximately $2.36 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.66% of the net assessed valuation for fiscal year 2025-26. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.14% of the net assessed value of property in the City. If the Board of Supervisors approves the issuance of the Series 2026BCDEF Bonds and they are issued, the debt ratio would increase by approximately 0.14%, to 0.80% — within the 3.00% legal debt limit.

Capital Plan

The City's adopted Capital Plan includes a financial constraint regarding the City's planned use of general obligation bonds, such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates associated with repayment of debt service in a given year above fiscal year 2006 levels. The fiscal year 2006 property tax rate for the general obligation bond fund was $0.1201 per $100 of assessed value. If the Board of Supervisors approves the issuance of the Series 2026BCDEF Bonds, the property tax rate for general obligation bonds for fiscal year 2026-27 is expected to be maintained below the fiscal year 2006 rate and within the Capital Planning Committee's approved financial constraint.

Additional Information

With introduction of the proposed legislation, we also hereby submit with the legislative file for approval by Board the forms of the related financing documents — including the Bond Purchase Contract, Preliminary Official Statement, Appendix A, the Continuing Disclosure Certificate and related documents.

Bond Purchase Contract: The City intends to pursue a competitive sale of the Series 2026BCDEF Bonds; however, should bond structure or market conditions indicate the preferability of a negotiated transaction, the Bond Purchase Contract details the terms, covenants, and conditions for the sale of the Series 2026BCDEF Bonds through selected underwriter(s), as well as agreements regarding expenses, closing and disclosure documents.

Official Notice of Sale: The Official Notice of Sale announces the date and time for a competitive bond sale, including the terms relating to sale of the Series 2026BCDEF Bonds; form of bids, and delivery of bids; and closing procedures and documents. Exhibit A to the Official Notice of Sale is the form of the official bid for the purchase of the Series 2026BCDEF Bonds. Pursuant to the Resolutions, in a competitive sale the Controller's Office is authorized to award the Bonds to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Notice of Intention to Sell: The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the Series 2026BCDEF Bonds. Such Notice of Intention to Sell would be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the Series 2026BCDEF Bonds. The Official Statement describes the Series 2026BCDEF Bonds, including sources and uses of funds; security for the Series 2026BCDEF Bonds; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Annual Comprehensive Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the Series 2026BCDEF Bonds.

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Series 2026BCDEF Bonds and within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Series 2026BCDEF Bonds. Prior to the distribution of the Preliminary and Final Official Statements, the documents will be thoroughly and critically reviewed by City staff (in consultation with the City's professional advisors, including the City's co-disclosure counsel) to provide the most current material financial and other material information available.

Board members have a responsibility under federal securities laws to ensure that staff is aware of unique information that Board members may have by virtue of their capacity as board members that would have a material bearing of the capacity of the City to repay the bonds. Board members cannot approve a Preliminary Official Statement if they are aware that it contains material misstatements or omissions. The Board of Supervisors and the Mayor, in adopting and approving the Resolutions, approve and authorize the use and distribution of the Official Statement with respect to the Series 2026BCDEF Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

Appendix A: The City prepares the Appendix A: "City and County of San Francisco—Organization and Finances" (the "Appendix A") for inclusion in the Official Statement. The Appendix A describes the City's government and organization, the budget, property taxation, other City tax revenues and other revenue sources, general fund programs and expenditures, employment costs and post-retirement obligations, investment of City funds, capital financing and bonds, constitutional and statutory limitations on taxes and expenditures, and litigation and risk management. Pursuant to the Resolutions, City staff will revise the Official Statement, including the Appendix A.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made to assist initial purchasers of the Series 2026BCDEF Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Financing Timeline

Milestones:	Dates*:
Board Introduction	July 28
Capital Planning Committee Hearing of Resolutions	August 3
Budget & Finance Committee Hearing	September 2
Board Consideration of Resolutions and First Reading of Ordinance	September 15
Board Second Reading of Ordinance	September 22
Estimated Sale & Closing	October 2026

**Please note that dates are preliminary and may change.*

Your consideration of this matter is greatly appreciated. Please contact Vishal Trivedi (vishal.trivedi@sfgov.org) or Grant Carson (grant.carson@sfgov.org) if you have any questions.