

PRELIMINARY OFFICIAL STATEMENT DATED [_____] , 2023

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's:
S&P:
Fitch:
(See "Ratings" herein)

[In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California and Alexis S. M. Chiu, Esq., San Francisco, California, Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described herein, interest on the Tax-Exempt Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Co-Bond Counsel, interest on the Tax-Exempt Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Co-Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Interest on the Taxable Bonds is included in gross income for federal income tax purposes. See "TAX MATTERS."] [To be updated by Co-Bond Counsel.]



**[\$Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

Consisting of

**[\$2023A PAR]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(HEALTH AND
RECOVERY, 2020)
SERIES 2023A**

**[\$2023B PAR]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(EMBARCADERO SEAWALL
EARTHQUAKE SAFETY, 2018)
SERIES 2023B**

**[\$2023C PAR]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(SOCIAL BONDS –
AFFORDABLE HOUSING, 2019)
SERIES 2023C**

Dated: Date of Delivery

Due: As shown on the inside pages

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The City and County of San Francisco (the "City") is issuing its [Tax-Exempt/Taxable] General Obligation Bonds (Health and Recovery, 2020), Series 2023A (the "2023A Bonds"), its [Tax-Exempt/Taxable] General Obligation Bonds (Embarcadero Seawall Earthquake Safety, 2018), Series 2023B (the "2023B Bonds") and its [Tax-Exempt/Taxable] General Obligation Bonds (Social Bonds – Affordable Housing, 2019), Series 2023C (the "2023C Bonds," and together with the 2023A Bonds and the 2023B Bonds, the "Bonds"). Throughout this Official Statement, the [_____] Bonds and the [_____] Bonds are collectively referred to as the "Tax-Exempt Bonds" and the [_____] Bonds and the [_____] Bonds are collectively referred to as the "Taxable Bonds." The Bonds will be issued by the City under the Government Code of the State of California and the Charter of the City and County of San Francisco (the "Charter"). The Bonds are being issued pursuant to certain resolutions adopted by the Board of Supervisors of the City and duly approved by the Mayor of the City. The issuance of the 2023A Bonds has been authorized at an election of the registered voters of the City on November 3, 2020, at which more than two-thirds of the persons voting on Proposition A voted to authorize the issuance and sale of general obligation bonds to provide funds for the purposes authorized in such proposition. The issuance of the 2023B Bonds has been authorized at an election of the registered voters of the City on November 6, 2018, at which more than two-thirds of the persons voting on Proposition A voted to authorize the issuance and sale of general obligation bonds to provide funds for the purposes authorized in such proposition. The issuance of the 2023C Bonds has been authorized at an election of the registered voters of the City on November 5, 2019, at which more than two-thirds of the persons voting on Proposition A voted to authorize the issuance and sale of general obligation bonds to provide funds for the purposes authorized in such proposition. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance certain public improvements as described herein, and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "SOURCES AND USES OF FUNDS."

The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the pages immediately following the cover hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing June 15, 2023. Principal will be paid at maturity as shown on the pages immediately following the cover. See "THE BONDS – Payment of Interest and Principal." The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by the City

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED [____], 2023

Treasurer, as paying agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See “THE BONDS – Form and Registration.”

The Bonds will be subject to redemption prior to maturity, as described herein. See “THE BONDS – Redemption.”

The Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See “SECURITY FOR THE BONDS.”

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE CITY AT [8:00] A.M. PACIFIC TIME ON [____], AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED [____], 2023, UNLESS POSTPONED AS SET FORTH IN SUCH OFFICIAL NOTICE OF SALE. See “SALE OF THE BONDS” herein.

MATURITY SCHEDULE

(See Pages Immediately Following Cover)

The Bonds are offered when, as and if issued by the City and accepted by the initial purchasers, subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California and Alexis S. M. Chiu, Esq., San Francisco, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, Co-Disclosure Counsel. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about [____], 2023.

Dated: [____], 2023.

MATURITY SCHEDULE
(Base CUSIP[†] Number: [79773K])

**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

**[\$[2023A Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(HEALTH AND RECOVERY, 2020)
SERIES 2023A**

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/Yield[‡]	CUSIP[†] Suffix
--	-----------------------------	--------------------------	--------------------------------	-------------------------------------

\$ _____ % Term 2023A Bonds due June 15, 20__ Price/Yield[‡] _____ CUSIP[†] No. _____

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The City does not take any responsibility for the accuracy of such numbers.

[‡] The Purchasers provided their respective reoffering prices and yields. The City takes no responsibility for the accuracy thereof.

* Preliminary, subject to change.

MATURITY SCHEDULE
(Base CUSIP[†] Number: [79773K])

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS

[\$[2023B Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(EMBARCADERO SEAWALL EARTHQUAKE SAFETY, 2018)
SERIES 2023B

Maturity Date (June 15)	Principal Amount	Interest Rate	Price/Yield [‡]	CUSIP [†] Suffix
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\$ _____ % Term 2023B Bonds due June 15, 20__ Price/Yield[‡] _____ CUSIP[†] No. _____

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The City does not take any responsibility for the accuracy of such numbers.

[‡] The Purchasers provided their respective reoffering prices or yields. The City takes no responsibility for the accuracy thereof.

* Preliminary, subject to change.

MATURITY SCHEDULE
(Base CUSIP[†] Number: [79773K])

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS

[\$2023C Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION BONDS
(SOCIAL BONDS – AFFORDABLE HOUSING, 2019)
SERIES 2023C

<u>Maturity Date (June 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield[‡]</u>	<u>CUSIP[†] Suffix</u>
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\$ _____ % Term 2023C Bonds due June 15, 20__ Price/Yield[‡] _____ CUSIP[†] No. _____

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The City does not take any responsibility for the accuracy of such numbers.

[‡] The Purchasers provided their respective reoffering prices or yields. The City takes no responsibility for the accuracy thereof.

* Preliminary, subject to change.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchaser or purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein, other than that provided by the City, has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

In connection with the offering of the Bonds, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The underwriters may offer and sell the Bonds to certain dealers and dealer banks at yields or prices lower than the initial public offering yields or prices stated on the pages immediately following the cover hereof. Such initial public offering yields or prices may be changed from time to time by the underwriters.

This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, population changes, seismic events and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the City with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 in reliance upon the exemption provided thereunder by Section 3(a)2 for the issuance and sale of municipal securities.

The City maintains a website and social media accounts. The information presented on such website and social media accounts is *not* incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. Various other websites referred to in this Official Statement also are not incorporated herein by such references.



CITY AND COUNTY OF SAN FRANCISCO

MAYOR

London N. Breed

BOARD OF SUPERVISORS

Shamann Walton, *Board President, District 10*

Connie Chan, *District 1*
Catherine Stefani, *District 2*
Aaron Peskin, *District 3*
[Gordon Mar], *District 4*
Dean Preston, *District 5*

Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Rafael Mandelman, *District 8*
Hillary Ronen, *District 9*
Ahsha Safai, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*
Benjamin Rosenfield, *Controller*
Anna Van Degna, *Director, Controller's Office of Public Finance*

PROFESSIONAL SERVICES

Paying Agent and Registrar

Treasurer of the City and County of San Francisco

Co-Bond Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Alexis S. M. Chiu, Esq.
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Co-Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

Stradling Yocca Carlson & Rauth,
A Professional Corporation
Newport Beach, California

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OFFICIAL STATEMENT

**§[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

Consisting of

**§[2023A Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(HEALTH AND RECOVERY,
2020)
SERIES 2023A**

**§[2023B Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(EMBARCADERO SEAWALL
EARTHQUAKE SAFETY,
2018)
SERIES 2023B**

**§[2023C Par]*
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(SOCIAL BONDS –
AFFORDABLE HOUSING,
2019)
SERIES 2023C**

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the public offering by the City and County of San Francisco (the “City”) of its [Tax-Exempt/Taxable] General Obligation Bonds (Health and Recovery, 2020), Series 2023A (the “2023A Bonds”), its [Tax-Exempt/Taxable] General Obligation Bonds (Embarcadero Seawall Earthquake Safety, 2018), Series 2023B (the “2023B Bonds”), and its [Tax-Exempt/Taxable] General Obligation Bonds (Social Bonds – Affordable Housing, 2019), Series 2023C (the “2023C Bonds,” and together with the 2023A Bonds and the 2023B Bonds, the “Bonds”). Throughout this Official Statement, the [] Bonds and the [] Bonds are collectively referred to as the “Tax-Exempt Bonds” and the [] Bonds and the [] Bonds are collectively referred to as the “Taxable Bonds.” The Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, an *ad valorem* tax upon the taxable property of the City sufficient to pay principal of and interest on the Bonds as they become due. See “SECURITY FOR THE BONDS.”

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the City with respect to the Bonds, the City has no obligation to update the information in this Official Statement. See “CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Quotations from and summaries and explanations of the Bonds, the resolutions providing for the issuance and payment of the Bonds, and provisions of the constitution and statutes of the State of California (the “State”), the charter of the City (the “Charter”) and City ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Bonds are available from the City through the Controller’s Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 336, San Francisco, California 94102-4682. Reference is made herein to various other documents, reports, websites, etc., which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and such materials are therefore not incorporated herein by such references nor deemed a part of this Official Statement.

* Preliminary, subject to change.

THE CITY AND COUNTY OF SAN FRANCISCO

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the “Bay”). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the Napa-Sonoma wine country is about an hour’s drive to the north. The City estimates the City’s population in fiscal year 2020-21 was 851,916.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the “Bay Area”). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include technology, retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, healthcare and higher education. The California State Supreme Court is also based in San Francisco.

The COVID-19 pandemic is a significant development materially adversely affecting the City’s finances and outlook. Many aspects of the City’s future finances and operations and the local economy have been and are expected to continue to be materially adversely impacted by the COVID-19 pandemic. Accordingly, any historical information or budgets and projections described in this Official Statement, including Appendices A and B attached hereto, which predate the COVID-19 pandemic or do not fully reflect its potential impact, should be considered in light of a possible or probable negative impact from the COVID-19 pandemic. The COVID-19 pandemic has resulted in general negative effects on the City’s economy which materially adversely impacted the City’s tax revenues and increased expenses due to public health responses. These decreases occurred in nearly every category of revenue except intergovernmental revenue and property taxes; most significantly, the City experienced the greatest decline in its “other local taxes,” which includes hotel and sales taxes. While COVID-19 case rates have significantly declined, vaccination rates have increased, certain emergency orders have been lifted, and the national and local economy has been improving, the situation is still developing and the resulting impact on the City’s local economy, finances and operations remains unknown. The projections and other forward-looking statements in this Official Statement are based on current expectations and are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. See “CERTAIN RISK FACTORS – Public Health Emergencies” and Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges” herein. The City may post certain reports and other information relating to the COVID-19 pandemic when available on its investor information website located at <https://sfcontroller.org/continuing-secondary-market-disclosure>.

The City has historically been a major convention and tourist destination. However, the COVID-19 pandemic has significantly adversely impacted, and is expected to continue to adversely impact tourism and convention activities in the City. According to the San Francisco Travel Association, a nonprofit membership organization (“SFTA”), during the calendar year 2021, approximately 17.1 million tourists visited the City, with total spending estimated at \$3.69 billion, including spending from meetings and conventions. In calendar year 2020, SFTA reports that approximately 11.8 million tourists visited the City, with total spending estimated at \$2.85 billion, including spending from conventions, trade shows and group meetings. In calendar year 2019, SFTA reports that approximately 26.3 million tourists visited the City, with total spending estimated at \$10.29 billion, including spending from conventions, trade shows and group meetings.

The City is also a leading center for financial activity in the State. The headquarters of the Twelfth Federal Reserve District and the Eleventh District Federal Home Loan Bank are located in the City.

The City benefits from a highly skilled, educated and professional labor force. The City estimates the per-capita personal income of the City for fiscal year 2020-21 was \$173,097. The San Francisco Unified School District (“SFUSD”), which is a separate legal entity from the City, operates 73 elementary schools, 13 middle schools, 17 high schools, 47 early education schools, and 3 County and Court schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law (soon to be renamed as UC College of the Law, San Francisco), the University of the Pacific’s School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the San Francisco Art Institute, the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport (“SFO”), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the “Airport Commission”), and is the principal commercial service airport for the Bay Area and one of the nation’s principal gateways for Pacific Rim traffic. As discussed above, the COVID-19 pandemic has significantly adversely impacted tourism and travel in the San Francisco Bay Area. In fiscal year 2021-22, SFO served approximately 34.9 million passengers (compared to approximately 13.7 million passengers in fiscal year 2020-21, 40.5 million passengers in fiscal year 2019-20 and 57 million passengers in fiscal year 2018-19) and handled 545,335 metric tons of cargo (compared to 471,793 metric tons in fiscal year 2020-21, 490,073 metric tons in fiscal year 2019-20 and 564,485 metric tons in fiscal year 2018-19). The City is also served by the Bay Area Rapid Transit District (“BART,” an electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway (“Muni”), operated by the San Francisco Municipal Transportation Agency (“SFMTA”), provides bus and streetcar service within the City (investors should note that since fiscal year 2019-20, telecommuting resulting from emergency stay-at-home orders caused ridership into and within the City to decline significantly compared to pre-pandemic levels (see Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Commuting Pattern Changes”). The Port of San Francisco (the “Port”), which administers 7.5 miles of Bay waterfront held in “public trust” by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities, and natural resource protection.

Government. San Francisco is a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California and is the only consolidated city and county in the State. Voters approved the City’s current Charter at the November 1995 election. The City is governed by a Board of Supervisors elected from 11 districts to serve four-year terms, and a Mayor who serves as chief executive officer, elected citywide to a four-year term. The City’s Original Budget (as defined in Appendix A) for fiscal years 2022-23 and 2023-24 totals \$14.0 billion and \$13.9 billion, respectively. The General Fund portion of each year’s proposed budget is \$6.8 billion in fiscal year 2022-23 and \$6.9 billion in fiscal year 2023-24, with the balance allocated to all other funds, including enterprise fund departments, such as the Airport Commission, SFMTA, the Port Commission and the San Francisco Public Utilities Commission (“SFPUCC”). According to the Controller of the City (the “Controller”), at the start of fiscal year 2022-23, total net assessed valuation of taxable property in the City was approximately \$328.5 billion, which represents an increase of approximately 6.7% over fiscal year 2021-22.

More detailed information about the City’s governance, organization and finances may be found in Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” and in Appendix B – “COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2022.”

THE BONDS

Authority for Issuance; Purposes

General. The Bonds will be issued under the Government Code of the State and the Charter. The City authorized the issuance of the 2023A Bonds by (i) Resolution No. 234-21, adopted by the Board of Supervisors of the City on May 18, 2021, and duly approved by the Mayor of the City on May 28, 2021, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023A Resolutions”). The City authorized the issuance of the 2023B Bonds by (i) Resolution No. 323-19, adopted by the Board of Supervisors of the City on July 16, 2019, and duly approved by the Mayor of the City on July 26, 2019, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023B Resolutions”). The City authorized the issuance of the 2023C Bonds by (i) Resolution No. 448-20, adopted by the Board of Supervisors of the City on October 6, 2020, and duly approved by the Mayor of the City on October 9, 2020, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023C Resolutions,” and with the 2023A Resolutions and the 2023B Resolutions, the “Resolutions”).

2023A Bonds. The 2023A Bonds will constitute the second issuance of bonds from an aggregate authorized amount of \$487,500,000 of City and County of San Francisco General Obligation Bonds (Health and Recovery, 2020), duly approved by more than two-thirds of the voters voting on Proposition A at an election held on November 3, 2020 (“Proposition A (2020)”), to provide funds for the purposes authorized in Proposition A (2020), which are summarized as follows: to finance the acquisition or improvement of real property, including to 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; improve the accessibility, safety and quality of parks, open spaces and recreation facilities; improve the accessibility, safety and condition of the City’s streets and other public right-of-way and related assets; and to pay related costs. The City previously issued \$258,505,000 of the bonds authorized by Proposition A (2020). After the issuance of the 2023A Bonds, \$ _____* of unissued bonds will remain authorized under Proposition A (2020).

2023B Bonds. The 2023B Bonds will constitute the second issuance of bonds from an aggregate authorized amount of \$425,000,000 of City and County of San Francisco General Obligation Bonds (Embarcadero Seawall Earthquake Safety, 2018), duly approved by at least two-thirds of the voters voting on Proposition A at an election held on November 6, 2018 (“Proposition A (2018)”), to provide funds for the purposes authorized in Proposition A (2018), which are summarized as follows: to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding and rising seas by: repairing the 100 year old Embarcadero Seawall; strengthening the Embarcadero; fortifying transit infrastructure and utilities serving residents and businesses. The City previously issued \$49,675,000 of the bonds authorized by Proposition A (2018). After the issuance of the 2023B Bonds, \$ _____* of unissued bonds will remain authorized under Proposition A (2018).

2023C Bonds. The 2023C Bonds will constitute the second issuance of bonds from an aggregate authorized amount of \$600,000,000 of City and County of San Francisco General Obligation Bonds (Affordable Housing, 2019), duly approved by at least two-thirds of the voters voting on Proposition A at an election held on November 5, 2019 (“Proposition A (2019)”), to provide funds for the purposes authorized in Proposition A (2019). Proposition A (2019) authorized the City to incur bonded indebtedness 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 such as the City’s working families, veterans, seniors, and persons with disabilities; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct

* Preliminary, subject to change.

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 SFUSD and City College of San Francisco employees; and to pay related costs. Of the \$600,000,000 of general obligation bond authorization, Proposition A (2019) allocated (i) \$220,000,000 to acquire, build and rehabilitate rental housing for extremely low and low-income individuals and families (Low-Income Housing); (ii) \$150,000,000 to repair and rebuild public housing developments (Public Housing); (iii) \$150,000,000 to acquire and construct housing for seniors (Senior Housing); (iv) \$60 million to acquire and rehabilitate affordable rental housing to prevent the loss of such housing and to assist middle-income City residents and workers to secure permanent housing (Affordable Housing Preservation and Middle-Income Housing); and (v) \$20,000,000 to support affordable housing for educators and employees of the SFUSD and City College of San Francisco (Educator Housing). The City previously issued \$254,585,000 of the bonds authorized by Proposition A (2019). After the issuance of the 2023C Bonds, \$ _____* of unissued bonds will remain authorized under Proposition A (2019).

Designation of 2023C Bonds as Social Bonds. The City is designating the 2023C Bonds as “Social Bonds” as it has determined that the projects to be financed with the proceeds of the 2023C Bonds are “Social Projects” based on the social benefits of addressing affordable housing within the City. The projects planned to be financed with proceeds of the 2023C Bonds, in accordance with the requirements of Proposition A (2019), will address the need within the City to preserve or increase affordable housing stock. Proposition A (2019) in the total amount of \$600,000,000, seeks to address critical housing needs, protect residents, and stabilize communities. Proposition A (2019) funding will be used to:

- create new affordable homes, especially for the City’s growing senior population;
- accelerate the rebuilding of distressed public housing sites for some of the City’s most vulnerable residents;
- preserve affordability in existing housing at risk of market-rate conversion or loss due to physical disrepair;
- protect San Franciscans living in apartments at risk of displacement, including those covered by rent control;
- expand rental and homeownership opportunities for the City’s middle-income residents and workforce, including educators, first responders, non-profit workers, and service industry employees; and
- allocate one third of Proposition A (2019)’s bond funds to serve extremely Low-Income households (30% AMI or less).

As such, eligible uses under Proposition A (2019) include rehabilitation or replacement of public housing, including associated horizontal infrastructure; new affordable housing for low-income households, seniors, and middle-income households, including acquisition of land for such projects; and acquisition and rehabilitation of existing residential properties for occupancy by low and moderate income households. More details regarding Proposition A (2019) are available at the following internet address: https://sfmohcd.org/sites/default/files/2019_GeneralObligationHousingReport-FINAL061919.pdf. The information available on such website is not incorporated by reference into this Official Statement and should not be relied upon in making an investment in the 2023C Bonds.

Proposition A (2019) projects will be financed under the City’s affordable housing loan program and evaluated, administered, and monitored by the Mayor’s Office of Housing and Community Development (“MOHCD”). The mission of the housing division of MOHCD is to provide financing for the development,

* Preliminary, subject to change.

rehabilitation and purchase of affordable housing in the City. MOHCD also guides and coordinates the City's housing policy. MOHCD administers a variety of programs to finance the development of affordable housing by non-profit and for profit developers, provides financial and educational assistance to first-time homebuyers, and finances housing rehabilitation costs for low-income homeowners. MOHCD is also responsible for monitoring and ensuring the long-term affordability and physical viability of the City's stock of affordable housing. MOHCD's funding decisions are based on priorities and strategies outlined in a "Consolidated Plan," which is a planning document for the City's community development and affordable housing activities, developed through City-wide public input, especially from residents and stakeholders of low-income communities. The Consolidated Plan is available at <https://sfmohcd.org/plans-progress-reports>. The information available on such website is not incorporated by reference into this Official Statement and should not be relied upon in making an investment in the 2023C Bonds.

The designation of the 2023C Bonds as "Social Bonds" is intended to generally comport with The Social Bond Principles promulgated by the International Capital Market Association ("ICMA"), updated as of June 2021 (with an update to Appendix 1 in June 2022). As promulgated by the ICMA, the "Social Bond Principles" have four core components (*i.e.*, Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting), each of which are further described below.

The term "Social Bonds" is neither defined in nor related to provisions in the 2023C Resolutions. Owners of the 2023C Bonds do not have any security other than as provided in the 2023C Resolutions and described under "SECURITY FOR THE BONDS," nor do such owners of the 2023C Bonds assume any specific project risk related to any of the projects funded thereby. "Social Projects" and "Social Bonds" are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States. The City assumes no obligation to ensure that the projects financed with proceeds of the 2023C Bonds comply with any legal or other standards or principles that may relate to "Social Projects" or that the 2023C Bonds comply with any legal or other standards or principles that may relate to "Social Bonds." The designation of the 2023C Bonds as Social Bonds does not entitle the holders of such obligations to any special treatment under the Internal Revenue Code of 1986, as amended.

[City to review and update the following paragraphs:]

ICMA Mapping of Social Bond Principles to United Nations Sustainable Development Goals. By reference to the ICMA "Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals" (June 2022), the City has determined that the City's Social Bonds designation reflects the use of proceeds in a manner that is consistent with "Goal 1: No Poverty" and "Goal 11: Sustainable Cities and Communities" of the United Nations 17 Sustainable Development Goals (referred to as "UNSDGs" generally and "SDG 1" and "SDG 11," specifically). According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. According to the United Nations, SDG 1 is focused on ending poverty in all its forms everywhere and SDG 11 is focused on making the cities and communities inclusive, safe, resilient and sustainable. ICMA maps SDG 1.4 to ICMA Social Bond Principles "Affordable Housing," "Access to Essential Services," and "Socioeconomic Advancement and Empowerment"; and maps SDG 11.1 to ICMA Social Bond Principles "Affordable Housing" and "Affordable Basic Infrastructure."

Use of 2023C Bond Proceeds. In furtherance of the purposes authorized under Proposition A (2019), the City plans to use the proceeds of the 2023C Bonds to provide loans to finance or refinance affordable housing in the City consistent with the purposes set forth in Proposition A (2019). Project proceeds will generally be loaned under MOHCD's affordable housing lending program to affordable housing developers through non-performing long term loans, with repayments due from any project residual receipts, or shorter term predevelopment loans or acquisition loans. Project proceeds may also fund direct acquisition and rehabilitation of existing housing for preservation as affordable, and direct acquisition of real property for future development of affordable housing. The City currently has identified 33 projects, with an estimated total of 1,600 affordable housing units, eligible for funding using bonds issued under Proposition A (2019).

These projects are intended to benefit priority and at-risk populations consisting of seniors, persons with disabilities, low-income and moderate-income households, and those at risk of eviction pursuant to the Ellis Act, a State law that allows landlords to evict residential tenants in order to leave the rental business. Of the 33 eligible projects, the City expects to finance 16 projects as summarized below. The 2023C Bonds will fund projects in four out of five of Proposition A (2019)'s Program Categories: (1) Public Housing; (2) Low-Income Housing; (3) Affordable Housing Preservation and Middle-Income Housing; and (4) Senior Housing. The 2023C Bonds are currently not expected to fund projects that are part of the Educator Housing category. The City may substitute other authorized projects eligible for funding under Proposition A (2019).

Program Category*	Development Name/Location Or Program Name	Additional Information	Estimated Funding from 2023C Bonds	LIHTC Anticipated	Targeted AMI

*1 = Public Housing; 2 = Low-Income Housing; 3 = Affordable Housing; 4 = Senior Housing

Process for Project Evaluation and Selection. Projects are selected under MOHCD's affordable housing program and address requirements under Proposition A (2019).

Reporting. The first report related to Proposition A (2019) and the spending of the proceeds of the 2023C Bonds is expected to become available in [] at <https://cgoboc.sfgov.org/housing.html>. The information available on such website is not incorporated by reference into this Official Statement and should not be relied upon in making an investment in the 2023C Bonds.]

Bond Oversight. The Administrative Code of the City (the "Administrative Code"), Proposition A (2020), Proposition A (2018) and Proposition A (2019) provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed bonds, including the Bonds, be deposited by the Controller and used to fund the costs of the City's independent Citizens' General Obligation Bond Oversight Committee (the "Oversight Committee"). The Oversight Committee was created by the adoption by the voters in 2002 of Proposition F (adopted by the voters March 5, 2002), which established the Oversight Committee to review and oversee the delivery of general obligation bond-funded projects. A year later, the voters passed Proposition C, which authorized the Oversight Committee to review and give input on the work of the City services auditor, including the City's whistleblower program. The Oversight Committee has nine members appointed by the Mayor, Board of Supervisors, Controller and the Civil Grand Jury. The purpose of the Oversight Committee is

to inform the public concerning the expenditure of general obligation bond proceeds in accordance with the voter authorization.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the pages immediately following the cover hereof, in the denomination of \$5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company (“DTC”), which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See Appendix E – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payment of Interest and Principal

Interest on the Bonds will be payable on each June 15 and December 15 to maturity or prior redemption, commencing June 15, 2023, at the interest rates shown on the pages immediately following the cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Treasurer of the City (the “City Treasurer”) will act as paying agent and registrar with respect to the Bonds. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the City Treasurer as the owner thereof as of the close of business on the last day of the month immediately preceding an interest payment date (the “Record Date”), whether or not such day is a business day. Each Bond authenticated on or before May 31, 2023 will bear interest from the date of delivery. Every other Bond will bear interest from the interest payment date next preceding its date of authentication unless it is authenticated as of a day during the period from the Record Date next preceding any interest payment date to the interest payment date, inclusive, in which event it will bear interest from such interest payment date; provided, that if, at the time of authentication of any Bond, interest is then in default on the Bonds, such Bond will bear interest from the interest payment date to which interest has previously been paid or made available for payment on the Bonds or from the date of delivery of the Bonds if the first interest payment is not made.

The Bonds will mature on the dates shown on the pages immediately following the cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See “– Redemption” below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the City Treasurer.

Redemption*

Optional Redemption of the 2023A Bonds

The 2023A Bonds maturing on or after June 15, 20__ will be subject to redemption prior to their stated maturity dates as a whole or in part, on any date, from any moneys provided at the option of the City, in each case on and after June 15, 20__, at a redemption price equal to the principal amount of 2023A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Optional Redemption of the 2023B Bonds

The 2023B Bonds maturing on or after June 15, 20__ will be subject to redemption prior to their stated maturity dates as a whole or in part, on any date, from any moneys provided at the option of the City, in each case on and after June 15, 20__, at a redemption price equal to the principal amount of 2023B Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Optional Redemption of the 2023C Bonds

The 2023C Bonds maturing on or after June 15, 20__ will be subject to redemption prior to their stated maturity dates as a whole or in part, on any date, from any moneys provided at the option of the City, in each case on and after June 15, 20__, at a redemption price equal to the principal amount of 2023C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

[Make-Whole Optional Redemption of the 2023C Bonds

The 2023C Bonds maturing on or before June 15, 20__ will be subject to redemption either in whole or in part, at the option of the City, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value thereof, plus in either case, accrued interest thereon to the date of redemption. The 2023C Bonds may be redeemed in any order of maturity and in any principal amount within a maturity as selected by the City in its sole discretion. All calculations and determinations referred to under this caption “Make-Whole Optional Redemption of the 2023C Bonds,” except as provided in the preceding sentence, are expected (but not required) to be made by a financial advisor or other agent selected by the City for such purposes (the “Calculation Agent”).

“Discounted Value” means, with respect to each outstanding maturity of the 2023C Bonds to be redeemed, the sum as determined by the City or the Calculation Agent of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such maturity from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

“Discount Yield” means, the Blended Treasury Yield determined by the City or the Calculation Agent with respect to the 2023C Bonds maturity to be redeemed, plus _____ basis points. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

“Blended Treasury Yield” means, with respect to the 2023C Bonds of a particular maturity, the yield computed by the City or the Calculation Agent as the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the Bonds maturity to be redeemed from the redemption date. The first Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index

* Preliminary, subject to change.

whose maturity is closest to but no later than the date corresponding to the remaining average life of the 2023C Bonds maturity to be redeemed; the second Market Treasury Yield will be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the 2023C Bonds maturity to be redeemed.

“Market Treasury Yield” means that yield, as determined by the City or the Calculation Agent, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as “Page PX1” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the City.

“Valuation Date” means no less than the third Business Day or more than the twentieth Business Day preceding the redemption date.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) of the definition of Market Treasury Yield above will be determined using the average of the bid and ask prices for that security.]

Mandatory Redemption of the 2023A Bonds

The 2023A Bonds maturing on June 15, 20__ will be subject to mandatory sinking fund redemption prior to their stated maturity date, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
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† Maturity

The principal of and interest on the 2023A Bonds subject to mandatory redemption will be paid from the 2023A Bond Subaccount established under the 2023A Resolutions. In lieu of any such mandatory redemption for 2023A Bonds, at any time prior to the selection of 2023A Bonds for mandatory redemption, the City may apply amounts on deposit in the 2023A Bond Subaccount to make such payment to the purchase, at

public or private sale, of 2023A Bonds subject to such mandatory redemption, and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges but excluding accrued interest), as the City may determine.

Mandatory Redemption of the 2023B Bonds

The 2023B Bonds maturing on June 15, 20__ will be subject to mandatory sinking fund redemption prior to their stated maturity date, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
--	--

† Maturity

The principal of and interest on the 2023B Bonds subject to mandatory redemption will be paid from the 2023B Bond Subaccount established under the 2023B Resolutions. In lieu of any such mandatory redemption for 2023B Bonds, at any time prior to the selection of 2023B Bonds for mandatory redemption, the City may apply amounts on deposit in the 2023B Bond Subaccount to make such payment to the purchase, at public or private sale, of 2023B Bonds subject to such mandatory redemption, and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges but excluding accrued interest), as the City may determine.

Mandatory Redemption of the 2023C Bonds

The 2023C Bonds maturing on June 15, 20__ will be subject to mandatory sinking fund redemption prior to their stated maturity date, on each June 15, as shown in the table below, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption Date (June 15)	Sinking Fund Payment Principal Amount
--	--

† Maturity

The principal of and interest on the 2023C Bonds subject to mandatory redemption will be paid from the 2023C Bond Subaccount established under the 2023C Resolutions. In lieu of any such mandatory redemption for 2023C Bonds, at any time prior to the selection of 2023C Bonds for mandatory redemption, the City may apply amounts on deposit in the 2023C Bond Subaccount to make such payment to the purchase, at public or private sale, of 2023C Bonds subject to such mandatory redemption, and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges but excluding accrued interest), as the City may determine.

The principal amount of each mandatory sinking fund payment of any maturity will be reduced as specified by the City, in \$5,000 increments, by the amount of any Bond of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Selection of Bonds for Redemption

[Whenever less than all the outstanding 2023A Bonds or 2023B Bonds are called for redemption on any date, the Director of Public Finance will select the maturities of such series of Bonds to be redeemed in the sole discretion of the Director of Public Finance. Whenever less than all of the outstanding 2023A Bonds or 2023B Bonds maturing on any one date are called for redemption, the particular Bonds of such series or portions thereof to be redeemed will be selected in any manner which the Director of Public Finance deems fair. The 2023A Bonds or the 2023B Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

If the 2023C Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2023C Bonds will be effected by the City or the Paying Agent among owners on a pro rata basis in the principal amount of \$5,000 or any integral multiple thereof. The particular 2023C Bonds to be redeemed will be determined by the City or the Paying Agent, using such method as the City or the Paying Agent deems fair and appropriate.

If the 2023C Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2023C Bonds, if less than all of the 2023C Bonds of a maturity are called for prior redemption, the particular 2023C Bonds or portions thereof to be redeemed will be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the 2023C Bonds are held in book-entry form, the selection for redemption of such 2023C Bonds will be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the City or the Paying Agent pursuant to DTC operational arrangements. If the City or the Paying Agent do not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2023C Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the 2023C Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2023C Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2023C Bonds will be selected for redemption in accordance with DTC procedures by lot.]

Notice of Redemption

The date on which Bonds of a series that are called for redemption are to be presented for redemption is called the “Redemption Date.” The City Treasurer will mail, or cause to be mailed, notice of any redemption of the Bonds to be redeemed, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the City Treasurer, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent applicable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b) such other services or organizations as may be required in accordance with the Continuing Disclosure Certificate. See

“CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds of a series called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of a series of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the City Treasurer or his or her agent; and (f) give notice that interest on such Bonds or portions of such Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of optional redemption may be conditioned on the receipt of funds or any other event specified in the notice. See “– Conditional Notice; Right to Rescind Notice of Optional Redemption” below.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds of a series called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the Redemption Account established under the relevant Resolutions, the Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at said redemption price out of the related Redemption Account. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds will look for payment of such Bonds only to the related Redemption Account. All Bonds redeemed will be canceled immediately by the City Treasurer and will not be reissued.

Moneys held in a Redemption Account will be invested by the City Treasurer pursuant to the City’s policies and guidelines for investment of moneys in the General Fund of the City. See Appendix C – “CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY.”

Conditional Notice; Right to Rescind Notice of Optional Redemption

Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit of sufficient moneys in the related Redemption Account to redeem the Bonds of a series called for redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given substantially and on the scheduled Redemption Date (i) sufficient moneys to redeem the Bonds called for optional redemption on the Redemption Date have not been deposited, or (ii) any other event specified in the notice of redemption did not occur, such Bonds for which notice of conditional optional redemption was given will not be redeemed on the anticipated Redemption Date and will remain Outstanding for all purposes of the related Resolutions and the redemption not occurring will not constitute a default under such Resolutions.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owner of all Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

Project Accounts

The 2023A Resolutions establish a project account for the bonds issued under Proposition A (2020) (the “Proposition A (2020) Project Account”), including the 2023A Bonds, and within the Proposition A (2020) Project Account, a subaccount for the 2023A Bonds (the “2023A Project Subaccount”). The 2023B Resolutions establish a project account for bonds issued under Proposition A (2018) (the “Proposition A (2018) Project Account”), including the 2023B Bonds, and within the Proposition A (2018) Project Account, a subaccount for the 2023B Bonds (the “2023B Project Subaccount”). The 2023C Resolutions establish a project account for the bonds issued under Proposition A (2019) (the “Proposition A (2019) Project Account,” and together with the Proposition A (2020) Project Account and the Proposition A (2018) Project Account, the “Project Accounts”), including the 2023C Bonds, and within the Proposition A (2019) Project Account, a subaccount for the 2023C Bonds (the “2023C Project Subaccount,” and together with the 2023A Project Subaccount and the 2023B Project Subaccount, the “Project Subaccounts”).

Each Project Subaccount will be maintained by the City Treasurer as a separate account, segregated and distinct from all other accounts. The City Treasurer may establish such accounts and subaccounts within the Project Accounts as may be necessary or convenient in connection with the administration of projects or the bonds issued under the Resolutions.

All of the proceeds of the sale of the 2023A Bonds (excluding any premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) will be deposited by the City Treasurer to the credit of the 2023A Project Subaccount and applied exclusively to the objects and purposes specified in Proposition A (2020). All of the proceeds of the sale of the 2023B Bonds (excluding any premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) will be deposited by the City Treasurer to the credit of the 2023B Project Subaccount and applied exclusively to the objects and purposes specified in Proposition A (2018). All of the proceeds of the sale of the 2023C Bonds (excluding any premium and accrued interest received thereon, unless otherwise determined by the Director of Public Finance) will be deposited by the City Treasurer to the credit of the 2023C Project Subaccount and applied exclusively to the objects and purposes specified in Proposition A (2019).

When such objects and purposes have been accomplished, any moneys remaining in the 2023A Project Subaccount, the 2023B Project Subaccount or the 2023C Project Subaccount will be transferred to the bond account established under the 2023A Resolutions, the bond account established under the 2023B Resolutions, or the bond account established under the 2023C Resolutions, as appropriate, and such funds will be applied to the scheduled payment of the principal of and interest on the related series of Bonds (see “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions”). Amounts in each Project Subaccount may be applied to the payment of costs of issuance of Bonds issued under the related Resolutions, including, without limitation, bond and financial printing expenses, mailing and publication expenses, rating agency fees, and the fees and expenses of paying agents, registrars, financial consultants, bond counsel and disclosure counsel.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds’ respective stated maturities by irrevocably depositing with the City Treasurer (or any commercial bank or trust company designated by the City Treasurer to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds’ respective stated maturities and in respect of which notice of such redemption will have been given as described above or an irrevocable election to give such notice will have been made by the City, the amount to be deposited will be the principal amount thereof, all unpaid interest thereon to the Redemption Date, and premium, if any, due on such Redemption Date; or (b) Defeasance Securities (as defined below) not subject to call, except as described in the definition below, maturing and paying interest at such times and in such amounts, together with interest

earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption will be given as described above or an irrevocable election to give such notice will have been made by the City; then, all obligations of the City with respect to said outstanding Bonds will cease and terminate, except only the obligation of the City to pay or cause to be paid from the funds deposited as described in this paragraph, to the owners of said Bonds all sums due with respect thereto, and the tax covenant obligations of the City with respect to the Bonds; provided, that the City will have received an opinion of nationally recognized bond counsel that provision for the payment of said Bonds has been made as required by the Resolutions.

As used in this section, the following terms have the meanings given below:

“Defeasance Securities” means any of the following which at the time are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (1) United States Obligations (as defined below); and (2) Pre-refunded fixed interest rate municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee or paying agent has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund or the redemption account) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated (without regard to any numerical modifier, plus or minus sign or other modifier), at the time of original deposit to the escrow fund, by any two Rating Agencies (as defined below) not lower than the rating then maintained by the respective Rating Agency on such United States Obligations.

“United States Obligations” means (i) direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including without limitation, the interest component of Resolution Funding Corporation (REFCORP) bonds that have been stripped by request to the Federal Reserve Bank of New York in book-entry form, or (ii) any security issued by an agency or instrumentality of the United States of America that is selected by the Director of Public Finance that results in the escrow fund being rated by any two Rating Agencies at the time of the initial deposit to the escrow fund and upon any substitution or subsequent deposit to the escrow fund, not lower than the rating then maintained by the respective Rating Agency on United States Obligations described in (i) herein.

“Rating Agencies” means Moody’s Investors Service, Fitch Ratings, and S&P Global Ratings, or any other nationally-recognized bond rating agency that is the successor to any of the foregoing rating agencies or that is otherwise established after the date of adoption of the Resolutions.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds in connection with the Bonds:

Sources	2023A Bonds	2023B Bonds	2023C Bonds	Total
Principal Amount of Bonds				
Original Issue Premium				
Total Sources of Funds				
Uses				
Deposit to Project Subaccounts				
Project Fund				
CSA Audit Fee ⁽¹⁾				
Deposit to Bond Subaccounts				
Oversight Committee ⁽²⁾				
Underwriter's Discount				
Costs of Issuance ⁽³⁾				
Total Uses of Funds				

⁽¹⁾ The City's Charter requires 0.2% of all Project Subaccount deposits to be set aside for the City's Office of the Controller's City Services Auditor ("CSA") fee.

⁽²⁾ See "THE BONDS – Authority for Issuance; Purposes – Bond Oversight."

⁽³⁾ Includes fees for services of rating agencies, the Municipal Advisor, Co-Bond Counsel, Co-Disclosure Counsel, costs to the City, printing costs, other miscellaneous costs associated with the issuance of the Bonds, and rounding amounts.

DEBT SERVICE SCHEDULES

The scheduled debt service payable with respect to the Bonds is as follows (assuming no redemption prior to maturity):

**City and County of San Francisco
General Obligation Bonds
2023A Bonds ⁽¹⁾**

Payment Date	Principal	Interest	Total Debt Service	Fiscal Year Total
Total				

⁽¹⁾ A portion of the debt service will be paid from original issue premium deposited in the 2023A Bond Subaccount. See “SOURCES AND USES OF FUNDS.”

**City and County of San Francisco
 General Obligation Bonds
 2023B Bonds⁽¹⁾**

Payment Date	Principal	Interest	Total Debt Service	Fiscal Year Total
Total				

⁽¹⁾ A portion of the debt service will be paid from original issue premium deposited in the 2023B Bond Subaccount. See “SOURCES AND USES OF FUNDS.”

**City and County of San Francisco
 General Obligation Bonds
 2023C Bonds⁽¹⁾**

Payment Date	Principal	Interest	Total Debt Service	Fiscal Year Total
Total				

⁽¹⁾ A portion of the debt service will be paid from original issue premium deposited in the 2023C Bond Subaccount. See “SOURCES AND USES OF FUNDS.”

**City and County of San Francisco
General Obligation Bonds
2023A Bonds, 2023B Bonds and 2023C Bonds⁽¹⁾**

Payment Date	2023A Bonds			2023B Bonds			2023C Bonds			Fiscal Year Total
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
Total										

⁽¹⁾ A portion of the debt service will be paid from original issue premium deposited in the Bond Accounts relating to the Bonds. See “SOURCES AND USES OF FUNDS.”

The consolidated scheduled debt service payable with respect to the Bonds and the City’s other general obligation bonds is shown in the table below (assuming no early redemptions).

**Consolidated Scheduled Debt Service
on the Bonds and the City’s Other
General Obligation Bonds⁽¹⁾**

<u>Fiscal Year</u>	<u>Total Debt Service on the Bonds</u>	<u>Other General Obligation Bonds Debt Service⁽²⁾</u>	<u>Total Debt Service</u>
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
2057			
2058			
2059			
2060			
2061			
Total	_____	_____	_____

⁽¹⁾ Amounts are rounded off to the nearest dollar.

⁽²⁾ As of [_____]. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds.”

SECURITY FOR THE BONDS

General

Pursuant to the Resolutions, for the purpose of paying the principal of and interest on the Bonds, the Board of Supervisors at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum set apart for that purpose in the Treasury of the City sufficient to meet all sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the annual principal of and interest on the Bonds as the same become due. In fixing such tax levy for each fiscal year, the Board of Supervisors will take into account amounts then on deposit in the Tax Revenues Subaccounts relating to the Bonds (as defined below under “Flow of Funds Under the Resolutions”), if such amounts will be available to pay debt service on the Bonds. Said tax will be in addition to all other taxes levied for City purposes, will be collected at the time and in the same manner as other taxes of the City are collected, and will be used only for the payment of the Bonds and the interest thereon. Under the framework of the constitutional provisions and statutes applicable to California general obligation bonds, including the Bonds, taxes levied to pay debt service on the Bonds may not be used for any other purpose and are not available to support general City operations. See “Property Taxation” below.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. In general, if overall assessed values of taxable property in the City were to decline, then the City, in order to generate sufficient tax revenues to pay debt service on the Bonds and other general obligation bonds, would increase tax rates applicable to the Bonds and other general obligations bonds. See “Property Taxation” below.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. See “Statutory Lien on Taxes (Senate Bill 222)” below.

Pursuant to the Resolutions, the City will pledge the Bond Accounts (as defined under “Flow of Funds Under the Resolutions”) and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Resolutions (including the Bonds) when and as the same become due. See “Pledge” below.

Under the Resolutions, the City is not obligated to pay the debt service from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City’s overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds.

Flow of Funds Under the Resolutions

Bond Accounts. The 2023A Resolutions provide for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition A (2020) (the “Proposition A (2020) Bond Account”), including the 2023A Bonds, and within the Proposition A (2020) Bond Account, a subaccount for the 2023A Bonds (the “2023A Bond Subaccount”), to be held separate and apart from all other accounts of the City. The 2023B Resolutions provide for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition A (2018) (the “Proposition A (2018) Bond Account”), including the 2023B Bonds, and within the Proposition A (2018) Bond Account, a subaccount for the 2023B Bonds (the “2023B Bond Subaccount”), to be held separate and apart from all other accounts of the City. The 2023C

Resolutions provide for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition A (2019) (the “Proposition A (2019) Bond Account,” and together with the Proposition A (2020) Bond Account and the Proposition A (2018) Bond Account, the “Bond Accounts”), including the 2023C Bonds, and within the Proposition A (2019) Bond Account, a subaccount for the 2023C Bonds (the “2023C Bond Subaccount” and together with the 2023A Bond Subaccount and the 2023B Bond Subaccount, the “Bond Subaccounts”), to be held separate and apart from all other accounts of the City.

The Bond Accounts and all subaccounts therein will be administered by the City Treasurer with all disbursements of funds therefrom subject to the authorization of the Controller. Pursuant to the applicable sale resolution, the Controller or the City Treasurer, as applicable, may establish such additional accounts and subaccounts within the related Bond Account or with any agent, including but not limited to any paying agent or fiscal agent, as may be necessary or convenient in connection with the administration of any series of bonds issued under the appropriate Resolutions, to provide for the payment of principal and interest on such series of bonds.

The City Treasurer will deposit in the related Bond Account from the proceeds of sale of the Bonds any moneys received on account of original issue premium and interest accrued on the Bonds to the date of payment of the purchase price thereof, and such other moneys, if any, as may be specified in the applicable sale resolution. So long as any of the Bonds are outstanding, moneys in the related Bond Account will be used and applied by the City Treasurer solely for the purpose of paying the principal of and interest on such bonds as such principal and interest become due and payable, or for purchase of such bonds if permitted by the applicable sale resolution; provided, however, that when all of the principal of and interest on such bonds have been paid, any moneys then remaining in the related Bond Account will be transferred to the City for any legally permitted purpose. The Board of Supervisors will take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor.

Pursuant to the Resolutions, all taxes collected by the City for the payment of debt service on a related series of Bonds will be deposited in a special subaccount within the Bond Account relating to such series of Bonds, to be designated as the “Tax Revenues Subaccount.”

Bond Subaccounts. The Resolutions provide that (i) on or prior to the date on which any payment of principal of or interest on a series of Bonds is due, the City Treasurer will allocate to and deposit in the appropriate Bond Subaccount, from amounts held in the related Bond Account, an aggregate amount which, when added to any available moneys contained in such Bond Subaccount, is sufficient to pay principal of and interest on the related Bonds on such date, and (ii) on or prior to the date on which any series of Bonds are to be redeemed at the option of the City, the City Treasurer may allocate to and deposit in the Redemption Account established under the related Resolutions, from amounts held in the appropriate Bond Account, an amount which, when added to any available moneys contained in the related Redemption Account, is sufficient to pay principal, interest and premium, if any, with respect to such series of Bonds on such date. The City Treasurer may make such other provision for the payment of principal of and interest and any redemption premium on the Bonds as is necessary or convenient to permit the optional redemption of the Bonds.

Amounts in the Bond Subaccounts may be invested in any investment of the City in which moneys in the General Fund of the City are invested. The City Treasurer may (i) commingle any of the moneys held in the Bond Subaccounts with other City moneys or (ii) deposit amounts credited to the Bond Subaccounts into a separate fund or funds for investment purposes only; provided, that all of the moneys held in each Bond Subaccount will be accounted for separately notwithstanding any such commingling or separate deposit by the City Treasurer. See Appendix C – “CITY AND COUNTY OF SAN FRANCISCO, OFFICE OF THE TREASURER – INVESTMENT POLICY.” All interest earned on amounts on deposit in each Bond Subaccount will be retained in such Bond Subaccount.

Interest. On or before June 15 and December 15 in each year that any of the bonds issued under the Resolutions are outstanding (or, for any series of bonds bearing interest at variable rates, on such other dates as may be provided by the applicable sale resolution), the City Treasurer will set aside in the related Bond Account and the appropriate subaccounts therein relating to each series of the bonds an amount which, when added to the amount contained in the related Bond Account and subaccounts therein on that date, if any, will be equal to the aggregate amount of the interest becoming due and payable on each series of such bonds outstanding on such interest payment date.

Principal. On or before June 15 in each year that any of the bonds issued under the Resolutions are outstanding, the City Treasurer will set aside in the related Bond Account and the appropriate subaccounts therein relating to each series of such bonds an amount which will be equal to the principal on each series of such bonds outstanding that will become due and payable on said June 15.

All moneys in the Bond Accounts will be used and withdrawn by the City Treasurer solely for the purpose of paying the principal of and interest on each series of bonds issued under the Resolutions as the same become due and payable. On June 15 and December 15 in each year that any such bond is outstanding, the City Treasurer will allocate, transfer and apply to the various subaccounts in the Bond Account created pursuant to the applicable sale resolution, on such date on which payment of principal or interest on any series of bonds is due, from moneys on deposit in the Bond Account, an amount equal to the amount of principal of, premium, if any, or interest due on said date with respect to each series of the bonds then outstanding. Unless other provision is made pursuant to the Resolutions for the payment of any bond, all amounts held in the various subaccounts of the Bond Account created pursuant to a sale resolution will be used and applied by the City Treasurer to pay principal of, premium, if any, and interest due on the series of the bonds to which such subaccount relates, as and when due.

Pledge

Pursuant to the Resolutions, the City will pledge the Bond Account and all subaccounts and amounts on deposit therein for the payment of the principal of and interest on bonds issued under the Resolutions (including the Bonds) when and as the same become due, including the principal of any term bonds required to be paid upon the mandatory sinking fund redemption thereof. In addition, the payment of such principal and interest will be secured by the statutory lien of California Government Code Section 53515, to the extent applicable to the amounts of *ad valorem* taxes on deposit in the Bond Account. Each and every series of bonds issued under the Resolutions, including the Bonds, will be equally and ratably secured by this pledge, the foregoing statutory lien, and the taxes collected as described above.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See “CERTAIN RISK FACTORS – Limitation on Remedies; Bankruptcy.”

Property Taxation

General. The City levies property taxes for general operating purposes as well as for the payment of voter-approved general obligation bonds. Taxes levied to pay debt service for general obligation bonds may

only be applied for that purpose. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. At the start of fiscal year 2022-23, the total net assessed valuation of taxable property within the City was approximately \$328.5 billion, which represents an increase of 6.7% over fiscal year 2021-22. For additional information on the property taxation system, assessed values and appeals to assessed values, see Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues – Property Taxation.”

Local property taxation is the responsibility of various City officers. The Assessor-Recorder computes the value of locally assessed taxable property. After the assessed roll is closed on June 30th, the Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value for that fiscal year. The Controller also compiles a schedule of tax rates including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), tax surcharges needed to repay voter-approved general obligation bonds, and tax surcharges imposed by overlapping jurisdictions that have been authorized to levy taxes on property located in the City. The Board of Supervisors approves the schedule of tax rates each year by ordinance adopted no later than the last working day of September. The Treasurer and Tax Collector prepare and mail tax bills to taxpayers and collect the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The City Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with the payment of principal and interest on such bonds, including the Bonds, when due.

Of the \$328.5 billion total net assessed valuation of taxable property within the City at the start of fiscal year 2022-23, \$311.8 billion (94.9%) represents secured valuations and \$16.7 billion (5.1%) represents unsecured valuations. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIII A of the State Constitution added by Proposition 13 in 1978, property must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor-Recorder’s determination of their property’s assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties’ property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies.”

In addition, appeals activity is reviewed each year and incorporated into the current and subsequent years’ budget projections of property tax revenues. Historical information on refunds of prior years’ property taxes from the discretionary General Fund appeals reserve fund are listed in Table A-7 of Appendix A attached hereto.

Tax Levy and Collection Process. Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax

liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to *ad valorem* taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the “unsecured roll.” The method of collecting delinquent taxes is substantially different for the two classifications of property.

The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder’s Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes. A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared “tax defaulted” and subject to eventual sale by the Treasurer and Tax Collector of the City. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

Teeter Plan. In October 1993, the Board of Supervisors of the City passed a resolution that adopted the Alternative Method of Tax Apportionment (the “Teeter Plan”). The Teeter Plan method authorizes the City Controller to allocate to the City’s taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City’s General Fund retains such amounts. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a “Tax Loss Reserve” for the Teeter Plan. Information on this Tax Loss Reserve is as shown on Table A-8 in Appendix A attached hereto.

Taxation of Utility Property. A portion of the City’s total net assessed valuation consists of utility property subject to assessment by the State Board of Equalization. State-assessed property, or “unitary property,” is property of a utility system with components located in many taxing jurisdictions assessed as part of a “going concern” rather than as individual parcels of real or personal property. Unitary and certain other State-assessed property values are allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City itself) according to statutory formulae generally based on the distribution of taxes in the prior year. The fiscal year 2022-23 valuation of property assessed by the State Board of Equalization is \$4.1 billion.

CERTAIN RISK FACTORS

The Resolutions provide that the Bonds are payable from and secured by a voter-approved dedicated property tax levy on all taxable property in the City. Under the Resolutions, the City is not obligated to pay the debt service from any other sources. This Official Statement, including Appendix A hereto, provides information on the City’s overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and that should not be considered available to pay debt service on the Bonds. See “SECURITY FOR THE BONDS” herein.

Factors Affecting Property Tax Security for the Bonds

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

Discussed below are certain factors that may affect the City's ability to levy and collect sufficient taxes to pay scheduled debt service on the Bonds each year. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" for additional information on these factors.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the City's general obligation bonds. The net total assessed valuation of taxable property in the City in fiscal year 2022-23 is approximately \$328.5 billion, compared to \$312 billion in fiscal year 2021-22. During economic downturns, declining market values of real estate, increased foreclosures, and increases in requests submitted to the Assessor-Recorder and the Assessment Appeals Board for reductions in assessed value have generally caused a reduction in the assessed value of some properties in the City. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies."

Natural and economic forces can affect the assessed value of taxable property in the City. The City is located in a seismically active region, and damage from an earthquake in or near the City could cause moderate to extensive or total damage to taxable property. See "Seismic Risks" below. Other natural or man-made disasters, such as flood and sea level rise (see "Climate Change, Risk of Sea Level Rise and Flooding Damage" below), fire, toxic dumping, acts of terrorism or public health emergencies, such as the COVID-19 pandemic (see "Public Health Emergencies" below), could also cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single assessee, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. As of July 1, 2022, no single assessee owned more than 0.817% of the total taxable assessed value in the City. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues – Property Taxation – Tax Levy and Collection."

Property Tax Rates. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per \$100 of assessed value (including the basic countywide 1% rate required by statute) is discussed further in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies."

Debt Burden on Owners of Taxable Property in the City. Another measure of the debt burden on local taxpayers is total debt as a percentage of taxable property value. Issuance of general obligation bonds by the City is limited under Section 9.106 of the Charter to 3.00% of the assessed value of all taxable real and personal property located within the City's boundaries. 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 gross general obligation debt limit for fiscal year 2022-23 is approximately \$[9.85] billion, based on a net total assessed valuation of approximately \$328.5 billion. As of October 1, 2022, the City had outstanding approximately \$2.62 billion in aggregate principal amount of general obligation bonds, which equals approximately 0.80% of the net assessed valuation for fiscal year 2022-23. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds."

Additional Debt; Authorized but Unissued Bonds. Issuance of additional authorized bonds can cause the overall property tax rate to increase. As of October 1, 2022, the City had voter approval to issue up to approximately \$1.5 billion in additional aggregate principal amount of new bonds payable from *ad valorem* property taxes. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds." In addition, the City expects that it will propose further bond measures to the voters from time to time to help meet its capital needs. The City's most recent adopted 10-year capital plan identifies \$38 billion of capital needs for all City departments, including \$4.6 billion in projects for General Fund-supported departments. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Capital Plan."

Limitations on Development. Construction and development in the City could be limited by governmental or legal limits on growth and/or challenges in the approval of certain residential and commercial projects. For example, San Francisco voters passed Proposition M in November 1986 which created an annual limit on the construction of new office space throughout the City (i.e., 950,000 square feet per year). Proposition M amended the Office Development Annual Limit Program (the "Annual Limit Program") under the City's Planning Code, which Annual Limit Program governs the approval of all development projects that contain more than 25,000 gross square feet of office space. The central provision of the Annual Limit Program is a "metering limit" designed to restrict the amount of office space authorized in a given year. No office project subject to the metering limit can be entitled without receiving an allocation under the Annual Limit Program. In doing so, the Annual Limit Program aims to ensure a manageable rate of new development and to guard against typical "boom and bust" cycles, among other goals.

In March 2020, voters of the City approved Proposition E, amending existing citywide limits on new office development. Proposition E links the amount of new office space that can be approved annually in San Francisco to the City's performance on building new affordable housing. Proposition E allows projects that provide affordable housing and space for community arts or local retail, particularly in the Central South of Market (SoMa) neighborhood, to proceed sooner by borrowing from future allocations. Proposition E also changes the City's criteria for approving new office developments.

As described above, the City currently limits the total amount of new office construction that can be approved each year to 950,000 square feet, pursuant to Proposition M. Of this, 75,000 square feet is reserved for projects between 25,000 and 50,000 square feet (called the "small cap"), while 875,000 square feet is reserved for office buildings greater than 50,000 square feet (called the "large cap"). Any office development less than 25,000 square feet is exempt from the cap. If the City's Planning Commission does not allocate the full cap amount in one year, the remaining square footage accrues to future years. Proposition E links the amount of office construction allowed in the large cap category to the amount of affordable housing that began construction in the prior calendar year. More specifically, the 875,000-square-foot large cap would be reduced by the same percentage that the City is falling short on meeting its affordable housing goals. For example, if the City produces only 50% of its affordable housing goal one year, then the City can only approve 50% of the 875,000 square feet in the large cap category the following year.

Proposition E also limits the amount of large cap office space that may be allocated in the Central SoMa neighborhood to 6 million square feet until at least 15,000 new housing units are produced in the larger SoMa area.

Office Vacancies. On October 19, 2022, the Chief Economist of the City’s Office of the Controller released a memorandum regarding the impact of remote work on commercial property and tax revenue in the City. According to the memorandum, the City has experienced the largest increase in office vacancy among major office markets in the United States, from around 5% before the COVID-19 pandemic, to 24% in the third quarter of 2022. Because of the prevalence of long-term leases in the commercial real estate industry, sudden reductions in demand often result in increases in sublease vacancy, instead of direct vacancy. Sublease vacancy occurs when existing tenants vacate their space and seek to find sub-lessees, but continue to pay rent under the original lease. A direct vacancy occurs when the original lease has been broken, or has been expired and not renewed. In this case, the property’s income declines until a new lease is signed. In San Francisco, sublease vacancies were a significant percentage (80-90%) of office vacancies during 2020 and 2021. In 2022, the sublease vacancy rate has declined, while the direct vacancy rate has continued to rise. If direct vacancy rates continue to rise, the income and market values of office buildings in the City are likely to be negatively affected.

The market value of a property is important for property tax revenue, because a property’s assessed value – the basis of its property tax liability – may not exceed its market value. If a property owner believes a property is assessed above its market value, they can request a reduction in assessment from the Assessor, and/or appeal a decision to the Assessment Appeals Board. See Appendix A – “CITY AND COUNTY OF SAN ORGANIZATION AND FINANCES – Property Taxation – Assessed Valuations, Tax Rates and Tax Delinquencies” and “– Constitutional and Statutory Limitations on Taxes and Expenditures – Article XIII A of the California Constitution.”

On November 16, 2022, the Controller’s Office provided a presentation to the City’s Board concerning potential property tax implications relating to the continuation of significant remote work and office property vacancy rates. The presentation contained projected property tax losses ranging from approximately \$80 million to \$150 million by 2026, with a potential widening to \$100 million to \$200 million by 2028, if conditions do not improve. The City cannot predict the actual level of revenue losses.

See Appendix A – “CITY AND COUNTY OF SAN ORGANIZATION AND FINANCES – Budgetary Risks – Office Vacancy in San Francisco.”

City Financial Challenges

The following discussion highlights certain challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City (see also, for example, “Seismic Risks” and “Climate Change, Risk of Sea Level Rise and Flooding Damage” below). While the City had strong economic and financial performance during the recovery from the great recession and despite significant City initiatives to improve public transportation systems, expand access to healthcare and modernize parks and libraries, the City faces several financial challenges and risks described below. In particular, the City continues to face significant adverse financial and budgetary challenges due to the COVID-19 pandemic. See “Public Health Emergencies” below and Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges” attached hereto.

The COVID-19 pandemic resulted in general negative effects on the City’s economy which materially adversely impacted the City’s tax revenues and increased expenses due to public health responses. These decreases occurred in nearly every category of revenue except intergovernmental revenue and property taxes; most significantly, the City experienced the greatest decline in its “other local taxes,” which includes hotel and sales taxes. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges” and “– Property Taxation – Tax Levy and Collection” and “Public Health Emergencies” below. Further, the Revenue Letter (as defined in Appendix A) prepared by the City Controller dated June 9, 2022 that accompanied the City’s most recent budget for fiscal year 2022-23 and fiscal year 2023-24 provides that the City faces several key financial risks in the coming fiscal years, including (1) significant uncertainty as to whether return to offices will play out as expected in the coming two fiscal

years and whether the local hospitality and convention industries will recover at the pace underpinning the City's tax revenue projections, (2) the potential for a recession due in part to aggressive interest rate hikes by the Federal Reserve, (3) uncertainty in the future of Laguna Honda Hospital (see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Laguna Honda Hospital Potential Loss of Federal Funding"), (4) uncertainty in the timing and magnitude of federal revenue reimbursements in connection with public health emergency response costs incurred during the pandemic, and (5) a heavy reliance on one-time sources (including federal reimbursements, reserves and fund balance) to balance the budget could leave structural budget challenges in future fiscal years. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Budget – Other Budget Updates: Fiscal Year 2022-23 and 2023-24 Revenue Letter" and "– Budgetary Risks."

Significant capital investments are proposed in the City's adopted 10-year capital plan. The City's most recent adopted 10-year capital plan sets forth \$38 billion of capital needs for all City departments. However, identified funding resources are below those necessary to maintain and enhance the City's physical infrastructure. As a result, over \$7.5 billion in capital needs are deferred from the capital plan's 10-year horizon. More than half of these unfunded needs relate to the City's transportation and waterfront infrastructure, where capital investment has lagged for decades.

In addition, the City faces long-term challenges with respect to the management of pension and post-employment retirement obligations. The City has taken major steps to address long-term unfunded liabilities for employee pension and other post-employment benefits, including retiree health obligations, yet significant liabilities remain. In recent years, the City and voters have adopted changes that should mitigate these unfunded liabilities over time, including adoption of lower-cost benefit tiers, increases to employee and employer contribution requirements, and establishment of a trust fund to set-aside funding for future retiree health costs. The financial benefit from these changes will phase in over time, however, leaving ongoing financial challenges for the City in the shorter term. Further, the size of these liabilities is based on a number of assumptions, including but not limited to assumed investment returns and actuarial assumptions. It is possible that actual results will differ materially from current assumptions, and such changes in investment returns or other actuarial assumptions could increase budgetary pressures on the City.

Further, while the City has adopted a number of measures to better position its operating budget for future economic downturns, these measures may not be sufficient. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Budget."

There is no assurance that other challenges not discussed in this Official Statement may not become material to investors in the future. For more information, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES" and in Appendix B – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area, including the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to City-owned buildings and facilities (on which the City does not generally carry earthquake insurance), due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City’s economy, tax receipts, infrastructure and residential and business real property values.

Earthquake Safety Implementation Plan (ESIP). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety (CAPSS), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco’s buildings and recommended a 30-year plan for action. As a result of this plan, the City has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. [As of July 6, 2021 approximately 88% of the buildings have been brought into compliance (the percent of buildings in compliance may decline after the September 2021 deadline due to the timing of completion of improvements). Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.] [Update?]

Vulnerability Study of the Northern Waterfront Seawall. In early 2016, the Port Commission of the City (the “Port Commission”) commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco, and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimates that seismic retrofitting of the Seawall could cost as much as \$3 billion, with another \$2 billion or more needed to prepare the Seawall for rising sea levels. The study estimates that approximately \$1.6 billion in Port assets and \$2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall. See “Climate Change, Risk of Sea Level Rise and Flooding Damage” below. See also Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds.”

Tall Buildings Safety Strategy Report and Executive Directive. The City commissioned a first in the nation “Tall Buildings Study” by the Applied Technology Council to consider the impact of earthquakes on buildings taller than 240 feet. The final report following the study, released in January 2019, evaluates best practices for geotechnical engineering, seismic risks, standards for post-earthquake structural evaluations, barriers to re-occupancy, and costs and benefits of higher performance goals for new construction. The study estimates that for a tall building designed to current seismic standards, it might take two to six months to mobilize for and repair damage from a major earthquake, depending on the building location, geologic conditions, and the structural and foundation systems. The report identifies and summarizes sixteen recommendations for reducing seismic risk prior to earthquakes for new and existing buildings, reducing seismic risk following earthquakes, and improving the City’s understanding of its tall building seismic risk.

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and

engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. [All of these tasks are currently underway.] [Update?] In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this Statewide program. The City's Disaster Recovery Taskforce had its kickoff meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. In consultation with the Structural Engineers Association of Northern California, Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

The City obtains and maintains commercial insurance only in certain limited circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake coverage, with certain minor exceptions. See Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Legal Matters and Risk Management."

Climate Change, Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The *Fourth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2018 ("NCA4"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Sea levels will continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City's policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled "Sea Level Rise Action Plan," identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015

average high tide. To implement this Plan, the Mayor’s Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “Sea Level Rise Report”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into ongoing Capital Planning. The Guidance requires that City projects over \$5 million consider mitigation and/or adaptation measures.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, “Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study,” on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay’s water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that without a far-sighted, nine-county response, the region’s economic and transportation systems could be undermined along with the environment. Runways at SFO could largely be under water.

The City has already incorporated site specific adaption plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City has started the process of planning to fortify the Port’s Seawall from sea level rise, including an initial investment of about \$8 million during fiscal year 2017-18 and consideration of financing options. The City expects short-term upgrades to cost over \$650 million and long-term upgrades to cost more than \$5 billion. In November 2018, voters of the City approved Proposition A, authorizing the issuance of up to \$425 million in general obligation bonds for repair and improvement projects on the Seawall. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Authorized but Unissued City GO Bonds.”

Portions of the San Francisco Bay Area, including the City, are built on fill that was placed over saturated silty clay known as “Bay Mud.” This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claims that the risk of subsidence is more significant for certain parts of the City built on fill.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City’s control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In

particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the City filed a lawsuit against the five largest investor-owned oil companies seeking to have the companies pay into an equitable abatement fund to help fund investment in sea level rise adaptation infrastructure. In July 2018, the United States District Court, Northern District of California denied the plaintiffs' motion for remand to state court, and then dismissed the lawsuit. The City appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which is pending. [Update?] While the City believes that its claims are meritorious, the City can give no assurance regarding whether it will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City's Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the SFMTA was subject to a ransomware attack which disrupted some of the SFMTA's internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In November 2016, the City adopted a City-wide Cyber Security Policy ("Cyber Policy") to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, manage risk, improve cyber security event detection and remediation, and facilitate cyber awareness across all City departments. The City's Department of Technology has established a cybersecurity team to work across all City departments to implement the Cyber Policy. The City's Cyber Policy is reviewed periodically.

The City has also appointed a City Chief Information Security Officer ("CCISO"), who is directly responsible for understanding the business and related cybersecurity needs of the City's 54 departments. The CCISO is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and regulatory requirements, and aligns with and supports the risk posture of the City.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City's Systems Technology and cause material disruption to the City's operations and the provision of City services. The costs of remedying any such damage or protecting against future

attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges.” The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States.

While COVID-19 case rates have significantly declined, vaccination rates have increased, certain emergency orders have been lifted, and the national and local economy has been improving, the COVID-19 pandemic is ongoing, and its duration and severity and economic effects are uncertain in many respects. Uncertain too are the actions that may be taken by federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the City’s operations and finances and the economy, real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. The City has undertaken modifications to its standard budget approval process calendar and has been issuing and plans to issue periodic updates on the Controller’s website. Certain reports providing preliminary information regarding the impact of the COVID-19 pandemic are described herein under Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges” and “– City Budget.” Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the City’s operations and finances.

Limitation on Remedies; Bankruptcy

General. The rights of the owners of the Bonds are subject to limitations on legal remedies against the City, including applicable bankruptcy or similar laws affecting the enforcement of creditors’ rights generally, now or hereafter in effect. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the City were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the City (including *ad valorem* tax revenues) or to enforce any obligation of the City, without the bankruptcy court’s permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the City may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, in such a proceeding, as part of such a plan, the City may be able to eliminate the obligation of the City to raise taxes if necessary to pay the Bonds. There also may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any City bankruptcy proceeding, the fact of a City bankruptcy proceeding, could have an adverse effect on the liquidity and market price of the Bonds.

As stated above, if the City were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or

governmental powers of such municipality, including expenditures for such exercise. For purposes of the language of Chapter 9, the City is a municipality. State law provides that the *ad valorem* taxes levied to pay the principal and interest on the Bonds shall be used for the payment of principal and interest of the City's general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* taxes is respected in a bankruptcy case, then the *ad valorem* tax revenue could not be used by the City for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See "SECURITY FOR THE BONDS." Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the City, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed (unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code).

Special Revenues. If the tax revenues that are pledged to the payment of the Bonds (see "SECURITY FOR THE BONDS") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically pledged the taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only where the applicable bond proposition is approved by at least two-thirds of the votes cast. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the City is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the City before the remaining revenues are paid to the owners of the Bonds.

Possession of Revenues; Remedies. If the City goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the City does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

State Law Limitations on Appropriations

Article XIII B of the State Constitution limits the amount that local governments can appropriate annually (the “Gann Limit”). Should the City exceed the Gann Limit, the City would be required to seek voter approval to exceed such limit, shift spending to capital or other exempt expenditure types, or issue tax rebates. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Impact of Recent Voter-Initiated and Approved Revenue Measures on Local Finances” and “– Constitutional and Statutory Limitations on Taxes and Expenditures – Article XIII B of the California Constitution.”

Other Events

Seismic events, wildfires, drought, tsunamis, other natural or man-made events and civil unrest may adversely impact persons and property within San Francisco, and damage City infrastructure and adversely impact the City’s ability to provide municipal services.

In September 2010, a PG&E high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City.

In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the “Rim Fire”), which area included portions of the City’s Hetch Hetchy Project.

The Hetch Hetchy Project is comprised of dams (including O’Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco’s drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City’s hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City’s water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately \$14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost 240 square miles and resulting numerous deaths and over \$16 billion in property damage) and Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres). Spurred by findings that these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shut offs during periods of extreme fire danger (i.e. high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. In 2019 and 2020, parts of the City experienced several black out days as a result of PG&E’s wildfire prevention strategy. Future shut offs are expected to continue and it is uncertain what effects future PG&E shut offs will have on the local economy.

In 2020, 2021 and 2022, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted and future wildfires may impact the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

With certain exceptions, the City believes that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., “self-insurance”). The City obtains and maintains commercial insurance in certain circumstances, including when required by bond or lease financing transactions and for other limited purposes. The City does not maintain commercial earthquake coverage, with certain minor exceptions. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Legal Matters and Risk Management.”

TAX MATTERS

Tax-Exempt Bonds

[To be updated by Co-Bond Counsel.]

Tax Exemption. The issuance and delivery of the Tax-Exempt Bonds is subject to the opinion of Co-Bond Counsel to the effect that, subject to the assumptions, conditions and limitations described below, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes. Co-Bond Counsel is further of the opinion that interest on the Tax-Exempt Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. The issuance and delivery of the Tax-Exempt Bonds is also subject to the delivery of the opinion of Co-Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California. The form of Co-Bond Counsel’s opinions is set forth in Appendix F. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Co-Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Tax-Exempt Bonds pertaining to the use, expenditure, and investment of the proceeds of the Tax-Exempt Bonds and will assume continuing compliance by the City with the provisions of the Resolutions subsequent to the issuance of the Tax-Exempt Bonds. The Resolutions contain covenants by the City with respect to, among other matters, the use of the proceeds of the Tax-Exempt Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Tax-Exempt Bonds are to be invested, the periodic calculation and payment to the United States Treasury of any arbitrage profit from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Tax-Exempt Bonds.

Further, certain requirements and procedures contained or referred to in the various documents pertaining to the Tax-Exempt Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Co-Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Tax-Exempt Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval or in reliance upon the advice of counsel other than Co-Bond Counsel with respect to the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds.

Co-Bond Counsel’s opinion is not a guarantee of a result, but represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Co-Bond Counsel, and Co-Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Tax-Exempt Bonds is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Tax-Exempt Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Tax-Exempt Bonds, the City may have different or conflicting

interests from the owners of the Tax-Exempt Bonds. Public awareness of any future audit of the Tax-Exempt Bonds could adversely affect the value and liquidity of the Tax-Exempt Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Co-Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should be aware that the ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Tax-Exempt Bonds. The initial public offering price of certain Tax-Exempt Bonds (the “Discount Tax-Exempt Bonds”) may be less than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Tax-Exempt Bond (assuming that a substantial amount of the Discount Tax-Exempt Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Tax-Exempt Bond. A portion of such original issue discount allocable to the holding period of such Discount Tax-Exempt Bond by the initial purchaser will, upon the disposition of such Discount Tax-Exempt Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Tax-Exempt Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Tax-Exempt Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Tax-Exempt Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Tax-Exempt Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Tax-Exempt Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Tax-Exempt Bond was held) is includable in gross income.

Owners of Discount Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Tax-Exempt Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Tax-Exempt Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Tax-Exempt Bonds (the “Premium Tax-Exempt Bonds”) may be greater than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Tax-Exempt Bond (assuming that a substantial amount of the Premium Tax-Exempt Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Tax-Exempt Bonds. The basis for federal income tax purposes of a Premium Tax-Exempt Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Tax-Exempt Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity.

Purchasers of the Premium Tax-Exempt Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Tax-Exempt Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Tax-Exempt Bonds.

Taxable Bonds

State Income Tax. In the opinion of Co-Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes of the State of California. Except as set forth in the preceding sentence, Co-Bond Counsel will provide no opinion in connection with the issuance or offering of the Taxable Bonds with regard to any federal, state or local tax consequence of the ownership or disposition of or the receipt or accrual of interest on any Taxable Bond. The form of Co-Bond Counsel’s opinions is set forth in Appendix F. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

Federal Income Tax Considerations. The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Taxable Bonds. The discussion is based upon the Internal Revenue Code of 1986 (the “Code”), United States Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect.

Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, or (ii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the

taxation of the Taxable Bonds under local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds and who will hold their Taxable Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

U.S. Holders

Interest on the Taxable Bonds. Co-Bond Counsel has rendered no opinion regarding the exclusion of interest on the Taxable Bonds from gross income for federal income tax purposes. The City has taken no action to cause, and does not intend, interest on the Taxable Bonds to be excluded from the gross income of the owners thereof for federal income tax purposes. The City intends to treat the Taxable Bonds as debt instruments for all federal income tax purposes, including any applicable reporting requirements under the Code. THE CITY EXPECTS THAT THE INTEREST PAID ON A TAXABLE BOND GENERALLY WILL BE INCLUDED IN THE GROSS INCOME OF THE OWNER THEREOF FOR FEDERAL INCOME TAX PURPOSES WHEN RECEIVED OR ACCRUED, DEPENDING UPON THE TAX ACCOUNTING METHOD OF THAT OWNER.

Payment of Stated Interest on the Taxable Bonds. Subject to the rules relating to “acquisition discount” discussed below, the stated interest paid on the Taxable Bonds is included in the gross income, as defined in Section 61 of the Code, of the owners thereof and is subject to United States federal income taxation when received or accrued, depending on the tax accounting method used by the owners thereof.

Acquisition Discount. Special rules apply to certain government obligations, such as the Taxable Bonds, that have a fixed maturity date not more than one year from their date of issuance (“short-term government obligations”). Owners of Taxable Bonds that report income for federal income tax purposes on an accrual method and certain other Taxable Bond owners, including banks, regulated investment companies and dealers in securities, are required to include acquisition discount on short-term government obligations in income on a straight-line basis (based on the number of days in a taxable year in which the obligation is held), unless an election is made to accrue the acquisition discount according to a constant-yield method based on daily compounding. The amount of “acquisition discount” on a Taxable Bond is equal to the excess of the stated redemption price at maturity of the Taxable Bond over the owner’s basis in the Taxable Bond. The “stated redemption price at maturity” of a Taxable Bond is equal to the sum of its principal amount plus all other payments scheduled to be made on the Taxable Bond. An owner of a Taxable Bond subject to this

reporting rule will increase such owner's basis in the Taxable Bond by the amount of acquisition discount included in such owner's income with respect to the Taxable Bond.

An owner of a Taxable Bond who is not required to include acquisition discount in income currently (*e.g.*, an individual who is a cash-method taxpayer) may nonetheless elect to do so. In the case of such owner who does not elect to do so, any gain realized upon the sale or other disposition of the Taxable Bond (including the redemption thereof at maturity) will be characterized as ordinary income to the extent of the owner's ratable share of the acquisition discount (accrued on a straight-line basis or, if elected, according to a constant-yield method based on daily compounding, through the date of sale or other disposition). In addition, owners of Taxable Bonds who are not required, and do not elect, to include acquisition discount in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Taxable Bond in an amount not exceeding the accrued acquisition discount with respect to the Taxable Bond until the accrued acquisition discount is realized. Owners of Taxable Bonds are urged to consult their own tax advisors regarding the acquisition discount rules and their potential application to the Taxable Bonds.

Sale or Other Taxable Disposition of a Taxable Bond. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above), and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. Holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Medicare Tax. Certain non-corporate U.S. Holders of Taxable Bonds are subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" (in the case of individuals) or "undistributed net investment income" (in the case of estates and certain trusts) for the relevant taxable year and (2) the excess of the U.S. Holder's "modified adjusted gross income" (in the case of individuals) or "adjusted gross income" (in the case of estates and certain trusts) for the taxable year over a certain threshold (which in the case of individuals is between \$200,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's calculation of net investment income generally will include its interest income on the Taxable Bonds and its net gains from the disposition of the Taxable Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are an individual, estate, or trust, you are urged to consult your tax advisors regarding the applicability of this tax to your income and gains in respect of your investment in the Taxable Bonds.

Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup

withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business.

The foregoing notwithstanding, but subject to the discussions below under the headings "Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")," and assuming the interest income of the Non-U.S. Holder on the Taxable Bonds (including acquisition discount) is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest (including acquisition discount) will not be subject to 30% withholding, or any lower rate specified in an income tax treaty, if such income is treated as portfolio interest. Interest (including acquisition discount) will be treated as portfolio interest if: (i) the Non-U.S. Holder provides a statement to the payor certifying, under penalties of perjury, that the Non-U.S. Holder is not a United States person and providing the name and address of such Non-U.S. Holder; (ii) such interest (including acquisition discount) is treated as not effectively connected with a United States trade or business of the Non-U.S. Holder; (iii) such interest payments (including acquisition discount) are not made to a person within a foreign country that the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Taxable Bonds (including acquisition discount) is not deemed contingent interest within the meaning of the portfolio debt provision; (v) the Non-U.S. Holder is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) the Non-U.S. Holder is not a bank receiving interest on the Taxable Bonds (including acquisition discount) pursuant to a loan agreement entered into in the ordinary course of the Non-U.S. Holder's banking trade or business.

Assuming payments on the Taxable Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code and no backup withholding under Section 3406 of the Code is required with respect to an owner or intermediary who has provided a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Backup Withholding," or an exemption is otherwise established.

Subject to the discussions below under the headings "Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")," any capital gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement or other taxable disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement or other disposition and certain other conditions are met.

Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a Non-U.S. Holder will not be subject to any backup withholding tax requirements if the Non-U.S. Holder of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the Non-U.S. Holder in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Non-U.S. Holder provides the certification, the certification must give the name and address of such Non-U.S. Holder, state that such Non-U.S. Holder is not a United States person, or, in the case of an individual, that such Non-U.S. Holder

is neither a citizen nor a resident of the United States, and the Non-U.S. Holder must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act (“FATCA”). Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and will apply to “foreign passthru payments” but no earlier than two years after the date of publication of final regulations defining the term “foreign passthru payment.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

Effect of Defeasance. Pursuant to the Authorizing Resolution, the Taxable Bonds are subject to legal defeasance without the consent of the Owners of the Taxable Bonds. Defeasance of any Taxable Bond may be treated as a taxable constructive exchange of that Taxable Bond, in which event the holder generally would recognize gain or loss for federal income tax purposes equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as described above) and the holder’s adjusted tax basis in such Taxable Bond (described above).

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax status of the interest on the Bonds (see “TAX MATTERS” herein) are subject to the legal opinions of Norton Rose Fulbright US LLP, Los Angeles, California, and Alexis S. M. Chiu, Esq., San Francisco, California, Co-Bond Counsel to the City. The signed legal opinions of Co-Bond Counsel (the “Bond Opinions”), dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered to the initial purchaser of the Bonds at the time of original delivery of the Bonds. The proposed form of the Bond Opinions is set forth in Appendix F hereto.

The Bond Opinions will speak only as of their date, and subsequent distributions of the Bond Opinions by recirculation of this Official Statement or otherwise will create no implication that Co-Bond Counsel have reviewed or express any opinion concerning any of the matters referred to in the respective opinions subsequent to their date. In rendering their opinions, Co-Bond Counsel will rely upon certificates and representations of facts to be contained in the transcript of proceedings for the Bonds, which Co-Bond Counsel will not have independently verified. The opinions contained in the Bond Opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, the opinions contained in the Bond Opinions represent legal judgment of Co-Bond Counsel based upon their review of existing law that they deem relevant to such opinions and in reliance upon the certifications and opinions referenced above.

Co-Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, Co-Disclosure Counsel.

Co-Disclosure Counsel have served as co-disclosure counsel to the City and in such capacity have advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Co-Disclosure Counsel are not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and have not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Bonds, Co-Disclosure Counsel will each deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to or may rely on such letter or Co-Disclosure Counsel's having acted in the role of co-disclosure counsel to the City.

PROFESSIONALS INVOLVED IN THE OFFERING

Fieldman, Rolapp & Associates, Inc., Irvine, California, served as Municipal Advisor to the City with respect to the sale of the Bonds. The Municipal Advisor has participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed and assisted the City in other matters relating to the planning, structuring, and sale of the Bonds. The Municipal Advisor has not independently verified any of the data contained herein and has not conducted an independent investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume, no responsibility for the accuracy or completeness of any of the information contained herein. The Municipal Advisor, Co-Bond Counsel and Co-Disclosure Counsel will all receive compensation for services rendered in connection with the Bonds contingent upon the sale and delivery of the Bonds. The City Treasurer is acting as paying agent and registrar with respect to the Bonds.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchasers of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds 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 City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2022-23, which is due not later than March 26, 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board. The notices of

enumerated events will be filed by the City with EMMA. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in Appendix D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the purchasers of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

On March 6, 2018, Moody’s Investors Service, Inc. (“Moody’s”) upgraded certain of the City and County of San Francisco Finance Corporation lease-backed obligations to “Aa1” from “Aa2.” The City timely filed notice of the upgrade with EMMA, but inadvertently did not link the notice to all relevant CUSIP numbers. The City has taken action to link such information to the applicable CUSIP numbers.

The Annual Report for fiscal year 2016-17, which was timely prepared, provided investors a link to the City’s 2016-17 audited financial statements (“2016-17 Audited Financial Statements”) on the City’s website. However, the 2016-17 Audited Financial Statements were not posted on EMMA. The City subsequently filed the 2016-17 Audited Financial Statements and a notice of such late filing on EMMA.

As of May 6, 2021, the City was a party to certain continuing disclosure undertakings relating to municipal securities which require the City to file notice filings on EMMA within ten days in the event of the incurrence of financial obligations and certain other events, if material. On May 6, 2021, the City extended for two years certain liquidity facilities relating to series 1 and 1-T and series 2 and 2-T of its commercial paper program. On July 1, 2021, the City filed on EMMA an event notice relating to these extensions.

The City may, from time to time, but is not obligated to, post its Comprehensive Annual Financial Report and other financial information on the City’s investor information website located at <https://sfcontroller.org/continuing-secondary-market-disclosure>.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”), S&P Global Ratings (“S&P”), and Fitch Ratings (“Fitch”), have assigned municipal bond ratings of “[],” “[],” and “[],” respectively, to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agencies to be considered in evaluating the Bonds. The ratings reflect only the views of each rating agency, and any explanation of the significance of any rating may be obtained only from the respective credit rating agencies: Moody’s, at www.moody.com; S&P, at www.spglobal.com; and Fitch, at www.fitchratings.com. The information presented on the website of each rating agency is not incorporated by reference as part of this Official Statement. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by a rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price or marketability of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

SALE OF THE BONDS

The Bonds are scheduled to be sold at competitive bid on [], 2023, as provided in the Official Notice of Sale, dated [], 2023 (the “Official Notice of Sale”). The Official Notice of Sale provides that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Co-Bond Counsel and certain other conditions. The purchaser will represent to the City that the Bonds have been reoffered to the public at the prices or yields to be stated on pages immediately following the cover page hereof, and the City will take no responsibility for the accuracy of those prices or yields. The purchaser may offer and sell Bonds to certain dealers and others at yields that differ from those that will be stated on the pages

immediately following the cover hereof. The offering prices or yields may be changed from time to time by the purchaser.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchaser or owners and beneficial owners of any of the Bonds.

The preparation and distribution of this Official Statement have been duly authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Benjamin Rosenfield
Controller

APPENDIX A

**CITY AND COUNTY OF SAN FRANCISCO
ORGANIZATION AND FINANCES**

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

APPENDIX C

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE TREASURER
INVESTMENT POLICY**

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

§ _____
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS

Consisting of

§ _____
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(HEALTH AND RECOVERY,
2020)
SERIES 2023A

§ _____
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(EMBARCADERO SEAWALL
EARTHQUAKE SAFETY,
2018)
SERIES 2023B

§ _____
[TAX-EXEMPT/TAXABLE]
GENERAL OBLIGATION
BONDS
(SOCIAL BONDS –
AFFORDABLE HOUSING,
2019)
SERIES 2023C

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City and County of San Francisco (the “City”) in connection with the issuance of the bonds captioned above (the “Bonds”). The City authorized the issuance of the 2023A Bonds referenced above by (i) Resolution No. 234-21, adopted by the Board of Supervisors of the City on May 18, 2021, and duly approved by the Mayor of the City on May 28, 2021, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023A Resolutions”). The City authorized the issuance of the 2023B Bonds referenced above by (i) Resolution No. 323-19, adopted by the Board of Supervisors of the City on July 16, 2019, and duly approved by the Mayor of the City on July 26, 2019, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023B Resolutions”). The City authorized the issuance of the 2023C Bonds referenced above by (i) Resolution No. 448-20, adopted by the Board of Supervisors of the City on October 6, 2020, and duly approved by the Mayor of the City on October 9, 2020, and (ii) Resolution No. [____], adopted by the Board of Supervisors of the City on [____], and duly approved by the Mayor of the City on [____] (together, the “2023C Resolutions,” and with the 2023A Resolutions and the 2023B Resolutions, the “Resolutions”). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the City, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

“Listed Events” shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters or purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the City’s fiscal year (which is June 30), commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 26, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to said date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities;

- (b) a summary of budgeted general fund revenues and appropriations;
- (c) a summary of the assessed valuation of taxable property in the City;
- (d) a summary of the *ad valorem* property tax levy and delinquency rate;
- (e) a schedule of aggregate annual debt service on tax-supported indebtedness of the City; and
- (f) summary of outstanding and authorized but unissued tax-supported indebtedness of the City.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bondholders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) The City shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolutions.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [____], 2023.

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE

EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of City: CITY AND COUNTY OF SAN FRANCISCO

Name of Bond Issue: \$_____ CITY AND COUNTY OF SAN FRANCISCO GENERAL
OBLIGATIONS BONDS consisting of:

\$_____ [TAX-EXEMPT/TAXABLE] GENERAL OBLIGATION
BONDS (HEALTH AND RECOVERY, 2020), SERIES 2023A

\$_____ [TAX-EXEMPT/TAXABLE] GENERAL OBLIGATION
BONDS (EMBARCADERO SEAWALL EARTHQUAKE SAFETY, 2018),
SERIES 2023B

\$_____ [TAX-EXEMPT/TAXABLE] GENERAL OBLIGATION
BONDS (SOCIAL BONDS – AFFORDABLE HOUSING), SERIES 2023C

Date of Issuance: [_____] , 2023

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated [_____] , 2023. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____ [to be signed only if filed]
Title: _____

APPENDIX E

DTC AND THE BOOK ENTRY ONLY SYSTEM

The information in numbered paragraphs 1-10 of this Appendix E, concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system, has been furnished by DTC for use in official statements and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, “Securities” means the Bonds, “Issuer” means the City, and “Agent” means the Paying Agent.

1. The Depository Trust Company (“DTC”) will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

APPENDIX F

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

[Date of Delivery]