

File No. 260496

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date May 20, 2026

Board of Supervisors Meeting Date _____

Cmte Board

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Completed by: Brent Jalipa Date May 14, 2026

Completed by: Brent Jalipa Date _____

1 [Sale of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series
2 2026A - Not to Exceed \$195,000,000]

3 **Resolution authorizing the issuance and sale of not to exceed \$195,000,000 aggregate**
4 **principal amount of one or more series of City and County of San Francisco General**
5 **Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A**
6 **("Bonds") on a tax-exempt or taxable basis; prescribing the form and terms of such**
7 **Bonds and any subseries designation; providing for the appointment of depositories**
8 **and other agents for such Bonds; providing for the establishment of accounts and/or**
9 **subaccounts related to such Bonds; authorizing the sale of such Bonds by competitive**
10 **or negotiated sale or private placement; approving the forms of the Official Notice of**
11 **Sale and Notice of Intention to Sell Bonds and directing the publication of the Notice of**
12 **Intention to Sell Bonds; approving the form of the Purchase Contract; approving the**
13 **form of the Preliminary Official Statement and the execution of one or more Official**
14 **Statements relating to the sale of such Bonds; approving the form of the Continuing**
15 **Disclosure Certificate; authorizing and approving modifications to such documents;**
16 **ratifying certain actions previously taken, as defined herein; and granting general**
17 **authority to City officials to take necessary actions in connection with the**
18 **authorization, issuance, sale, and delivery of such Bonds, as defined herein..**

19
20 WHEREAS, The Board of Supervisors ("Board of Supervisors") of the City and County
21 of San Francisco ("City") on July 16, 2024, adopted Resolution No. 389-24, which was signed
22 by the Mayor of the City ("Mayor") on July 25, 2024; and under such Resolution No. 389-24,
23 the Board of Supervisors determined and declared that public interest and necessity demand
24 the acquisition or improvement of real property, including facilities to deliver healthcare
25 services and transportation improvements, and related costs necessary or convenient for the

1 foregoing purposes, as further therein described (“Project” or “Projects”), and the City
2 declared its official intent to reimburse expenditures related to the Projects incurred prior to
3 the issuance of the General Obligation Bonds (Healthy, Safe and Vibrant San Francisco,
4 2024) (“Bonds”); and

5 WHEREAS, By Ordinance No. 186-24 (“2024 Bond Ordinance”), adopted by the Board
6 of Supervisors on July 23, 2024, and signed by the Mayor on July 25, 2024, the Board of
7 Supervisors duly called an election to be held on November 5, 2024 (“Proposition B Bond
8 Election”), for the purpose of submitting to the qualified voters of the City such proposition
9 (“Proposition B”) to incur bonded indebtedness of the City in the aggregate principal amount
10 not to exceed \$390,000,000 to finance the acquisition or improvement of real property,
11 including facilities to deliver healthcare services and transportation improvements, and related
12 costs necessary or convenient for the foregoing purposes and for other matters, and such
13 Proposition B was approved by two-thirds of the qualified voters of the City voting on such
14 proposition, and declaration of such Proposition B Bond Election results was made by the
15 Board of Supervisors pursuant to Resolution No. 562-24 adopted on November 19, 2024, and
16 signed by the Mayor on November 25, 2024; and

17 WHEREAS, The Board of Supervisors adopted Resolution No. 259-25 on May 20,
18 2025 (“Authorizing Resolution”), which was signed by the Mayor on May 23, 2025, and such
19 Authorizing Resolution authorized the City to issue its Bonds in one or more series or
20 subseries, on a tax-exempt or taxable basis and in the not-to-exceed amount of
21 \$390,000,000; and

22 WHEREAS, On October 7, 2025, the City issued its City and County of San Francisco
23 General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F in
24 an amount of \$83,635,000 for the purpose of financing the Projects; and
25

1 WHEREAS, It is necessary and desirable to deliver a series of the Bonds in one or
2 more subseries on a tax-exempt or a taxable basis, in an aggregate principal amount not to
3 exceed \$195,000,000 ("Series 2026A Bonds"), to finance a portion of the costs of the
4 Projects; and

5 WHEREAS, The Series 2026A Bonds are being issued pursuant to the Authorizing
6 Resolution and Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government
7 Code ("Government Code"), the Charter of the City ("Charter"), the 2024 Bond Ordinance, and
8 the Proposition B Bond Election; and

9 WHEREAS, In accordance with Government Code, Section 5852.1, the Board of
10 Supervisors has obtained and disclosed the information required thereby, as more fully set
11 forth in the staff report prepared by the Controller's Office of Public Finance ("Staff Report");
12 and

13 WHEREAS, Pursuant to the applicable provisions of Administrative Code, Sections
14 5.30-5.36, the Citizens' General Obligation Bond Oversight Committee shall conduct an
15 annual review of bond spending and shall provide an annual report on the management of the
16 program to the Mayor and the Board of Supervisors, and, to the extent permitted by law, one
17 tenth of one percent (0.1%) of the gross proceeds of the Series 2026A Bonds shall be
18 deposited in a fund established by the Controller's Office ("Controller") and appropriated by
19 the Board of Supervisors at the direction of the Citizens' General Obligation Bond Oversight
20 Committee to cover the costs of such committee and its review process; now, therefore, be it

21 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as
22 follows:

23 Section 1. Recitals. All of the recitals in this Resolution are true and correct.

24 Section 2. Conditions Precedent. All conditions, things and acts required by law to
25 exist, to happen and to be performed precedent to and in connection with the issuance of

1 the Series 2026A Bonds exist, have happened and have been performed in due time,
2 form and manner in accordance with applicable law, and the City is now authorized
3 pursuant to the Proposition B Bond Election, the Authorizing Resolution, the Charter and
4 applicable law to incur indebtedness in the manner and form provided in this Resolution.

5 Section 3. Documents. The documents presented to the Board of Supervisors and
6 on file with the Clerk of the Board of Supervisors or designee thereof ("Clerk of the Board
7 of Supervisors") are contained in File No. 260496.

8 Section 4. Issuance and Sale of Series 2026A Bonds; Determination of Certain
9 Terms; Designation. The Board of Supervisors authorizes the issuance and sale of not to
10 exceed \$195,000,000 in aggregate principal amount of Bonds to be designated as "City
11 and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San
12 Francisco, 2024), Series 2026A," for the purposes set forth in the 2024 Bond Ordinance
13 and Proposition B, approved by the voters at the Proposition B Bond Election. All or a
14 portion of the 2026A Bonds may be issued on a taxable or tax-exempt basis. Prior to
15 issuance, the Series 2026A Bonds may be subdivided into more than one series and
16 subseries. For purposes of this Resolution, all of such subdivided series in the aggregate
17 are referred to herein as the "Series 2026A Bonds."

18 The Controller's Director of Public Finance of the City ("Director of Public
19 Finance"), the Controller or any designee of either (each, an "Authorized Officer") are
20 authorized to determine, for the Series 2026A Bonds, the sale date, the interest rates, the
21 definitive principal amount, the maturity dates and the redemption dates, if any, and the
22 terms of any optional or mandatory redemption, subject to the other specific provisions of
23 this Resolution, including the following terms and conditions: (a) the Series 2026A Bonds
24 shall not have a true interest cost (as such term is defined in the Official Notice of Sale (as
25 defined in Section 13) or the Purchase Contract (as defined in Section 15) for the Series

1 2026A Bonds) in excess of 12%; and (b) the Series 2026A Bonds shall not have a final
2 maturity date more than 30 years from their date of issuance. The Director of Public
3 Finance is further authorized to give the Series 2026A Bonds such additional or other
4 series designation, or to modify such series designation, as may be necessary or
5 appropriate to distinguish the Series 2026A Bonds from every other series of Bonds and
6 from other bonds issued by the City.

7 Section 5. Authentication and Registration of the Series 2026A Bonds. Each of
8 the Series 2026A Bonds shall be in fully registered form without coupons in
9 denominations of \$5,000 or any integral multiple of that amount. The officers of the City
10 are directed to cause the Series 2026A Bonds to be prepared in sufficient quantity for
11 delivery to or for the account of their purchaser and an Authorized Officer is directed to
12 cause the blanks in the Series 2026A Bonds to be completed in accordance with the
13 Authorizing Resolution, this Resolution, and the Bond Award or Purchase Contract (each
14 as defined below), to procure their execution by the proper officers of the City (including
15 by electronic or facsimile signature if necessary or convenient, except that any signature
16 for the Clerk of the Board of Supervisors shall be by manual signature) and authentication
17 as provided in this Section 5, and to deliver the Series 2026A Bonds when so executed
18 and authenticated to the purchaser in exchange for the purchase price, all in accordance
19 with the Authorizing Resolution.

20 The Series 2026A Bonds and the certificate of authentication and registration, to be
21 manually executed by the Treasurer of the City or designee thereof ("City Treasurer"), and
22 the form of assignment to appear on the Series 2026A Bonds shall be substantially in the
23 form attached as Exhibit A (a copy of which is on file with the Clerk of the Board of
24 Supervisors and which is declared to be a part of this Resolution as if fully set forth in this
25

1 Resolution), with necessary or appropriate variations, omissions and insertions as
2 permitted or required by this Resolution.

3 Only Series 2026A Bonds bearing a certificate of authentication and registration
4 executed by the City Treasurer shall be valid or obligatory for any purpose or entitled to
5 the benefits of the Authorizing Resolution and this Resolution, and such certificate of the
6 City Treasurer, executed as provided in this Resolution, shall be conclusive evidence that
7 the Series 2026A Bonds so authenticated have been duly authenticated and delivered
8 under, and are entitled to the benefits of, the Authorizing Resolution and this Resolution.

9 The Controller shall assign a distinctive letter, or number, or letter and number to
10 each Series 2026A Bond authenticated and registered by the City Treasurer and shall
11 maintain a record thereof which shall be available for inspection.

12 Section 6. Registration Books. The City Treasurer shall keep or cause to be kept,
13 at the office of the City Treasurer or at the designated office of any registrar appointed by
14 the City Treasurer, separate and sufficient books for the registration and transfer of
15 Series 2026A Bonds, which books shall at all times be open to inspection, and upon
16 presentation for such purpose, the City Treasurer shall, under such reasonable
17 regulations as the City Treasurer may prescribe, register or transfer or cause to be
18 registered or transferred, on such books, Series 2026A Bonds as provided in this
19 Resolution. The City and the City Treasurer may treat the registered owner of each Series
20 2026A Bond as its absolute owner for all purposes, and the City and the City Treasurer
21 shall not be affected by any notice to the contrary.

22 Section 7. Transfer or Exchange of Series 2026A Bonds. Any Series 2026A Bond
23 may, in accordance with its terms, be transferred upon the books required to be kept
24 pursuant to the provisions of Section 6, by the person in whose name it is registered, in
25 person or by the duly authorized attorney of such person in writing, upon surrender of

1 such Series 2026A Bond for cancellation, accompanied by delivery of a duly executed
2 written instrument of transfer in a form approved by the City Treasurer.

3 Any Series 2026A Bond may be exchanged at the office of the City Treasurer for a
4 like aggregate principal amount of other authorized denominations of the same interest
5 rate and maturity.

6 Whenever any Series 2026A Bond shall be surrendered for transfer or exchange,
7 the designated City officials shall execute (as provided in Section 5) and the City
8 Treasurer shall authenticate and deliver a new Series 2026A Bond of the same interest
9 rate and maturity in a like aggregate principal amount. The City Treasurer shall require
10 the payment by any bond owner requesting any such transfer of any tax or other
11 governmental charge required to be paid with respect to such transfer or exchange.

12 No transfer or exchange of Series 2026A Bonds shall be required to be made by
13 the City Treasurer during the period from the Record Date (as defined in Section 8(b))
14 next preceding each interest payment date to such interest payment date or after a notice
15 of redemption shall have been mailed with respect to such Series 2026A Bonds.

16 Section 8. Terms of the Series 2026A Bonds; General Redemption Provisions.

17 (a) Date of the Series 2026A Bonds. The Series 2026A Bonds shall be dated
18 the date of their delivery or such other date ("Dated Date") as is specified in the Bond
19 Award or the Purchase Contract.

20 (b) Payment of the Series 2026A Bonds. The principal of the Series 2026A
21 Bonds shall be payable in lawful money of the United States of America to their owners,
22 upon surrender at maturity or earlier redemption at the office of the City Treasurer. The
23 interest on the Series 2026A Bonds shall be payable in like lawful money to the person
24 whose name appears on the bond registration books of the City Treasurer as the owner
25 as of the close of business on the last day of the month immediately preceding an interest

1 payment date ("Record Date"), whether or not such day is a Business Day (as defined
2 below).

3 Except as may be otherwise provided in connection with any book-entry only
4 system applicable to the Series 2026A Bonds, payment of the interest on any Series
5 2026A Bond shall be made by check mailed on the interest payment date to such owner
6 at such owner's address as it appears on the registration books as of the Record Date;
7 provided, that if any interest payment date occurs on a day that banks in California or
8 New York are closed for business or the New York Stock Exchange is closed for
9 business, then such payment shall be made on the next succeeding day that banks in
10 both California and New York are open for business and the New York Stock Exchange is
11 open for business (each, a "Business Day"); and provided, further, that the registered
12 owner of an aggregate principal amount of at least \$1,000,000 of Series 2026A Bonds
13 may submit a written request to the City Treasurer on or before a Record Date preceding
14 an interest payment date for payment of interest on the next succeeding interest payment
15 date and thereafter by wire transfer to a commercial bank located within the United States
16 of America.

17 For so long as any Series 2026A Bonds are held in book-entry form by a securities
18 depository selected by the City pursuant to Section 10, payment shall be made to the
19 registered owner of the Series 2026A Bonds designated by such securities depository by
20 wire transfer of immediately available funds.

21 (c) Interest on the Series 2026A Bonds. The Series 2026A Bonds shall bear
22 interest at rates to be determined upon the sale of the Series 2026A Bonds, calculated on
23 the basis of a 360-day year comprised of twelve 30-day months, payable on December
24 15, 2026 (or such other date as may be designated in the Bond Award or Purchase
25 Contract), and semiannually thereafter on June 15 and December 15 of each year. Each

1 Series 2026A Bond shall bear interest from the interest payment date next preceding the
2 date of its authentication unless it is authenticated as of a day during the period from the
3 Record Date next preceding any interest payment date to the interest payment date,
4 inclusive, in which event it shall bear interest from such interest payment date, or unless it
5 is authenticated on or before the first Record Date, in which event it shall bear interest
6 from the Dated Date; provided, that if, at the time of authentication of any Series 2026A
7 Bond, interest is in default on the Series 2026A Bonds, such Series 2026A Bond shall
8 bear interest from the interest payment date to which interest has previously been paid or
9 made available for payment on the Series 2026A Bonds or from the Dated Date if the first
10 interest payment is not made.

11 (d) Optional Redemption. The Series 2026A Bonds shall be subject to optional
12 redemption prior to maturity as shall be provided in the Official Notice of Sale or the
13 Purchase Contract, as applicable.

14 (e) Mandatory Redemption. The Series 2026A Bonds shall be subject to
15 mandatory redemption as shall be designated by the purchaser pursuant to the terms of
16 the Official Notice of Sale or as designated in the Purchase Contract, as applicable.

17 The principal of and interest on the Series 2026A Bonds subject to mandatory
18 redemption shall be paid from the Series 2026A Bond Subaccount established in Section
19 9, pursuant to Section 9. In lieu of any such mandatory redemption for Series 2026A
20 Bonds, at any time prior to the selection of Series 2026A Bonds for mandatory
21 redemption, the City may apply amounts on deposit in the Series 2026A Bond
22 Subaccount to make such payment to the purchase, at public or private sale, of Series
23 2026A Bonds subject to such mandatory redemption, and when and at such prices not in
24 excess of the principal amount thereof (including sales commission and other charges but
25 excluding accrued interest), as the City may determine.

1 (f) Selection of Series 2026A Bonds for Redemption. Whenever less than all of
2 the outstanding Series 2026A Bonds are called for redemption on any date, the Director of
3 Public Finance will select the maturities of the Series 2026A Bonds to be redeemed in the
4 sole discretion of the Director of Public Finance. Whenever less than all of the outstanding
5 Series 2026A Bonds maturing on any one date are called for redemption, the manner of
6 selection of the portion of such Series 2026A Bonds called for redemption shall be as
7 specified in the Official Statement for the Series 2026A Bonds.

8 (g) Notice of Redemption. The date on which Series 2026A Bonds that are
9 called for redemption are to be presented for redemption is called the "Redemption Date."
10 The City Treasurer shall mail, or cause to be mailed, notice of any redemption of Series
11 2026A Bonds, postage prepaid, to the respective registered owners at the addresses
12 appearing on the bond registration books not less than 20 nor more than 60 days prior to
13 the Redemption Date. The notice of redemption shall (i) state the Redemption Date; (ii)
14 state the redemption price; (iii) state the maturity dates of the Series 2026A Bonds to be
15 redeemed and, if less than all of any such maturity is called for redemption, the distinctive
16 numbers of the Series 2026A Bonds of such maturity to be redeemed, and in the case of
17 any Series 2026A Bonds to be redeemed in part only, the respective portions of the
18 principal amount to be redeemed; (iv) state the CUSIP number, if any, of each Series
19 2026A Bond to be redeemed; (v) require that such Series 2026A Bonds be surrendered
20 by the owners at the office of the City Treasurer or his or her agent; and (vi) give notice
21 that interest on such Series 2026A Bonds or portions of Series 2026A Bonds to be
22 redeemed will cease to accrue after the Redemption Date. Notice of optional redemption
23 may be rescinded, or conditional upon receipt of funds or other event specified in the
24 notice of redemption as provided in Section 8(j) below.

1 The actual receipt by the owner of any Series 2026A Bond of notice of such
2 redemption shall not be a condition precedent to redemption, and failure to receive such
3 notice, or any defect in such notice so mailed, shall not affect the validity of the
4 proceedings for the redemption of such Series 2026A Bonds or the cessation of accrual of
5 interest on such Series 2026A Bonds on the Redemption Date.

6 Notice of redemption also shall be given, or caused to be given by the City
7 Treasurer, by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile
8 transmission, (C) overnight delivery service, or (D) to the extent acceptable to the
9 intended recipient, email or similar electronic means, to (1) all organizations registered
10 with the Securities and Exchange Commission as securities depositories and (2) such
11 other services or organizations as may be required in accordance with the Continuing
12 Disclosure Certificate described in Section 18.

13 The notice or notices required for redemption shall be given by the City Treasurer
14 or any agent appointed by the City. A certificate of the City Treasurer or such other
15 appointed agent of the City that notice of redemption has been given to the owner of any
16 Series 2026A Bond to be redeemed in accordance with this Resolution shall be
17 conclusive against all parties.

18 (h) Series 2026A Redemption Account. At the time the Director of Public
19 Finance determines to optionally call and redeem any of the Series 2026A Bonds, the
20 Controller or the Controller's agent shall establish a redemption account to be described
21 or known as the "General Obligation Bonds, Series 2026A Redemption Account" ("Series
22 2026A Redemption Account"), and prior to or on the Redemption Date there must be set
23 aside in the Series 2026A Redemption Account moneys available for the purpose and
24 sufficient to redeem, as provided in this Resolution, the Series 2026A Bonds designated
25 in such notice of redemption, subject to the provisions of Section 8(j) below. Such moneys

1 must be set aside in the Series 2026A Redemption Account solely for the purpose of, and
2 shall be applied on or after the Redemption Date to, payment of the redemption price of
3 the Series 2026A Bonds to be redeemed upon presentation and surrender of such Series
4 2026A Bonds. Any interest due on or prior to the Redemption Date may be paid from the
5 Series 2026A Bond Subaccount as provided in Section 9 or from the Series 2026A
6 Redemption Account. Moneys held from time to time in the Series 2026A Redemption
7 Account shall be invested by the City Treasurer pursuant to the City's policies and
8 guidelines for investment of moneys in the general fund ("General Fund") of the City. If,
9 after all of the Series 2026A Bonds have been redeemed and canceled or paid and
10 canceled, there are moneys remaining in the Series 2026A Redemption Account, such
11 moneys shall be transferred to the General Fund of the City or to such other fund or
12 account as required by applicable law; provided, that if such moneys are part of the
13 proceeds of refunding bonds, such moneys shall be transferred pursuant to the resolution
14 authorizing such refunding bonds.

15 (i) Effect of Redemption. When notice of optional redemption has been given
16 substantially as provided in this Resolution, and when the amount necessary for the
17 redemption of the Series 2026A Bonds called for redemption (principal, premium, if any,
18 and accrued interest to such Redemption Date) is set aside for that purpose in the Series
19 2026A Redemption Account, the Series 2026A Bonds designated for redemption shall
20 become due and payable on the Redemption Date, and upon presentation and surrender
21 of such Series 2026A Bonds at the place specified in the notice of redemption, such
22 Series 2026A Bonds shall be redeemed and paid at the redemption price out of the Series
23 2026A Redemption Account. No interest will accrue on such Series 2026A Bonds called
24 for redemption after the Redemption Date and the registered owners of such Series
25 2026A Bonds shall look for payment of such Series 2026A Bonds only to the Series

1 2026A Redemption Account. All Series 2026A Bonds redeemed shall be canceled
2 immediately by the City Treasurer and shall not be reissued.

3 (j) Conditional Notice of Redemption; Rescission of Redemption. Any notice of
4 optional redemption given as provided in Section 8(g) may provide that such redemption
5 is conditioned upon: (i) deposit in the Series 2026A Redemption Account of sufficient
6 moneys to redeem the Series 2026A Bonds called for optional redemption on the
7 anticipated Redemption Date, or (ii) the occurrence of any other event specified in the
8 notice of redemption. If conditional notice of redemption has been given substantially as
9 provided in this clause, and on the scheduled Redemption Date (A) sufficient moneys to
10 redeem the Series 2026A Bonds called for optional redemption on the Redemption Date
11 have not been deposited in the Series 2026A Redemption Account, or (B) any other event
12 specified in the notice of redemption as a condition to the redemption has not occurred,
13 then (1) the Series 2026A Bonds for which conditional notice of redemption was given
14 shall not be redeemed on the anticipated Redemption Date and shall remain outstanding
15 for all purposes of this Resolution, and (2) the redemption not occurring shall not
16 constitute a default under this Resolution or the Authorizing Resolution.

17 The City may rescind any optional redemption and notice of it for any reason on
18 any date prior to any Redemption Date by causing written notice of the rescission to be
19 given to the owners of all Series 2026A Bonds so called for redemption. Notice of any
20 such rescission of redemption shall be given in the same manner notice of redemption
21 was originally given.

22 The actual receipt by the owner of any Series 2026A Bond of notice of such
23 rescission shall not be a condition precedent to rescission, and failure to receive such
24 notice or any defect in such notice so mailed shall not affect the validity of the rescission.
25

1 Section 9. Series 2026A Bond Subaccount. There is established with the City
2 Treasurer a special subaccount in the General Obligation Bonds (Healthy, Safe and
3 Vibrant San Francisco, 2024) Series 2026A Bond Account (“Bond Account”) created
4 pursuant to the Authorizing Resolution to be designated as the “General Obligation
5 Bonds, Series 2026A Bond Subaccount” (“Series 2026A Bond Subaccount”), to be held
6 separate and apart from all other accounts of the City. All interest earned on amounts on
7 deposit in the Series 2026A Bond Subaccount shall be retained in the Series 2026A Bond
8 Subaccount.

9 Amounts deposited in the Series 2026A Bond Subaccount pursuant to Section 16
10 hereof, representing capitalized interest on the Bonds, if any, shall be used to make
11 interest payments on the Bonds through and including such date, if any, as may be
12 provided in the Official Statement.

13 On or prior to the date on which any payment of principal of or interest on the
14 Series 2026A Bonds is due, including any Series 2026A Bonds subject to mandatory
15 redemption on such date, the City Treasurer shall allocate to and deposit in the Series
16 2026A Bond Subaccount, from amounts held in the Bond Account, an amount which,
17 when added to any available moneys contained in the Series 2026A Bond Subaccount, is
18 sufficient to pay principal of and interest on the Series 2026A Bonds on such date.

19 On or prior to the date on which any Series 2026A Bonds are to be redeemed at
20 the option of the City pursuant to this Resolution, the City Treasurer may allocate to and
21 deposit in the Series 2026A Redemption Account, from amounts held in the Bond Account
22 pursuant to Section 8 of the Authorizing Resolution, an amount which, when added to any
23 available moneys contained in the Series 2026A Redemption Account, is sufficient to pay
24 principal, interest and premium, if any, with respect to such Series 2026A Bonds on such
25 date. The City Treasurer may make such other provision for the payment of principal of

1 and interest and any redemption premium on the Series 2026A Bonds as is necessary or
2 convenient to permit the optional redemption of the Series 2026A Bonds.

3 Amounts in the Series 2026A Bond Subaccount may be invested in any investment
4 of the City in which moneys in the General Fund of the City are or can be invested. The
5 City Treasurer may (i) commingle any of the moneys held in the Series 2026A Bond
6 Subaccount with other City moneys, or (ii) deposit amounts credited to the Series 2026A
7 Bond Subaccount into a separate fund or funds for investment purposes only; provided,
8 that all of the moneys held in the Series 2026A Bond Subaccount shall be accounted for
9 separately notwithstanding any such commingling or separate deposit by the City
10 Treasurer.

11 Section 10. Appointment of Depositories and Other Agents. The City Treasurer or
12 designee thereof is authorized to appoint one or more securities depositories as the City
13 Treasurer may deem desirable and to modify as necessary the procedures set forth in
14 Section 5, Section 6, Section 7, and Section 8 relating to registration of ownership of the
15 Series 2026A Bonds. Procedures for and payments of and the issuance of redemption
16 notices to owners of the Series 2026A Bonds may be modified to comply with the policies
17 and procedures of such securities depository. The City will not have any responsibility or
18 obligation to any purchaser of a beneficial ownership interest in any Series 2026A Bonds
19 or to any participants in such a securities depository with respect to (a) the accuracy of
20 any records maintained by such securities depository or any participant therein; (b) any
21 notice that is permitted or required to be given to the owners of Series 2026A Bonds
22 under this Resolution; (c) the selection by such securities depository or any participant
23 therein of any person to receive payment in the event of a partial redemption of Series
24 2026A Bonds; (d) the payment by such securities depository or any participant therein of
25 any amount with respect to the principal or redemption premium, if any, or interest due

1 with respect to Series 2026A Bonds; (e) any consent given or other action taken by such
2 securities depository as the owner of Series 2026A Bonds; or (f) any other matter.

3 The following provision shall apply unless the Bonds are sold pursuant to private
4 placement as authorized by Section 15 hereof: The Depository Trust Company ("DTC") is
5 appointed as securities depository for the Series 2026A Bonds. The Series 2026A Bonds
6 shall be initially issued in book-entry form. Upon initial issuance, the ownership of each
7 Series 2026A Bond shall be registered in the bond register in the name of Cede & Co., as
8 nominee of DTC. So long as each Series 2026A Bond is registered in book-entry form,
9 each Series 2026A Bond shall be registered in the name of Cede & Co. or in the name of
10 such successor nominee as may be designated from time to time by DTC or any
11 successor as securities depository.

12 The City Treasurer is also authorized to appoint one or more agents as the City
13 Treasurer may deem necessary or desirable, to the extent permitted by applicable law
14 and under the supervision of the City Treasurer, such agents may serve as paying agent,
15 fiscal agent, rebate calculation agent, escrow agent, or registrar for the Series 2026A
16 Bonds or may assist the City Treasurer in performing any or all of such functions and
17 such other duties as the City Treasurer shall determine. Such agents shall serve under
18 such terms and conditions as the City Treasurer shall determine. The City Treasurer may
19 remove or replace agents appointed pursuant to this Section 10 at any time.

20 The Controller or the Director of Public Finance is also authorized and directed to
21 appoint a rebate calculation agent as they may deem necessary or desirable. Such agent
22 shall serve under such terms and conditions as the Controller or the Director of Public
23 Finance shall determine. The Controller or the Director of Public Finance may remove or
24 replace such agent appointed pursuant to this paragraph at any time.

1 Section 11. Defeasance Provisions. Payment of all or any portion of the Series
2 2026A Bonds may be provided for prior to such Series 2026A Bonds' respective stated
3 maturities by irrevocably depositing with the City Treasurer (or any commercial bank or
4 trust company designated by the City Treasurer to act as escrow agent with respect
5 thereto):

6 (a) An amount of cash equal to the principal amount of all of such Series 2026A
7 Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the
8 case of Series 2026A Bonds which are to be redeemed prior to such Series 2026A Bonds'
9 respective stated maturities and in respect of which notice of such redemption shall have
10 been given as provided in Section 8 hereof or an irrevocable election to give such notice
11 shall have been made by the City, the amount to be deposited shall be the principal
12 amount thereof, all unpaid interest thereon to the Redemption Date, and any premium
13 due on such Redemption Date; or

14 (b) Defeasance Securities (as herein defined) not subject to call, except as
15 provided below in the definition thereof, maturing and paying interest at such times and in
16 such amounts; together with interest earnings and cash, if required, as will, without
17 reinvestment, as certified by an independent certified public accountant, be fully sufficient
18 to pay the principal and all unpaid interest to maturity, or to the Redemption Date, as the
19 case may be, and any premium due on the Series 2026A Bonds to be paid or redeemed,
20 as such principal and interest come due; provided, that, in the case of the Series 2026A
21 Bonds which are to be redeemed prior to maturity, notice of such redemption shall be
22 given as provided in Section 8 hereof or an irrevocable election to give such notice shall
23 have been made by the City; then, all obligations of the City with respect to such
24 outstanding Series 2026A Bonds shall cease and terminate, except only the tax
25 covenants under Section 26 and the obligation of the City to pay or cause to be paid from

1 the funds deposited pursuant to clause (a) or (b) of this Section 11, to the owners of such
2 Series 2026A Bonds all sums due with respect thereto; and provided further, that the City
3 shall have received an opinion of nationally recognized bond counsel, that provision for
4 the payment of such Series 2026A Bonds has been made in accordance with this Section
5 11.

6 For purposes of this Section 11, "Defeasance Securities" shall mean any of the
7 following that at the time are legal investments under the laws of the State of California
8 for the moneys proposed to be invested therein:

- 9 (1) United States Obligations (as defined below); and
10 (2) Pre-refunded fixed interest rate municipal obligations meeting the following
11 conditions: (A) the municipal obligations are not subject to redemption prior to maturity, or
12 the trustee or paying agent has been given irrevocable instructions concerning their
13 calling and redemption and the issuer has covenanted not to redeem such obligations
14 other than as set forth in such instructions; (B) the municipal obligations are secured by
15 cash and/or United States Obligations; (C) the principal of and interest on the United
16 States Obligations (plus any cash in the escrow fund or the redemption account) are
17 sufficient to meet the liabilities of the municipal obligations; (D) the United States
18 Obligations serving as security for the municipal obligations are held by an escrow agent
19 or trustee; (E) the United States Obligations are not available to satisfy any other claims,
20 including those against the trustee or escrow agent; and (F) the municipal obligations are
21 rated (without regard to any numerical modifier, plus or minus sign or other modifier), at
22 the time of original deposit to the escrow fund, by any two Rating Agencies (as defined
23 below) not lower than the rating then maintained by such Rating Agencies on such United
24 States Obligations.

1 For purposes of this Section 11, "United States Obligations" means (i) direct and
2 general obligations of the United States of America, or obligations that are unconditionally
3 guaranteed as to principal and interest by the United States of America, including, without
4 limitation, the interest component of Resolution Funding Corporation ("REFCORP") bonds
5 that have been stripped by request to the Federal Reserve Bank of New York in book-
6 entry form or (ii) any security issued by an agency or instrumentality of the United States
7 of America that is selected by the Director of Public Finance that results in the escrow
8 fund being rated by any two Rating Agencies, at the time of the initial deposit to the
9 escrow fund and upon any substitution or subsequent deposit to the escrow fund, not
10 lower than the rating then maintained by the respective Rating Agency on United States
11 Obligations described in clause (i) above.

12 For purposes of this Section 11, "Rating Agencies" shall mean Moody's Investors
13 Service, Inc., Fitch Ratings, S&P Global Ratings, Kroll Bond Rating Agency, LLC, or any
14 other nationally recognized bond rating agency that is the successor to any of the
15 foregoing rating agencies or that is otherwise established after the date hereof.

16 Section 12. Sale of Series 2026A Bonds By Competitive or Negotiated Sale or
17 Private Placement. The Board of Supervisors authorizes the sale of the Series 2026A
18 Bonds by solicitation of competitive bids, by negotiated sale to one or more underwriters
19 to be appointed in accordance with City policies, or privately placed with a purchaser, if
20 so determined by the Director of Public Finance.

21 Section 13. Official Notice of Sale; Receipt of Bids; Bond Award.

22 (a) Official Notice of Sale. The form of proposed Official Notice of Sale inviting
23 bids for the Series 2026A Bonds ("Official Notice of Sale") submitted to the Board of
24 Supervisors is approved and adopted as the Official Notice of Sale inviting bids for the
25 Series 2026A Bonds, with such changes, additions and modifications as may be made in

1 accordance with Section 19. The Director of Public Finance is authorized and directed to
2 cause to be mailed or otherwise circulated to prospective bidders for the Series 2026A
3 Bonds copies of one or more Official Notice of Sale, subject to such corrections, revisions
4 or additions as may be acceptable to the Director of Public Finance.

5 (b) Receipt of Bids. Bids shall be received on the date designated by the
6 Director of Public Finance pursuant to Section 4.

7 (c) Bond Award. As provided in the Official Notice of Sale, the City may reject
8 any and all bids received for any reason. The Authorized Officer is authorized to award
9 the Series 2026A Bonds to the responsible bidder whose bid (a) is timely received and
10 conforms to the Official Notice of Sale, except to the extent informalities and irregularities
11 are waived by the City as permitted by the Official Notice of Sale; and (b) represents the
12 lowest true interest cost to the City in accordance with the procedures described in the
13 Official Notice of Sale. The award, if made, shall be set forth in one or more certificates
14 signed by the Authorized Officer setting forth the terms of the Series 2026A Bonds and
15 the original purchasers ("Bond Award"). The Director of Public Finance shall provide a
16 copy of the Bond Award, if such award is not signed by the Controller, as soon as
17 practicable to the Controller; provided, that failure to provide such copy shall not affect
18 the validity of the Bond Award.

19 Section 14. Publication of Notice of Intention to Sell Bonds. If the Series 2026A
20 Bonds are sold through a solicitation of competitive bids, then the form of proposed Notice of
21 Intention to Sell the Series 2026A Bonds ("Notice of Intention to Sell Bonds") submitted to
22 the Board of Supervisors is approved and adopted as the Notice of Intention to Sell the
23 Series 2026A Bonds, and the Director of Public Finance is authorized and directed to
24 cause one or more Notices of Intention to Sell Bonds, subject to such corrections,
25 revisions or additions as may be made in accordance with Section 19, to be published

1 once in The Bond Buyer or another financial publication generally circulated throughout
2 the State of California meeting the requirements of Section 53692 of the California
3 Government Code at least five days prior to the date fixed for receipt of bids for the Series
4 2026A Bonds, or as otherwise set forth in Section 53692 of the Government Code.

5 Section 15. Authorization of Negotiated Sale or Private Placement; Authorization
6 to Select Purchaser(s); Form of Purchase Contract Approval. The Authorized Officer is
7 hereby authorized to conduct the sale of the Series 2026A Bonds by negotiated sale
8 pursuant to one or more Purchase Contracts (each, a "Purchase Contract"), each by and
9 between the City and the purchaser(s) named therein ("Purchaser"), if the Controller
10 determines that such manner of sale (negotiated or private placement) is in the best
11 financial interest of the City (in accordance with the criteria set forth in the City's debt policy),
12 such determination to be conclusively evidenced by the execution and delivery of such
13 Purchase Contract as hereinafter approved. The form of such Purchase Contract as
14 presented to this Board of Supervisors, a copy of which is on file with the Clerk of the
15 Board of Supervisors in File No. 260496, is hereby approved. The Authorized Officer is
16 hereby authorized to execute one or more such Purchase Contracts with such changes,
17 additions and modifications as the Authorized Officer may make or approve in accordance
18 with Section 19 hereof (including such changes as may be required for a private placement);
19 provided however, that the purchaser's discount under any such Purchase Contract shall
20 not exceed 1.0% of the principal amount of the Series 2026A Bonds. In order to facilitate
21 the sale of the Series 2026A Bonds by negotiated sale or private placement, the
22 Authorized Officer is hereby authorized to appoint one or more financial institutions to act
23 as underwriter or placement agent for the Series 2026A Bonds in accordance with City
24 policies and procedures, including, but not limited to, the City's policy to provide locally
25 disadvantaged minority business enterprises and women enterprises an equal opportunity

1 to participate in the performance of all City contracts or to sell the bonds directly to a
2 purchaser with sufficient knowledge and experience in financial matters to evaluate the
3 risks and merits of an investment in the Bonds.

4 For purposes of Section 53508.9 of the Government Code, the Board hereby finds
5 the following to be true and correct: (1) a negotiated sale of the Series 2026A Bonds may
6 be in the best financial interest of the City if the Authorized Officer determines that the
7 City would be able to obtain market and structuring advice from the underwriters and
8 flexibility as to timing of sale and ability to premarket bonds; (2) co-bond counsel to the
9 City with respect to the Series 2026A Bonds shall be Orrick, Herrington & Sutcliffe, LLP
10 and Amira Jackmon, Attorney at Law; (3) the underwriters with respect to a negotiated
11 sale of the Series 2026A Bonds shall be disclosed at the public meeting first occurring
12 after the underwriters have been selected; (4) the municipal advisor with respect to the
13 Series 2026A Bonds shall be Fieldman, Rolapp & Associates, Inc.; and (5) the estimated
14 costs of issuance of the Bonds shall be as set forth in the Staff Report.

15 Section 16. Disposition of Proceeds of Sale. The proceeds of sale of the Series
16 2026A Bonds shall be applied by the City Treasurer as follows: (a) accrued interest, if
17 any, shall be deposited into the Series 2026A Bond Subaccount; (b) premium, if any, shall
18 be deposited into the Series 2026A Bond Subaccount in such amount not to exceed three
19 years of interest on the Series 2026A Bonds; and (c) remaining proceeds of sale shall be
20 deposited into the Series 2026A Project Account.

21 Section 17. Preliminary Official Statement and Official Statement. The form of
22 proposed Official Statement describing the Series 2026A Bonds ("Official Statement")
23 submitted to the Board of Supervisors is approved and adopted as the Official Statement
24 describing the Series 2026A Bonds, with such additions, corrections and revisions as may
25 be determined to be necessary or desirable made in accordance with Section 19. The

1 Authorized Officer is authorized to cause the distribution of one or more Official
2 Statements in preliminary form deemed final for purposes of Securities and Exchange
3 Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as
4 amended ("Rule"), except for such information permitted to be excluded therefrom by the
5 Rule ("Preliminary Official Statement") and to sign a certificate to that effect. The Director
6 of Public Finance is authorized to cause to be printed and mailed or electronically
7 distributed to prospective purchasers of the Series 2026A Bonds the Preliminary Official
8 Statement in said form. The Authorized Officer is authorized and directed to approve,
9 execute, and deliver one or more final Official Statements, which final Official Statement
10 shall be in the form approved hereby, with such additions, corrections and revisions as
11 may be determined to be necessary or desirable made in accordance with Section 19 and
12 such information permitted to be excluded from the Preliminary Official Statement under
13 the Rule. The Director of Public Finance is authorized and directed to cause to be printed
14 and mailed or electronically distributed the final Official Statement to all actual initial
15 purchasers of the Series 2026A Bonds.

16 Section 18. Continuing Disclosure Certificate. The form of Continuing Disclosure
17 Certificate ("Continuing Disclosure Certificate"), to be signed by the City to permit the
18 original purchasers of the Series 2026A Bonds to comply with the Rule, submitted to the
19 Board of Supervisors is approved and adopted as the Continuing Disclosure Certificate,
20 with such additions, corrections, and revisions as may be determined to be necessary or
21 desirable made in accordance with Section 19. The Controller or Director of Public
22 Finance is authorized to execute one or more Continuing Disclosure Certificates on behalf
23 of the City and deliver the Continuing Disclosure Certificate(s) to the original purchasers
24 of the Series 2026A Bonds.

1 Section 19. Modification to Documents. Any City official authorized by this
2 Resolution to execute any document is further authorized, in consultation with the City
3 Attorney and co-bond counsel, to approve and make such changes, additions,
4 amendments or modifications to the document or documents such official is authorized to
5 execute as may be necessary or advisable (provided, that such changes, additions,
6 amendments, or modifications shall not authorize an aggregate principal amount of Series
7 2026A Bonds in excess of \$195,000,000 or conflict with the provisions of Section 4). The
8 approval of any change, addition, amendment or modification to any of the
9 aforementioned documents shall be evidenced conclusively by the execution and delivery
10 of the document in question.

11 Section 20. Ratification. All actions previously taken by officials, employees and
12 agents of the City with respect to the sale and issuance of the Series 2026A Bonds,
13 consistent with any documents presented and this Resolution, are approved, confirmed
14 and ratified.

15 Section 21. Relationship to Authorizing Resolution. In the event of any conflict
16 between this Resolution and the Authorizing Resolution, the terms of this Resolution shall
17 control. Without limiting the foregoing and notwithstanding the provisions of the
18 Authorizing Resolution, the City is not obligated to transfer money from the General Fund
19 of the City to the Bond Account to pay the principal of or interest on the Series 2026A
20 Bonds.

21 Section 22. Accountability Reports. The Series 2026A Bonds are subject to
22 accountability requirements under the City's Administrative Code and the 2024 Bond
23 Ordinance. The deadline for submission of the Accountability report(s) under
24 Administrative Code, Sections 2.71(a) and 2.71(b) are hereby waived with respect to the
25 Series 2026A Bonds. Accountability report(s) with respect to the Series 2026A Bonds

1 shall be submitted in all other respects in the manner required by the Administrative Code
2 and the 2024 Bond Ordinance.

3 Section 23. Covenants to Maintain Tax-Exempt Status. The following covenants
4 shall be applicable to any Series 2026A Bonds (including any subseries) issued as bonds
5 the interest on which is intended to be excludable from gross income for federal or state
6 income tax purposes ("Tax Exempt Bonds"):

7 (a) Definitions. When used in this Section 23, the following terms have the
8 following meanings:

9 "*Closing Date*" means the date on which the Tax Exempt Bonds are first
10 authenticated and delivered to the initial purchasers against payment therefor.

11 "*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if
12 any, effective on or before the Closing Date.

13 "*Computation Date*" has the meaning set forth in Section 1.148-1(b) of the
14 Regulations.

15 "*Final Computation Date*" has the meaning set forth in Section 1.148-3(e)(2) of the
16 Regulations.

17 "*Gross Proceeds*" means any proceeds as defined in Section 1.148-1(b) of the
18 Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the
19 Regulations, of the Tax Exempt Bonds.

20 "*Investment*" has the meaning set forth in Section 1.148-1(b) of the Regulations.

21 "*Nonpurpose Investment*" means any investment property, as defined in Section
22 148(b) of the Code, in which Gross Proceeds of the Tax Exempt Bonds are invested and
23 which is not acquired to carry out the governmental purposes of the Tax Exempt Bonds.

24 "*Rebate Amount*" has the meaning set forth in Section 1.148-1(b) of the
25 Regulations.

1 “*Regulations*” means any proposed, temporary, or final Income Tax Regulations
2 issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal
3 Revenue Code of 1954, which are applicable to the Tax Exempt Bonds. Any reference to
4 any specific Regulation shall also mean, as appropriate, any proposed, temporary, or final
5 Income Tax Regulation designed to supplement, amend, or replace the specific
6 Regulation referenced.

7 “*Yield*” of:

8 (i) any Investment has the meaning set forth in Section 1.148-5 of the
9 Regulations; and

10 (ii) the Tax Exempt Bonds has the meaning set forth in Section 1.148-4 of the
11 Regulations.

12 (b) Not to Cause Interest to Become Taxable. The City shall not use, permit the
13 use of, or omit to use Gross Proceeds or any other amounts (or any property the
14 acquisition, construction, or improvement of which is to be financed directly or indirectly
15 with Gross Proceeds) in a manner which if made or omitted, respectively, would cause
16 the interest on any Tax Exempt Bonds to become includable in the gross income, as
17 defined in Section 61 of the Code, of the owner thereof for federal income tax purposes.
18 Without limiting the generality of the foregoing, unless and until the City receives a written
19 opinion of counsel nationally recognized in the field of municipal bond law to the effect
20 that failure to comply with such covenant will not adversely affect the exemption from
21 federal income tax of the interest on any Tax Exempt Bond, the City shall comply with
22 each of the specific covenants in this Section.

23 (c) No Private Use or Private Payments. Except as permitted by Section 141 of
24 the Code and the Regulations and rulings thereunder, the City shall at all times prior to
25 the final payment on the Tax Exempt Bonds:

1 (i) exclusively own, operate and possess all property, the acquisition,
2 construction, or improvement of which is to be financed or refinanced directly or
3 indirectly with Gross Proceeds of the Tax Exempt Bonds, and not use or permit the
4 use of such Gross Proceeds (including all contractual arrangements with terms
5 different than those applicable to the general public) or any property acquired,
6 constructed, or improved with such Gross Proceeds in any activity carried on by
7 any person or entity (including the United States or any agency, department, or
8 instrumentality thereof) other than a state or local government, unless such use is
9 solely as a member of the general public; and

10 (ii) not directly or indirectly impose or accept any charge or other
11 payment by any person or entity who is treated as using Gross Proceeds of the Tax
12 Exempt Bonds or any property the acquisition, construction, or improvement of
13 which is to be financed or refinanced directly or indirectly with such Gross
14 Proceeds, other than taxes of general application within the City or interest earned
15 on investments acquired with such Gross Proceeds pending application for their
16 intended purposes.

17 (d) No Private Loan. Except to the extent permitted by Section 141 of the Code
18 and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the
19 Tax Exempt Bonds to make or finance loans to any person or entity other than a state or
20 local government. For purposes of the foregoing covenant, such Gross Proceeds are
21 considered to be "loaned" to a person or entity if: (i) property acquired, constructed, or
22 improved with such Gross Proceeds is sold or leased to such person or entity in a
23 transaction which creates a debt for federal income tax purposes; (ii) capacity in or
24 service from such property is committed to such person or entity under a take-or-pay,
25 output or similar contract or arrangement; or (iii) indirect benefits, or burdens and benefits

1 of ownership, of such Gross Proceeds or any property acquired, constructed, or improved
2 with such Gross Proceeds are otherwise transferred in a transaction which is the
3 economic equivalent of a loan.

4 (e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148
5 of the Code and the Regulations and rulings thereunder, the City shall not at any time
6 prior to the final stated maturity of the Tax Exempt Bonds directly or indirectly invest
7 Gross Proceeds in any Investment, if as a result of such investment the Yield of any
8 Investment acquired with Gross Proceeds, whether then held or previously disposed of,
9 exceeds the Yield of the Tax Exempt Bonds.

10 (f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b)
11 of the Code and the Regulations and rulings thereunder, the City shall not take or omit to
12 take any action which would cause the Tax Exempt Bonds to be federally guaranteed
13 within the meaning of Section 149(b) of the Code and the Regulations and rulings
14 thereunder.

15 (g) Information Report. The City shall timely file the information required by
16 Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such
17 other form and in such place as the Secretary may prescribe.

18 (h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in
19 Section 148(f) of the Code and the Regulations and rulings thereunder:

20 (i) The City shall account for all Gross Proceeds (including all receipts,
21 expenditures, and investments thereof) on its books of account separately and
22 apart from all other funds (and receipts, expenditures, and investments thereof)
23 and shall retain all records of accounting for at least six years after the day on
24 which the last outstanding Bond is discharged. However, to the extent permitted by
25 law, the City may commingle Gross Proceeds of the Tax Exempt Bonds with other

1 money of the City; provided that the City separately accounts for each receipt and
2 expenditure of Gross Proceeds and the obligations acquired therewith.

3 (ii) Not less frequently than each Computation Date, the City shall
4 calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of
5 the Code and the Regulations and rulings thereunder. The City shall maintain such
6 calculations with its official transcript of proceedings relating to the issuance of the
7 Tax Exempt Bonds until six years after the Final Computation Date.

8 (iii) As additional consideration for the purchase of the Tax Exempt Bonds
9 by the initial purchasers and the loan of the money represented thereby and in
10 order to induce such purchase by measures designed to ensure the excludability of
11 the interest thereon from gross income for federal income tax purposes, the City
12 shall pay to the United States the amount that when added to the future value of
13 previous rebate payments made for the Tax Exempt Bonds equals (A) in the case
14 of a Final Computation Date, 100% of the Rebate Amount on such date; and (B) in
15 the case of any other Computation Date, 90% of the Rebate Amount on such date.
16 In all cases, the rebate payments shall be made at the times, in the installments, to
17 the place, and in the manner as is or may be required by Section 148(f) of the
18 Code and the Regulations and rulings thereunder, and shall be accompanied by
19 Form 8038-T or such other forms and information as is or may be required by
20 Section 148(f) of the Code and the Regulations and rulings thereunder.

21 (iv) The City shall exercise reasonable diligence to assure that no errors
22 are made in the calculations and payments required by paragraphs (ii) and (iii), and
23 if an error is made, to discover and promptly correct such error within a reasonable
24 amount of time thereafter (and in all events within 180 days after discovery of the
25 error), including payment to the United States of any additional Rebate Amount

1 owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of
2 the Regulations.

3 (i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148
4 of the Code and the Regulations and rulings thereunder, the City shall not, at any time
5 prior to the final payment on the Tax Exempt Bonds, enter into any transaction that
6 reduces the amount required to be paid to the United States because such transaction
7 results in a smaller profit or a larger loss than would have resulted if the transaction had
8 been at arm's length and had the Yield of the Tax Exempt Bonds not been relevant to
9 either party.

10 (j) Elections. The City directs and authorizes the Director of Public Finance and
11 the Controller, either solely or in combination, to make elections permitted or required
12 pursuant to the provisions of the Code or the Regulations, as they deem necessary or
13 appropriate in connection with the Tax Exempt Bonds, in the Certificate as to Tax
14 Exemption or similar or other appropriate certificate, form or document.

15 Section 24. City Services Auditor Fee. To the extent permitted by law, one-fifth of
16 one percent (0.2%) of the amount of gross proceeds of the Tax-Exempt Bonds deposited
17 into the Series 2026A Project Account, as established by the Authorizing Resolution, shall
18 be applied to pay the City Services Auditor Fee.

19 Section 25. General Authority. The Clerk of the Board of Supervisors, the Mayor,
20 the City Treasurer, the Controller, the Director of Public Finance, and the City Attorney
21 are each authorized and directed in the name and on behalf of the City to take any and all
22 steps and to issue, deliver, or enter into any and all certificates, requisitions, agreements,
23 notices, consents and other documents as may be necessary to give effect to the
24 provisions of this Resolution, including but not limited to a private placement agreement
25 and investor letter, tax compliance certificates, and letters of representations to any

1 depository or depositories, which they or any of them might deem necessary or
2 appropriate in order to consummate the lawful issuance, sale and delivery of the Series
3 2026A Bonds. Any such actions are solely intended to further the purposes of this
4 Resolution, and are subject in all respects to the terms of this Resolution. No such actions
5 shall increase the risk to the City or require the City to spend any resources not otherwise
6 granted herein. Final versions of any such documents shall be provided to the Clerk of the
7 Board of Supervisors for inclusion in the official file within 30 days (or as soon thereafter
8 as final documents are available) of execution by all parties.

9 Section 26. Effective Date. This Resolution shall take effect upon its enactment.
10 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
11 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
12 Supervisors overrides the Mayor's veto of the resolution.

13
14
15 APPROVED AS TO FORM:
16 DAVID CHIU, City Attorney

17 By: /s/ Kenneth D. Roux
18 Kenneth D. Roux
19 Deputy City Attorney
20
21
22
23
24
25

Items 1 & 2 Files 26-0398, 26-0496	Department: Office of Public Finance, Public Works, Municipal Transportation Agency, Department of Public Health, Recreation and Park Department
EXECUTIVE SUMMARY	
Legislative Objectives - The proposed resolution would authorize the second sale of up to \$195 million of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds (Series 2026A). - The proposed ordinance would appropriate \$195 million of the Series 2026A Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds to the Department of Public Health (DPH), Department of Public Works (DPW), Recreation and Park Department (REC) and the Municipal Transportation Agency (MTA) for capital projects. Key Points - In November 2024, San Francisco voters approved Proposition B, the 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bond. Proposition B authorizes the City to issue up to \$390 million in general obligation bonds. - DPH is using bond proceeds to fund a seismic retrofit and renovation of the Chinatown Public Health Center, the relocation of the City Clinic, and critical repairs and renovations at General Hospital and Laguna Honda Hospital. DPW and MTA are using bond proceeds to fund the construction of the Mission Street Pavement Renovation project, as well as the design phases of the 11th Street Safety Improvement and the 5th Street Streetscape projects. DPW is using bond proceeds to fund the renovation of Harvey Milk Plaza, Hallidie Plaza, and Powell Street, while REC is also using proceeds to fund enhancements at Embarcadero Plaza and the Jerry Garcia Amphitheater in John McLaren Park. Fiscal Impact - The Office of Public Finance estimates that the proposed debt would result in an average annual debt service cost of \$15.1 million. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$301.4 million. - Bonds are repaid by special property taxes. The proposed transactions comply with the City's debt limit policy and property tax rate policy. Policy Consideration - Although the measure approved by the voters authorized up to \$50 million for homeless shelters, the previously issued bonds and the proposed bond sale do not provide any funding for homeless shelters because HSH has not yet identified a project. - Of the \$194 million authorized by the Board of Supervisors for the first bond sale, 83.6 million was sold, or 43.1 percent due to project delays for DPH and street safety projects. Recommendation - Approve the proposed resolution and ordinance.	

MANDATE STATEMENT

City Charter Section 9.106 states that the Board of Supervisors approves the issuance of general obligation bonds. Section 9.106 also limits outstanding general obligation bond indebtedness to three percent of the assessed value of all taxable real and personal property located within the City.

City Charter Section 9.105 states that amendments to the Annual Appropriation Ordinance are subject to Board of Supervisors approval by ordinance after the Controller certifies the availability of funds.

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) any modification of such contracts of more than \$500,000 is subject to Board of Supervisors approval.

BACKGROUND

In November 2024, San Francisco voters approved Proposition B, the 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bond. Proposition B authorizes the City to issue up to \$390 million in general obligation bonds for the following uses:

- \$99.1 million for community health centers,
- \$66 million for General Hospital and Laguna Honda Hospital repair projects,
- \$40 million for seismic upgrades at General Hospital,
- \$63.9 million for street safety improvements,
- \$71 million for public space improvements, and
- \$50 million for homeless shelters.

In May 2025, the Board of Supervisors approved the (1) issuance of \$390 million of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds, and (2) authorization of the first sale of those bonds (Series 2025F), up to \$194 million (Files 25-0351 and 25-0352). In June 2025, the Board of Supervisors approved an ordinance appropriating \$194 million of bond proceeds to the Department of Public Health, Department of Public Works, and the Municipal Transportation Agency for capital projects (File 25-0349).

According to the Office of Public Finance, the first series of bonds (Series 2025F) in the amount of \$83,635,000 were sold in October 2025. According to the Office of Public Finance, there are currently no plans for the remaining \$110 million authorized under the 2025F sale resolution. The remaining appropriation will be closed out, and unfunded projects will be reappropriated as funding becomes available through future bond issuances.

DETAILS OF PROPOSED LEGISLATION

File 26-0496: The proposed resolution would:

1. Authorize the sale of not-to-exceed \$195 million aggregate principal amount of 2024 Healthy, Safe and Vibrant San Francisco General Obligation Bonds (Series 2026A),
2. Prescribe the form and terms of the bond,
3. Provide for the appointment of depositories and other agents for the bonds,
4. Provide for the establishment of accounts related to the bonds,
5. Provide for the manner of sale of the bonds by competitive or negotiated sale or private placement,
6. Approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds,
7. Direct the publication of the Notice of Intention to Sell Bonds,
8. Approve the form of the Bond Purchase Contract,
9. Approve the form of the Preliminary Official Statement and the execution of the Official Statement relating to the sale of the bonds,
10. Approve the form of the Continuing Disclosure Certificate,
11. Authorize and approve modifications to documents,
12. Ratify certain actions previously taken, and
13. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 26-0398: The proposed ordinance would appropriate \$195 million of the Series 2026A Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds to the Department of Public Health (DPH), Department of Public Works (DPW), Recreation and Park Department (REC) and the Municipal Transportation Agency (MTA) for upgrades, improvement, and expansion of public health facilities, pedestrian and street safety improvements, enhancement of streetscapes and public space improvements. The \$195 million appropriation would be placed on Controller's Reserve pending receipt of bond funds.

Bond Characteristics

The proposed resolution authorizes the Director of Public Finance (or Controller or their designee) to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the bonds have a maximum maturity date no later than 30 years after the date of issuance.

The proposed bonds will be structured as either tax-exempt and/or taxable depending on eligibility of project expenditures for tax exemption and/or market conditions.

Finally, the Office of Public Finance intends to pursue a competitive sale of the proposed bonds. However, a negotiated sale may be pursued if the bond structure or market conditions make a negotiated sale preferable. For that reason, the proposed resolution includes a form bond purchase contract.

Proposed Sources and Uses of Bond Funds

Exhibit 1 below summarizes the anticipated sources and uses of the proposed bond proceeds. The appropriation ordinance provides spending authority for the bond proceeds and transaction

costs; it is not controlled at the project level, which is shown in the table below for context. Appendix 1 provides additional details for these projects.

Exhibit 1: Proposed Sources and Uses of Series 2026A Bond Proceeds

Estimated Sources	Total
Par Amount	\$192,145,000
Reserve for Market Uncertainty	2,855,000
Total Sources	\$195,000,000
Estimated Uses	
<i>Public Health (DPH)</i>	
Chinatown Public Health Center Retrofit & Renovation	\$45,570,000
City Clinic Relocation	4,070,000
ZSFG Building 3 Retrofit	20,000,000
LHH NPC ¹ Sewage Containment	5,246,143
LHH HVAC Replacements	5,300,000
ZSFG Building 5 Fire Alarm Replacement	6,830,515
ZSFG Chiller & Cooling Tower Replacements	9,792,000
<i>Pedestrian & Roadway Improvements (DPW and MTA)</i>	
11th Street Safety Improvement Project	1,720,860
Mission Street Pavement Renovation	19,774,600
5th Street Streetscape	2,000,000
<i>Public Spaces (DPW, REC)</i>	
Harvey Milk Plaza (DPW)	23,873,354
Powell Street (DPW)	21,787,000
Hallidie Plaza (DPW)	8,913,000
Embarcadero Plaza Project (REC)	13,865,950
McLaren Park – Jerry Garcia Amphitheatre (REC)	990,450
Subtotal, Bond Proceeds for Projects	\$189,733,872
CON Audit	379,468
Oversight Committee	192,145
Cost of Issuance	878,790
Underwriters Discount	960,725
Reserve for Market Uncertainty	2,855,000
Total Uses	\$195,000,000

Source: Appropriation Ordinance (File 26-0398), Office of Public Finance, DPW, DPH, REC, SFMTA

^a Costs of issuance include bond counsel, auditor, regulator, and other costs.

^b Underwriters discount is the difference in the price paid to the issuer and the prices at which the bonds are initially offered to investors.

¹ NPC stands for Non-Structural Performance Category which measures the probable seismic performance of building contents (such as pipes, sewage, water, electrical systems), equipment, and systems critical to patient care.

According to the Office of Public Finance, the City issued \$83.6 million under Series 2025F and anticipates issuing approximately \$192.2 million under Series 2026A, leaving approximately \$114.2 million remaining under the authorization for future issuances. Appendix 2 to this report shows the full list of projects anticipated to receive Healthy, Safe, and Vibrant San Francisco General Obligation Bond proceeds, and the amounts received from prior and the proposed bond sales and the estimated future issuances by project.

Bond Projects

As shown in Exhibit 1 above, DPH, DPW, REC and MTA are requesting \$189,733,872 in the second bond issuance to fund projects in the following bond categories: public health, pedestrian and roadway safety, and public spaces, which are described below. Further details about all the bond projects are included as an attachment to this report. Non-construction contracts that exceed \$10 million or ten years will be subject to Board of Supervisors' approval. According to the Office of Public Finance, if any projects are not ready to move forward for implementation, the bond issuance will be sized down accordingly before sale.

Public Health

The second bond issuance would fund a total of \$96,808,658 in public health projects. DPH intends to use these bond proceeds to fund a seismic retrofit and renovation of the Chinatown Public Health Center, as well as the relocation of the City Clinic² to a new building³. In addition, DPH plans to fund critical repairs and renovations at the Zuckerberg San Francisco General Hospital (ZSFG) and Laguna Honda Hospital (LHH), including a seismic retrofit of ZSFG Building 3 and multiple infrastructure projects (e.g., LHH sewage containment, ZSFG fire alarm system replacement in Building 5) to ensure the hospitals remain compliant with federal and state regulations.

Pedestrian & Roadway Improvements

The second bond issuance would fund a total of \$23,495,460 in pedestrian and roadway improvement projects. DPW and MTA intends to use these bond proceeds to fund the construction and delivery of the Mission Street Pavement Renovation project which will resurface 30 blocks in the Mission District and Bernal Heights neighborhoods to improve infrastructure longevity, as well as the design phases of the 11th Street Safety Improvement and the 5th Street Streetscape projects.

Public Spaces

The second bond issuance would fund a total of \$69,429,754 in public spaces projects. DPW intends to use these bond proceeds to fund the completion of the Harvey Milk Plaza renovation, which includes street improvements, public enhancements such as landscaping and lighting, and accessibility improvements to ensure ADA compliance. Additionally, the 2026A issuance will fund the construction of a new ADA ramp system and updated safety improvements at Hallidie Plaza,

² City Clinic provides sexual health services and resources to residents

³DPH acquired 1660 Mission St in October 2025, which will house City Clinic along with several behavioral health services and administrative functions.

as well as the Powell Street Streetscape project for public space and infrastructure enhancements (e.g., sidewalk widening, pedestrian lighting) to the three-block corridor between Market and Geary Streets. REC intends to use these bond proceeds to fund the (1) enhancement of Embarcadero Plaza and Sue Bierman Park into a five-acre civic park featuring an event lawn, landscaped pathways, stormwater features, and enhanced seating and gathering spaces, and (2) ADA upgrades, lighting and electrical improvements, and pathway re-paving at the Jerry Garcia Amphitheater in John McLaren Park.

Bond Accountability Report Waived

The proposed bond resolution waives the deadline for submission of the Bond Accountability reports under Admin Code Section 2.71(a) and 2.71(b), which states that such reports should be submitted to the Board of Supervisors 60 days prior to the approval of the relevant bond appropriation and/or sale. Bond Accountability reports include details of the projects proposed to be funded with new bond sales, as well as spending on previously approved bond sales.

The departments have submitted the Bond Accountability report to the Board on May 13, 2026, prior to the May 20, 2026 Budget & Finance Committee meeting.

FISCAL IMPACT

Annual Debt Service

OPF plans to issue the proposed bonds in July 2026. Based on an estimated true interest rate of 4.86 percent, the Office of Public Finance estimates that the proposed general obligation bond debt would result in an average annual debt service cost of approximately \$15,070,000, paid for by special property taxes. Over the anticipated 20-year life of the bonds, the total debt service is estimated at \$301,365,000. The estimated debt service is comprised of approximately \$109,220,000 in interest payments and \$192,145,000 of principal repayments.

Debt Limit

The proposed bond sale complies with the City's debt limit policy. Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The City's general obligation debt limit for FY 2025-26 is approximately \$10.74 billion, based on a net assessed valuation of approximately \$357.8 billion.

According to the Controller's Office of Public Finance, as of April 1, 2026, the City had outstanding general obligation bond debt of approximately \$2.67 billion, which equals approximately 0.75 percent of the City's assessed valuation. If the Board of Supervisors approves the proposed bonds, the debt ratio would increase to 0.80 percent, which is under the three percent debt limit. If all of the City's voter-authorized and unissued general obligation bonds were issued, the total

debt burden would be 1.08 percent of the net assessed value of property in the City, excluding the proposed debt issuance.

Property Tax Rates

General obligation bond debt service is paid for through an increase in the annual Property Tax rate. According to the Controller's Office of Public Finance, if the Board of Supervisors approves the issuance of the bonds, the total increase in the Property Tax rate is estimated to average \$0.00421 per \$100 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$24.97 per year if the anticipated amount of \$192,145,000 of bonds are sold.

Capital Plan

The Capital Planning Committee approved a financial constraint regarding the City's planned use of general obligation bonds such that debt service on approved and issued general obligation bonds would not increase property owners' long-term property tax rates above FY 2005-06 levels, or \$0.1201 per \$100 of assessed value. According to the Office of Public Finance, the FY 2026–27 Certified Net Assessed Valuation will not be available until early August 2026; therefore, the actual property tax rate for the fiscal year has not yet been calculated. However, the department states that the FY 2026–27 property tax rate for general obligation bonds would remain below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint. The FY 2025-26 property tax rate is \$0.1105 per \$100 of assessed value, which is below that constraint. The Board of Supervisors approved the FY 2025-26 property tax rate in September 2025 (File 25-0876).

POLICY CONSIDERATION

Bond Funding for Homeless Shelters

The proposed resolution would authorize the sale of not-to-exceed \$195 million in bonds. If the bonds are fully issued as planned, approximately 70.7 percent of \$390 million in bonds authorized by the voters will have been issued, with approximately \$114.2 remaining for future issuances. We note that the previously issued bonds and the proposed bond sale do not provide any funding for homeless shelters although the measure approved by the voters authorized up to \$50 million for the acquisition, construction, or improvement of shelters or interim housing sites to reduce the unsheltered homeless population, particularly for families. According to the Bond Accountability report, the Department of Homelessness and Supportive Housing is searching for new shelter sites to replace one of the City's three seismically unsafe shelters, which account for 21 percent of the City's emergency shelter beds. HSH is considering partnering with a nonprofit affordable housing developer to rehabilitate an existing building for acquisition or long-term ground lease, but this project is still in the early stages and is not yet ready for bond funding.

Exhibit 2 below shows the percentage of the voter bond authorization that will have been issued if the proposed bonds are fully issued as planned by project type.

Exhibit 2: Voter Authorization Compared to Total Proposed Bond Sale Amount (in millions)

Project Type	Voter Bond Authorization	Previously Issued Amount 2025F	Proposed Bond Sale Amount 2026A	Previously Issued and Proposed Amount 2025F & 2026A	% of Voter Authorized Amount
Community Health Centers	\$99.1	\$25.0	\$49.6	\$74.6	75.3%
General Hospital and Laguna Honda Repair Projects	66.0	34.1	27.2	61.3	92.9%
Seismic Upgrades at General Hospital	40.0	3.0	20.0	23.0	57.5%
Street Safety Improvements	63.9	19.6	23.5	43.1	67.4%
Public Space Improvements	71.0	0.9	69.4	70.3	99.0%
Homeless Shelters	50.0	0.0	0.0	0.0	0.0%
Oversight/Costs of Issuance		1.1	2.4	3.5	
Total	\$390.0	\$83.6	\$192.2	\$275.8	70.7%

Source: Previously authorized and proposed bond authorizations, Office of Public Finance

Project Delays Reduced Prior Bond Sale Relative to Authorized Amount

As noted above, of the \$194 million authorized by the Board of Supervisors for the first bond sale (Series 2025F), 83.6 million was sold, or 43.1 percent. According to OPF staff, several projects from the prior bond authorization were downsized or removed prior to the sale of the bonds due to project delays. In particular, only \$25.0 million (or 25.4 percent) of the \$98.3 million for community health centers was issued due to an unexpected six-month delay for the Chinatown Healthcare Center project and a change in the project site for City Clinic after Board of Supervisors' approval of the bond sale. In addition, only \$19.6 million (or 45.1 percent) of the \$43.5 million authorized for street safety improvements was issued because certain projects were not ready to spend bond funds.

According to OPF staff, OPF reviews expenditure plans with departments and sizes the bonds based on projected expenditures over a three-year period to comply with requirements for tax-exempt debt. If there are changes to expenditure plans prior to issuance, OPF adjusts the bond issuance size to ensure bond proceeds are spent timely.

RECOMMENDATION

Approve the proposed resolution and ordinance.

Appendix 1: Proposed Series 2026A Project Details

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
Public Health (DPH)				
Chinatown Public Health Center Retrofit & Renovation	Seismically retrofit and renovate the Chinatown Public Health Center, adding primary care, behavioral health care, and dental care capacity. The renovation will also co-locate Chinatown Child Development Center from their current leased site into the newly renovated center	March 2029	\$45,570,000	\$75,570,000
City Clinic	Relocation of City Clinic. Funds will be used to purchase and modify a site for City Clinic's use, providing a larger lab space, greater privacy in patient care areas, and improved accessibility.	December 2028	\$4,070,000	\$27,700,000
ZSFG Building 3 Retrofit	Seismic bracing of Building 3, renovation of Anatomic Pathology, and the renovation of upper floors for hospital administrative and provider use.	July 2029	\$20,000,000	\$39,600,000
LHH HVAC Replacements	Commission of study to evaluate salt air damage (corrosion) and overworking of the HVAC units serving LHH. Replacement of HVAC packaged units would follow, with most critical units being replaced first.	October 2029	\$5,300,000	\$10,494,000
LHH NPC Sewage Containment	Install a sewage system capable of containing 72 hours' worth of waste during an emergency where the existing sewage system is unusable. This work is a Department of Health Care Access and Information (HCAI) regulatory requirement.	July 2029	\$5,246,143	\$6,400,000
ZSFG Building 5 Fire Alarm System Replacement	Replace aging and failing fire alarm system with a new fire alarm system throughout building 5.	December 2028	\$6,830,515	\$10,920,000

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
ZSFG Chiller & Cooling Tower	Replacement of a chiller and cooling towers that failed in 2023	December 2028	\$9,792,000	\$67,439,094
Pedestrian & Roadway Improvements (DPW and MTA)				
11th Street Safety Improvement Project	Pedestrian, bicycle, and traffic safety improvements, including safety/accessibility upgrades (e.g., ADA curb ramp upgrades, parking protected bike lanes, bulbouts), sidewalk improvements, traffic signal upgrades, among other work.	Estimated Winter 2030	\$1,720,860	\$18,800,000
Mission Street Pavement Renovation	Extensive street resurfacing and pavement preservation, including base repairs, grinding and hauling, and refreshed pavement markings to improve road safety and infrastructure longevity.	Estimated Summer 2029	\$19,774,600	\$25,000,000
5th Street Streetscape	Pedestrian, bicycle, and traffic safety improvements, including safety/accessibility upgrades (e.g., ADA curb ramp upgrades, parking protected bike lanes, bulbouts), sidewalk improvements, traffic signal upgrades, among other work.	Estimated Fall 2030	\$2,000,000	\$14,000,000
Public Spaces (DPW and REC)				
Harvey Milk Plaza	Enhancement of Harvey Milk Plaza, including accessibility improvements to ensure ADA compliance, memorial/cultural installations, landscaping, lighting, native plantings.	Estimated Winter 2028.	\$23,873,354	\$27,100,000
Powell Street	Public realm and infrastructure enhancements to the Powell Street corridor, including sidewalk widening, specialized paving, pedestrian lighting, site furnishings, and wayfinding to improve the promenade experience.	Estimated Winter 2027	\$21,787,000	\$42,000,000

Project	Description	Estimated Project Completion Date	Proposed Series 2026A GO Bond Amount	Total Estimated Project Budget
Hallidie Plaza	Accessibility and public space upgrades to Hallidie Plaza, including the removal of the existing Market St elevator, construction of a new ADA-compliant ramp, regrading, repaving, lighting, and landscaping to improve circulation and safety.	Estimated Spring 2027	\$8,913,000	\$9,200,000
Embarcadero Plaza Project	Redevelop Embarcadero Plaza and Sue Bierman Park into a five-acre civic park featuring an event lawn, landscaped pathways with stormwater features, enhanced seating and gathering areas, and streetscape improvements along the Embarcadero, Drumm, and Washington Streets to improve accessibility and connectivity.	December 2027	\$13,865,950	\$40,000,000
McLaren Park – Jerry Garcia Amphitheatre	Perform ADA upgrades to the existing ramp to the green room and install an ADA-accessible pathway to the flat program area north of the amphitheater seating. Improvements include adding lighting to the restroom, electrical upgrades for the stage and back of house, in-kind replacement of wood bench seating, and repaving of the pathway between the amphitheater and parking lot.	June 2029	\$990,450	\$1,300,000

Sources: DPH, DPW, MTA, REC

Appendix 2: Project Breakdown of Bond Issuances

Vibrant SF Projects and Categories	Bond Allocation	Proposed Series 2026A	Series 2025F (Issued)	Series 2025F (Estimated)
<i>Public Health (DPH)</i>	\$205,100,000			
Chinatown Public Health Center Retrofit & Renovation		\$45,570,000	\$25,000,000	0
City Clinic Relocation		4,070,000	0	23,174,000
ZSFG Building 3 Retrofit		20,000,000	2,967,703	16,200,000
LHH NPC Sewage Containment		5,246,143	236,263	0
LHH HVAC Replacements		5,300,000	1,274,323	3,800,000
LHH Kitchen Floor Repair		0	12,396,139	0
LHH Pot Washer		0	2,677,566	0
ZSFG Building 5 Fire Alarm Replacement		6,830,515	1,021,442	0
ZSFG Chiller & Cooling Tower Replacements		9,792,000	0	0
ZSFG Bldg 5 PES Exp		0	12,495,309	0
ZSFG Bldg 2 NPC 4 Compliance		0	1,483,382	0
ZSFG Bldg 25 NPC 5 Compliance		0	500,000	0
Contingency		0	2,000,000	0
<i>Pedestrian & Roadway Improvements (DPW and MTA)</i>	\$63,900,000			
11th Street Safety Improvement Project		1,720,860	0	9,000,000
Mission Street Pavement Renovation		19,774,600	0	0
5th Street Streetscape		2,000,000	0	6,950,000
Howard Streetscape		0	0	3,950,000
Contract 35 Traffic Signal		0	12,197,802	0
Central Embarcadero Enhancement			7,437,684	0
<i>Public Spaces (DPW, REC)</i>	\$71,000,000			
Harvey Milk Plaza (DPW)		23,873,354	894,856	0
Powell Street (DPW)		21,787,000	0	0
Hallidie Plaza (DPW)		8,913,000	0	0
Embarcadero Plaza Project (REC)		13,865,950	0	0
McLaren Park – Jerry Garcia Amphitheatre (REC)		990,450	0	0
<i>Shelter and Housing Infrastructure (HSH)</i>	\$50,000,000			
Project TBD		0	0	49,000,000
Cost of Issuance/Oversight/Reserve				
CON Audit		379,468	165,165	
Oversight Committee		192,145	83,635	
Cost of Issuance		878,790	729,479	2,146,000
Underwriters Discount		960,725	74,252	
Reserve for Market Uncertainty		2,855,000	0	
Total Uses	\$390,000,000	\$195,000,000	\$83,635,000	\$114,220,000

Source: Office of Public Finance

EXHIBIT A
FORM OF BOND

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to City or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE OF THIS BOND FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.]

Number	UNITED STATES OF AMERICA	Principal Amount
R-__	STATE OF CALIFORNIA	\$_____

CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(Healthy, Safe and Vibrant San Francisco, 2024),
SERIES 2026A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
_____%	June 15, 20__	_____, 2026	_____

REGISTERED OWNER: [Cede & Co.]

PRINCIPAL AMOUNT: _____

The City and County of San Francisco, State of California ("City"), acknowledges itself indebted to and promises to pay to the Registered Owner specified above or registered assigns, on the Maturity Date specified above, the Principal Amount of this Bond specified above in lawful money of the United States of America, and to pay interest on the Principal Amount in like lawful money from the Interest Payment Date (as defined below) next preceding the date of authentication of this Bond (unless this Bond is authenticated as of the day during the period from the last day of the month immediately preceding any Interest Payment Date ("Record Date") to such Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before November 30, 2026, in which event it shall bear interest from its Dated Date (specified above) until payment of such Principal Amount, at the Interest Rate per year specified above calculated on the basis of a 360-day year comprised of twelve 30-day months, payable on December 15, 2026 and semiannually thereafter on June 15 and December 15 in each year (each, an "Interest Payment Date"); *provided*, that if any Interest Payment Date occurs on a day that banks in California or New York are closed for business or the New York Stock Exchange is closed for business, then such payment shall be made on the next succeeding day that banks in both California and New York are open for business and the New York Stock Exchange is open for business (a "Business Day"). The Principal Amount of this Bond is payable to the Registered Owner of this Bond upon the surrender of this Bond at the office of the Treasurer of the City ("City Treasurer") in San Francisco, California. The interest on this Bond is payable to the person whose name appears on the Bond registration books of the City Treasurer as the Registered Owner of this Bond as of the close of business on the Record Date immediately preceding an Interest Payment Date, whether or not such day is a Business Day, such interest to be paid by check mailed on the Interest Payment Date to such Registered Owner at the owner's address as it appears on such registration

books; *provided*, that the Registered Owner of Bonds in an aggregate principal amount of at least \$1,000,000 may submit a written request to the City Treasurer on or before the Record Date preceding any Interest Payment Date for payment of interest by wire transfer to a commercial bank located in the United States of America.

This Bond is one of a duly authorized issue of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Series 2026A (“Bonds”) of like tenor (except for such variations, if any, as may be required to designate varying numbers, denominations, interest rates and maturities), in the aggregate principal amount of \$_____, which is part of a bond authorization in the aggregate original principal amount of \$390,000,000 authorized by the affirmative votes of more than two-thirds of the voters voting at a special election duly and legally called, held and conducted in the City on November 5, 2024 and is issued and sold by the City pursuant to and in strict conformity with the provisions of the Constitution and laws of the State of California, the Charter of the City and a Resolution of Necessity adopted by the Board of Supervisors of the City (“Board of Supervisors”) on July 16, 2024, and duly approved by the Mayor of the City on July 25, 2024, and Resolution No. _____, adopted by the Board of Supervisors on _____, 20__ and duly approved by the Mayor of the City on _____, 20__ (together with the related [Certificate Awarding the Bonds and Fixing Definitive Interest Rates for the Bonds][Purchase Contract], dated _____, 20__, the “Resolutions”).

The Bonds are issuable as fully registered bonds without coupons in the denominations of \$5,000 or any integral multiple of such amount, *provided* that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolutions, the Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same interest rate and maturity.

This Bond is transferable by its Registered Owner, in person or by its attorney duly authorized in writing, at the office of the City Treasurer, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolutions, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same interest rate and same aggregate principal amount will be issued to the transferee in exchange for this Bond.

No transfer or exchange of the Bonds shall be required to be made by the City Treasurer during the period from the Record Date next preceding each Interest Payment Date to such Interest Payment Date or after a notice of redemption shall have been mailed with respect to such Bonds.

[Bonds maturing on and before June 15, 20__, will not be subject to optional redemption prior to their respective maturity dates. The Bonds maturing on or after June 15, 20__ will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date (with the maturities to be redeemed to be determined by the City and by lot within a maturity), on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium. If less than all of the outstanding Bonds are to be redeemed, they may be redeemed in any order of maturity as determined by the Director of Finance. If less than all of the outstanding Bonds of a maturity are to be redeemed, the Bonds or portions of Bonds of such maturity to be redeemed shall be selected by the Director of Public Finance, in authorized denominations of \$5,000 or integral multiples of that amount, from among Bonds of that maturity not previously called for redemption, by lot, in any manner which the Director of Public Finance deems fair.]

[Bonds maturing on June 15, 20_, are subject to mandatory sinking fund redemption on June 15 of each of the years 20_ through 20_, inclusive, and at maturity in the respective amount provided in the [Official Notice of Sale/the Purchase Contract] for the Bonds.]

[Bonds maturing on June 15, 20_, are subject to mandatory sinking fund redemption on June 15 of each of the years 20_ through 20_, inclusive, and at maturity in the respective amount provided in the [Official Notice of Sale/the Purchase Contract] for the Bonds.]

Notice of the redemption of Bonds which by their terms shall have become subject to redemption shall be given or caused to be given to the Registered Owner of each Bond or portion of a Bond called for redemption not less than 20 or more than 60 days before any date established for redemption of Bonds, by the City Treasurer on behalf of the City, first class mail, postage prepaid, sent to the Registered Owner's last address, if any, appearing on the registration books kept by the City Treasurer. Official notices of redemption will contain the information specified in the Resolutions.

Official notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless such redemption and notice of it shall have been rescinded or unless the City shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular Registered Owner, shall affect the sufficiency of such notice with respect to the Bonds.

Notice of redemption, or notice of rescission of an optional redemption, having been properly given, failure of a Registered Owner to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

Any notice of optional redemption may provide that such redemption is conditional upon occurrence of a specified event, as provided in the Resolutions. In the event that such conditional notice of optional redemption has been given, and on the date fixed for redemption such condition has not been satisfied, the Bonds for which notice of conditional optional redemption was given shall not be redeemed and shall remain Outstanding for all purposes of the Resolutions and the redemption not occurring shall not constitute an event of default under the Resolutions.

The City may rescind any optional redemption and notice of it for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the owners of all Bonds so called for redemption. Notice of any such rescission of redemption shall be given in the same manner notice of redemption was originally given.

The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed shall not affect the validity of the rescission.

The City and the City Treasurer may treat the Registered Owner of this Bond as the absolute owner of this Bond for all purposes, and the City and the City Treasurer shall not be affected by any notice to the contrary.

The City Treasurer may appoint agents to serve as bond registrar or paying agent, as provided in the Resolutions.

The Board of Supervisors certifies, recites and declares that the total amount of indebtedness of the City, including the amount of this Bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this Bond have been done and performed in strict conformity with the laws authorizing the issuance of this Bond, that this Bond is in the form prescribed

by order of the Board of Supervisors duly made and entered on its minutes, and the money for the payment of principal of this Bond, and the payment of interest thereon, shall be raised by taxation upon the taxable property of the City as provided in the Resolutions.

This Bond shall not be entitled to any benefit under the Resolutions, or become valid or obligatory for any purpose, until the certificate of authentication and registration on this Bond shall have been signed by the City Treasurer.

IN WITNESS WHEREOF the Board of Supervisors has caused this Bond to be executed by the [Mayor][Controller][City Administrator] of the City and to be countersigned by the Clerk of the Board of Supervisors, all as of _____.

[Mayor][Controller][City Administrator] of the
City and County of San Francisco

Countersigned:

Clerk of the Board of Supervisors

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolutions, which has been authenticated on the date set forth below.

Date of Authentication: _____

Treasurer of the
City and County of San Francisco

ASSIGNMENT

FOR VALUE RECEIVED the undersigned do(es) hereby sell, assign and transfer
unto

**(Please print or typewrite Name, Address, and Tax Identification or Social
Security Number of Assignee/Transferee)**

the within-mentioned registered bond and all rights thereunder and hereby irrevocably
constitute(s) and appoint(s) _____ attorney
to transfer the same on the books of the City Treasurer with full power of substitution in
the premises.

Dated:

NOTICE: The signature to this
assignment must correspond with the
name as it appears upon the face of the
within bond in every particular, without
alteration or enlargement or any change
whatsoever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national
bank or trust company or by a brokerage firm
having a membership in one of the major stock
exchanges and who is a member of a
Medallion Signature Program.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES

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, and the City is empowered under the law to set such tax rate for the Bonds at the level needed to generate sufficient property tax revenues to pay the debt service on the Bonds. Under the Resolutions, the City is not obligated to pay the debt service from any other sources, nor are any property or assets of the City otherwise pledged to the repayment of the Bonds. This Appendix A 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 are not available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement.

This Appendix A provides general information about the City's governance structure, budget processes, property taxation system and tax and other revenue sources, City expenditures, labor relations, employment benefits and retirement costs, investments, bonds, and other long-term obligations.

The various reports, documents, websites, and other information referred to herein are not incorporated by such references. The City has referred to certain specified documents in this Appendix A which are hosted on the City's website. A wide variety of other information, including financial information, concerning the City is available from the City's publications, websites, social media accounts, and its departments. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded and shall not be deemed a part of or incorporated by reference into this Appendix A and should not be considered in making a decision to buy the Bonds.

Certain information contained in this Appendix A may reference other enterprise departments of the City including San Francisco International Airport ("SFO" or the "Airport"), Public Utilities Commission ("SFPUC"), Municipal Transportation Agency ("MTA") and other enterprise departments. Descriptions of such enterprises are included for informational purposes only, but no property, funds, or resources of such enterprises are available or pledged as security for repayment of the Bonds.

The information presented in this Appendix A contains, among other information, City budgetary forecasts, projections, estimates and other statements that are based on current expectations as of the date of the Preliminary Official Statement. The words "expects," "forecasts," "projects," "budgets," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify such information as "forward-looking statements." Such budgetary forecasts, projections and estimates are not intended as representations of fact or intended as guarantees of results. Any such forward-looking statements are inherently 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.

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MATERIAL CITY FINANCIAL CHALLENGES

The following is a quick summary of high-level material financial challenges facing the City. This summary is not intended to be an exhaustive treatment of the subject, and investors are advised to read the entire Official Statement to obtain information essential to make an informed investment decision.

The City continues to face material financial challenges, including actual and projected revenue losses, resulting from a variety of factors, including continuing remote work by a significant portion of the workforce (which has led to declining property taxes for certain office buildings, lower real estate property transfer taxes, and reductions in taxes based on employees physically located in the City), continuing weakness in the local hospitality and convention industries (resulting in declines in hotel and sales taxes), and uncertain general economic conditions. As described herein, these conditions have resulted in projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately \$1.35 billion in fiscal year 2029-30. See also, “BUDGETARY RISKS” below.

FY26 & FY27 ORIGINAL BUDGET

The fiscal years 2025-26 and 2026-27 proposed budget (the “FY26 & FY 27 Proposed Budget”) was finally adopted by the Mayor and Board of Supervisors (the “Board”) on July 24, 2025. See “CITY BUDGET – Budget Process” for additional detail. The FY26 & FY 27 Original Budget reflects \$16.0 billion of expenditures (all funds) in fiscal year 2025-26 and \$16.2 billion in fiscal year 2026-27. The FY26 & FY27 Original Budget addresses the then-current projected \$817.5 million two-year shortfall through nearly \$150.0 million of annual on-going projected revenue increases, coupled with reductions to capital, baselines, positions, and funding to community-based organizations, and the use of fund balance and reserves. For information concerning recent reports relating to the FY26 & FY27 Original Budget, see “PERIODIC FINANCIAL REPORTING; RECENT REPORTS.”

PERIODIC FINANCIAL REPORTING; RECENT REPORTS

The City Charter and Administrative Code provide for the preparation of a number of periodic financial reports. These reports include:

Controller Revenue Letter: The Controller Revenue Letter is issued in June of each year, and addresses the Controller’s view of the accuracy of economic assumptions underlying the revenue estimates in the Mayor’s Proposed Budget. See “CITY BUDGET - FY26 & FY27 Proposed Budget and Revenue Letter.”

Budget Status Reports: Each year, the Controller issues six-month and nine-month budget status reports to apprise the City’s policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. See “CITY BUDGET – FY26 & FY27 Original Budget and Revenue Letter” and the description below of the Nine-Month Budget Status Report issued by the Controller’s Office on May 12, 2025 (the “May 2025 Nine-Month Report”).

Five-Year Financial Plan: The Five-Year Financial Plan (the “Five-Year Plan”) is required under Proposition A, a charter amendment approved by voters in November 2009. The Charter requires the City to forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Five-Year Plan, and discuss strategic goals and corresponding resources for City departments. Proposition A required that a Five-Year Plan be adopted every two years. Charter Section 9.119 requires that by March 1 of each odd-numbered year, the Mayor submit a Five-Year Plan to the Board. The City’s Administrative Code requires that by March 1 of each even-numbered year, the Mayor, Board of Supervisor’s Budget Analyst, and Controller submit an updated estimate for the remaining four years of the most recently adopted Five-Year Plan. See the “CITY BUDGET – March 2025 Five-Year Plan Update.”

Following is a description of certain recently issued reports, with the most recent reports presented first.

Controller's Report on the Status of the City Economy

On October 9, 2025, the Controller's Office issued its most recent report on the status of the City economy through September 2025. Over the summer San Francisco's economy continued to show a weakening job market, mirroring national trends, along with some recovery in activity downtown. Employment in the San Francisco Metro Division has trended down over the past year, though most of the job losses from June to August were seasonal employees in State and Local public education. Declines in tech employment are continuing, though at slower rates than in 2023 or 2024. On the other hand, there continue to be signs of downtown recovery. MUNI metro ridership, and BART ridership to downtown are continuing to improve, though office attendance and employee foot traffic trends are more flat. The housing market continues to be another sign of local recovery. San Francisco's apartment rents are among the fastest-growing in the country. Housing sale prices, which have not seen much growth, are holding steady amidst Statewide declines.

FY26 & FY27 Revenue Letter

On June 10, 2025, the Controller issued the Revenue Letter relating to the FY26 & FY27 Proposed Budget (the "June 2025 Revenue Letter"). While the Controller found the revenue assumptions in the FY26 & FY27 Proposed Budget to be reasonable and makes meaningful progress toward closing the structural deficit, the Controller noted that the City faces several key financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; economic risk; federal funding risk to Medicaid and Federal Emergency Management Agency (FEMA) reimbursements; and State budget revenue risk. See "CITY BUDGET - FY26 & FY 27 Proposed Budget and Revenue Letter."

May 2025 Nine-Month Report

On May 12, 2025, the Controller's Office released the Nine-Month Budget Status Report (the "May 2025 Nine-Month Report"). The May 2025 Nine-Month Report notes that the Controller projects a \$483.4 million General Fund ending balance in fiscal year 2024-25, a \$53.9 million improvement from the \$429.5 million balance contained in the March 2025 Five-Year Plan Update described below. Application of this additional current year fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to \$781.5 million (from \$817.5 million) and by \$18.0 million in fiscal year 2027-28.

The May 2025 Nine-Month Report notes that City departments are now projected to end the year with a \$145.4 million net surplus including:

- A total of \$123.1 million in operating surplus identified by departments includes a net \$75.8 million revenue surplus and \$47.3 million in expenditure savings, primarily generated as a result of personnel savings. The Department of Public Health is projected to have a \$106.3 million surplus, including \$102.1 million in revenue above budget due to surplus patient revenue at the San Francisco Health Network and Zuckerberg San Francisco General Hospital and an unusual number of prior year Medicare settlement payments, partially offset by a patient revenue shortfall at Laguna Honda Hospital due to lower than projected patient census resulting from a pause on new admissions during recertification. Expenditure savings at the Human Services Agency and Administrative Services are offset by revenue shortfalls at Public Works and City Planning and overspending at the Sheriff's department.
- The Police, Fire, Emergency Management and Sheriff's departments, and the Public Utilities Commission, will require additional supplemental appropriations for overtime. To the extent these are not funded by reallocation of existing expenditure appropriation, such supplementals could reduce available fund balance. Any additional supplemental appropriations using projected

revenue surpluses or expenditure savings displayed in the May 2025 Nine-Month Report will reduce fund balance available to solve the budget year shortfalls.

- The May 2025 Nine-Month Report projections assume no changes to federal revenue for the current fiscal year related to the new federal administration's funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. The City has filed and joined in litigation challenging many of these actions and continues to evaluate its options to appeal federal agency decisions to terminate grants and deny reimbursements. But those efforts and the threat to the City's federal funding remain ongoing. Other federal agencies continue to initiate processes to implement the administration's desired funding cuts. The City Attorney has filed lawsuits to protect federal funds received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests.

March 2025 Five-Year Plan Update

On March 31, 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the "March 2025 Five-Year Plan Update"). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately \$19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27 the March 2025 Five-Year Plan Update projected an \$817.5 million shortfall, or \$58.5 million less than the \$875.9 million shortfall projected in the December 2024 Five-Year Plan. March 2025 Five-Year Plan Update projected that long term structural shortfalls remain, growing to \$1.35 billion by fiscal year 2029-30, which is \$122.7 million less than the December 2024 Five-Year Plan projection. The updates in the March 2025 Five-Year Plan Update are the result of modest improvements in the projected fiscal year 2024-25 fund balance, a modest net increase to the revenue forecast, and nominal updates to other citywide expenditures since the December 2024 Five-Year Plan.

See "CITY BUDGET –December 2024 Five-Year Plan" and "- March 2025 Five-Year Plan Update" for additional information.

Upcoming Reports

Significant upcoming reports include the 2024-25 Annual Comprehensive Financial Report, expected to be issued in November or December 2025, and a Five-Year Plan update, expected to be issued in December 2025. The financial pressures described in this Official Statement result in challenges with respect to revenue and expense forecasting, and there can be no assurances that future reports will not identify increasing expenses and/or decreasing revenues, potentially resulting in increased deficit projections as compared to prior reports. In addition, the City has commenced utilizing additional tools in connection with the forecasting of potential property tax losses, which may result in additional annual projected property tax losses in the tens of millions of dollars. See "GENERAL FUND REVENUES - PROPERTY TAXATION - Assessed Valuations, Tax Rates, and Tax Delinquencies."

CITY BUDGET

Overview

The City manages the operations of more than 60 departments, commissions and authorities, including the enterprise fund departments, and funds such departments and enterprises through its annual budget process. Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. General Fund revenues consist largely of local property tax, business tax, sales tax, other local taxes and charges for services. A significant portion of the City's revenue also comes in the form of intergovernmental transfers from the State and federal governments. The City's fiscal position is thus affected by the health of the local real estate market, the local business and tourist economy, and, by budgetary decisions made by the State and federal governments which depend, in turn, on the health of the larger State and national economies. All these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution limits the City's ability to raise taxes and property-based fees without a vote of City residents. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be prepared before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The FY26 & FY 27 Original Budget was finally adopted by the Mayor and Board of Supervisors on July 24, 2025. The fiscal year 2025-26 budget appropriates annual revenues, fund balance, transfers and reserves of \$16.0 billion, of which the City's General Fund accounts for \$7.0 billion. The fiscal year 2026-27 budget appropriates revenues, fund balance, transfers and reserves of \$16.2 billion, of which \$7.4 billion represents the General Fund budget. See "CITY BUDGET – FY26 & FY27 Proposed Budget and Revenue Letter" for further details on the budget. Table A-1 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2022-23 through 2023-24, and the Original Budget for fiscal year 2024-25. See "GENERAL FUND REVENUES – PROPERTY TAXATION – Tax Levy and Collection," "GENERAL FUND REVENUES – OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

See "CITY FINANCIAL CHALLENGES" and "BUDGETARY RISKS" for discussions of factors that may adversely impact the revenue and expenditure levels assumed in the FY26 & FY27 Original Budget.

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TABLE A-1
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2022-23 through 2026-27
(000s)

	2022-23 Final Revised Budget⁽⁵⁾	2023-24 Final Revised Budget⁽⁵⁾	2024-25 Original Budget⁽⁶⁾	2025-26 Original Budget⁽⁷⁾	2026-27 Original Budget⁽⁷⁾
Prior-Year Budgetary Fund Balance & Reserves	\$ 3,214,031	\$ 2,963,605	\$ 301,875	\$ 187,156	\$ 300,521
<u>Budgeted Revenues</u>					
Property Taxes	\$ 2,379,530	\$ 2,510,000	\$ 2,469,580	\$ 2,437,000	\$ 2,422,170
Business Taxes ⁽¹⁾	902,246	851,077	883,000	1,139,600	1,371,500
Other Local Taxes ⁽²⁾	1,050,820	1,098,880	1,109,170	1,002,170	1,076,350
Licenses, Permits and Franchises	26,749	30,240	31,802	23,126	23,051
Fines, Forfeitures and Penalties	3,088	3,028	3,921	6,038	3,608
Interest and Investment Earnings	38,660	111,757	146,715	151,882	132,661
Rents and Concessions	12,913	14,571	14,145	18,502	25,271
Grants and Subventions	1,536,227	1,462,866	1,321,363	1,372,885	1,327,085
Charges for Services	243,298	275,495	351,423	405,243	409,151
Other	<u>23,307</u>	<u>32,153</u>	<u>19,444</u>	<u>18,909</u>	<u>17,932</u>
Total Budgeted Revenues	\$ 6,216,838	\$ 6,390,067	\$ 6,350,563	\$ 6,575,355	\$ 6,808,779
<u>Expenditure Appropriations</u>					
Public Protection	\$ 1,681,489	\$ 1,747,925	\$ 1,837,737	\$ 1,923,582	\$ 1,962,039
Public Works, Transportation & Commerce	275,941	254,637	232,734	177,859	192,418
Human Welfare & Neighborhood Development	1,621,981	1,686,647	1,641,289	1,670,511	1,737,353
Community Health	1,118,010	1,099,022	1,144,476	1,233,759	1,295,276
Culture and Recreation	180,475	198,594	190,338	204,503	221,058
General Administration & Finance	351,738	346,074	352,660	342,691	369,936
General City Responsibilities	<u>201,959</u>	<u>211,665</u>	<u>194,821</u>	<u>201,002</u>	<u>242,836</u>
Total Expenditure Appropriations	\$ 5,431,593	\$ 5,544,564	\$ 5,594,055	\$ 5,743,907	\$ 6,020,916
Budgetary reserves and designations, net	\$ 46,496	\$ 62,362	\$ 14,570	\$ 28,420	\$ 22,876
Transfers In	\$ 194,984	\$ 229,393	\$ 206,499	\$ 258,508	\$ 279,762
Transfers Out ⁽³⁾	<u>(1,315,702)</u>	<u>(1,355,235)</u>	<u>(1,250,314)</u>	<u>(1,248,692)</u>	<u>(1,345,270)</u>
Net Transfers In/Out	(\$ 1,120,718)	(\$ 1,125,842)	(\$ 043,815)	(\$ 990,184)	(\$ 1,065,508)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	\$ 2,832,062	\$ 2,620,904	-	-	-
Variance of Actual vs. Budget	<u>131,543</u>	<u>192,130</u>	-	-	-
Total Actual Budgetary Fund Balance ⁽⁴⁾	\$ 2,963,605	\$ 2,813,034	-	-	-

(1) Business tax includes the overpaid executive tax beginning in FY 2025-26 and FY 2026-27 proposed budgets. Prior to that, it is included in "other local taxes."

(2) Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis. See note 1 about overpaid executive taxes.

(3) Transfers Out is primarily related to transfers to support Charter-mandated spending requirements and hospitals.

(4) Fiscal year 2022-23 and fiscal year 2023-24 Final Revised Budget reflects prior year actual budgetary fund balance.

(5) Fiscal year 2022-23 and 2023-24 Final Revised Budgets are based on respective Annual Comprehensive Financial Reports.

(6) Fiscal year 2024-25 amounts represent the Original Budget, adopted July 30, 2024.

(7) Fiscal year 2025-26, 2026-27 are based on the Original Budget, adopted July 24, 2025

Source: Office of the Controller, City and County of San Francisco.

Budget Process

The following paragraphs contain a description of the City's customary budget process. The City's fiscal year commences on July 1 and ends on June 30. The City's budget process for each fiscal year begins in the middle of the preceding fiscal year as departments prepare their budgets and seek any required approvals from the applicable City board or commission. Departmental budgets are consolidated by the City Controller, and then transmitted to the Mayor no later than the first working day of March. By the first working day of May, the Mayor is required to submit a proposed budget to the Board of Supervisors for certain specified departments, based on criteria set forth in the Administrative Code. On or before the first working day of June, the Mayor is required to submit a proposed budget, including all departments, to the Board of Supervisors.

Under the Charter, following the submission of the Mayor's Proposed Budget, the City Controller must provide an opinion to the Board of Supervisors regarding the economic assumptions underlying the revenue estimates and the reasonableness of such estimates and revisions in the proposed budget (the City Controller's "Revenue Letter"). The City Controller may also recommend reserves that are considered prudent given the proposed resources and expenditures contained in the Mayor's Proposed Budget. The Revenue Letter and other information from the Controller's website are not incorporated herein by reference. The City's Capital Planning Committee (composed of other City officials) also reviews the proposed budget and provides recommendations based on the budget's conformance with the City's adopted ten-year capital plan. For a further discussion of the Capital Planning Committee and the City's ten-year capital plan, see "CAPITAL FINANCING AND BONDS – Capital Plan" herein.

The City is required by the Charter to adopt, each year, a budget which is balanced in each fund. During its budget approval process, the Board of Supervisors has the power to reduce or augment any appropriation in the proposed budget, provided the total budgeted appropriation amount in each fund is not greater than the total budgeted appropriation amount for such fund submitted by the Mayor. The Board of Supervisors approves the budget by adoption of the Budget and Appropriation Ordinance (also referred to herein as the "Original Budget") typically by no later than August 1 of each fiscal year.

The Budget and Appropriation Ordinance becomes effective with or without the Mayor's signature after 10 days; however, the Mayor has line-item veto authority over specific items in the budget. Additionally, in the event the Mayor were to disapprove the entire Budget and Appropriation Ordinance, the Charter directs the Mayor to promptly return the ordinance to the Board of Supervisors, accompanied by a statement indicating the reasons for disapproval and any recommendations which the Mayor may have. Any Budget and Appropriation Ordinance so disapproved by the Mayor shall become effective only if, subsequent to its return, it is passed by a two-thirds vote of the Board of Supervisors.

Following the adoption and approval of the Budget and Appropriation Ordinance, the City makes various revisions throughout the fiscal year (the Original Budget plus any changes made to date are collectively referred to herein as the "Revised Budget"). A "Final Revised Budget" is prepared at the end of the fiscal year upon release of the City's Annual Comprehensive Financial Report ("ACFR") to reflect the year-end revenue and expenditure appropriations for that fiscal year.

Multi-Year Budgeting and Planning

The City's budget involves multi-year budgeting and financial planning, including:

1. Fixed two-year budgets are approved by the Board of Supervisors. For fiscal year 2025-26, all departments except for MTA, SFPUC, SFO, and the Port will have budgets open again for amendments.
2. A five-year financial plan and update, which forecasts General Fund revenues and expenses and summarizes expected public service levels and funding requirements for that period. The

December 2024 Five-Year Plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, the Budget Analyst for the Board of Supervisors and the Controller's Office on December 18, 2024, for fiscal year 2025-26 through fiscal year 2029-30. See "CITY BUDGET – December 2024 Five-Year Plan" section below.

3. The Controller's Office proposes to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt and financial measures in the case of disaster recovery and the City is required to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1. Key financial policies that have been enacted include:
 - Non-Recurring Revenue Policy – This policy limits the Mayor's and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance, the General Fund share of revenues from prepayments provided under long-term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for, or expectation of, substantial ongoing costs, including but not limited to discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt, or other long-term obligations.
 - Rainy Day and Budget Stabilization Reserve Policies – These reserves were established to support the City's budget in years when revenues decline. These and other reserves are discussed under "Rainy Day Reserve" and "Budget Stabilization Reserve" below.

Role of Controller in Budgetary Analysis and Projections

As Chief Fiscal Officer and City Services Auditor, the City Controller monitors spending for all officers, departments and employees charged with receipt, collection or disbursement of City funds. Under Charter Section 3.105, no obligation to expend City funds can be incurred without a prior certification by the Controller that sufficient revenues are or will be available to meet such obligation as it becomes due in the then-current fiscal year, which ends June 30. The Controller monitors revenues throughout the fiscal year, and if actual revenues are less than estimated, the City Controller may freeze department appropriations or place departments on spending "allotments" which will constrain department expenditures until estimated revenues are realized. If revenues are in excess of what was estimated, or budget surpluses are created, the Controller can certify these surplus funds as a source for supplemental appropriations that may be adopted throughout the year upon approval of the Mayor and the Board of Supervisors. The City's actual expenditures are often different from the estimated expenditures in the Original Budget due to supplemental appropriations, continuing appropriations of prior years, and unexpended current-year funds. If the Controller estimates revenue shortfalls that exceed applicable reserves and any other allowances for revenue shortfalls in the adopted City budget, upon receipt of such estimates, the Mayor is to inform the Board of Supervisors of actions to address this shortfall. The Board of Supervisors may adopt an ordinance to reflect the Mayor's proposal or alternative proposals in order to balance the budget.

General Fund Results: Audited Financial Statements

The City issued the ACFR, which includes the City's audited financial statements, for fiscal year 2023-24 on November 27, 2024.

Fiscal year 2023-24 General Fund balance increased from fiscal year 2022-23. As of June 30, 2024, the net available budgetary basis General Fund balance was \$903.7 million, which is \$51.6 million more than the

\$852.1 million available as of June 30, 2023. The portion of General Fund balance available for appropriation increased from the prior year by \$51.5 million as a result of steps taken during fiscal year 2023-24 to de-appropriate and otherwise hold spending of previously budgeted funds. This increase, however, was more than offset by the reduction in fund balance not available for appropriation, resulting in a decline in total GAAP and budgetary basis fund balance.

The City prepares its budget on a modified accrual basis, which is also referred to as “budget basis” in the ACFR. Accruals for incurred liabilities, such as claims and judgments, workers’ compensation, accrued vacation and sick leave pay are funded only as payments are required.

Table A-2 is extracted from information in the City’s published ACFRs. Audited financial statements can be obtained from the City Controller’s website <https://sf.gov/annual-comprehensive-financial-reports-acfr>. Information from the City Controller’s website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-2 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes), and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements. See “CITY BUDGET – Five-Year Financial Plan: FY 2025-26 through FY 2029-30” for a summary of the most recent projections.

On a GAAP basis, the General Fund balance as of June 30, 2024 was \$2.6 billion. Table A-3 focuses on the City’s fund balances; General Fund balances are shown on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2020 through June 30, 2024.

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TABLE A-2
Statement of Revenues, Expenditures and Changes in General Fund Fund Balances⁽¹⁾
Fiscal Years 2019-20 through 2023-24
(000s)

Revenues:	2019-20	2020-21	2021-22	2022-23	2023-24
Property Taxes	\$ 2,075,002	\$ 2,332,864	\$ 2,336,071	\$ 2,459,052	\$ 2,526,392
Business Taxes	822,154	722,642	861,172	850,593	868,932
Other Local Taxes ⁽²⁾	996,180	709,018	1,115,553	1,108,545	1,036,816
Licenses, Permits and Franchises	25,318	12,332	32,078	28,953	29,702
Fines, Forfeitures and Penalties	3,705	4,508	5,755	3,191	6,484
Interest and Investment Income	65,459	(1,605)	(93,447)	68,319	180,387
Rents and Concessions	9,816	5,111	10,668	11,775	11,764
Intergovernmental	1,183,341	1,607,803	1,795,395	1,339,711	1,393,646
Charges for Services	229,759	230,048	238,438	243,234	281,393
Other	62,218	46,434	23,265	29,677	42,268
Total Revenues	\$ 5,472,952	\$ 5,669,155	\$ 6,324,948	\$ 6,143,050	\$ 6,377,784
Expenditures:					
Public Protection	\$ 1,479,195	\$ 1,498,514	\$ 1,562,797	\$ 1,654,953	\$ 1,730,773
Public Works, Transportation & Commerce	203,350	204,973	232,078	265,019	241,299
Human Welfare and Neighborhood Development	1,252,865	1,562,982	1,478,115	1,577,163	1,617,231
Community Health	909,261	1,056,590	1,002,047	967,381	947,867
Culture and Recreation	155,164	145,405	159,056	172,832	186,187
General Administration & Finance	304,073	314,298	298,742	301,748	293,959
General City Responsibilities	129,941	113,913	156,870	189,570	168,497
Total Expenditures	\$ 4,433,849	\$ 4,896,675	\$ 4,889,705	\$ 5,128,666	\$ 5,185,813
 Excess of Revenues over Expenditures	 \$ 1,039,103	 \$ 772,480	 \$ 1,435,243	 \$ 1,014,384	 \$ 1,191,971
Other Financing Sources (Uses):					
Transfers In	\$ 87,618	\$ 343,498	\$ 84,107	\$ 119,361	\$ 155,223
Transfers Out	(1,157,822)	(1,166,855)	(1,209,383)	(1,316,074)	(1,354,857)
Other	-	(338)	(74,928)	(74,677)	(76,864)
Total Other Financing Sources (Uses)	(\$ 1,070,204)	(\$ 823,695)	(\$ 1,200,204)	(\$ 1,271,390)	(\$ 1,276,498)
 Excess (Deficiency) of Revenues and Other Sources	 (\$ 31,101)	 (\$ 51,215)	 \$ 235,039	 (\$ 257,006)	 (\$ 84,524)
 Over Expenditures and Other Uses	 (\$ 31,101)	 (\$ 51,215)	 \$ 235,039	 (\$ 257,006)	 (\$ 84,524)
 Total Fund Balance at Beginning of Year	 \$ 2,717,023	 \$ 2,685,922	 \$ 2,670,104	 \$ 2,905,143	 \$ 2,648,137
Cumulative effect of accounting change		35,397	-		
Total Fund Balance at End of Year -- GAAP Basis	\$ 2,685,922	\$ 2,670,104	\$ 2,905,143	\$ 2,648,137	\$ 2,563,610
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	\$ 395,776	\$ 179,077	\$ 325,664	\$ 150,628	\$ 228,515
-- Budget Basis	\$ 896,172	\$ 901,980	\$ 1,016,157	\$ 852,147	\$ 903,673

⁽¹⁾ Summary of financial information derived from City ACFRs. Fund balances include amounts reserved for rainy day (Economic Stabilization and One-time Spending accounts), encumbrances, appropriation carryforwards and other purposes (as required by the Charter or appropriate accounting practices) as well as unreserved designated and undesignated available fund balances (which amounts constitute unrestricted General Fund balances).

⁽²⁾ Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, cannabis, and overpaid executive taxes.

Sources: Annual Comprehensive Financial Reports; Office of the Controller, City and County of San Francisco.

In addition to the reconciliation of GAAP versus budget-basis fund balance, Table A-3 shows the City's various reserve balances as designations of fund balance. Key reserves are described further below.

Rainy Day Reserve

The City maintains a Rainy Day Reserve, as shown on the first and second line of Table A-3 below. Charter Section 9.113.5 requires that if total General Fund revenues for the current year exceed total General Fund revenues for the prior year by more than five percent, then the City must deposit anticipated General Fund revenues in excess of that five percent growth into three accounts within the Rainy Day Reserve (see below) and for other lawful governmental purposes. Similarly, if budgeted revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. Proposition C, passed by the voters in November 2014, divided the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") for SFUSD, with each reserve account receiving 50% of the existing balance at the time. Deposits to the reserve are allocated as follows:

- 37.5% of the excess revenues to the City Reserve;
- 12.5% of the excess revenues to the School Reserve (not shown in Table A-3 because it is reserved for SFUSD and not part of the General Fund,);
- 25% of the excess revenues to the Rainy Day One-Time or Capital Expenditures account; and
- 25% of the excess revenues may be used for any lawful governmental purpose.

The FY26 & FY27 Original Budget maintains balances in the City Rainy Day Reserve of \$114.5 million, \$0 in the City Rainy Day One-Time Reserve, and \$1.0 million in the SFUSD's Rainy Day Economic Stabilization Reserve as shown in Table A-3. Under Proposition C, the City is not eligible to withdraw from the Rainy Day Reserve in either budget year.

The combined balances of the Rainy Day Reserve's Economic Stabilization account and the Budget Stabilization Reserve are subject to a cap of 10% of actual total General Fund revenues. Amounts in excess of that cap in any year will be placed in the Budget Stabilization One-Time Reserve, which is eligible to be allocated to capital and other one-time expenditures. Monies in the City Reserve are available to provide budgetary support in years when General Fund revenues are projected to decrease from prior-year levels (or, in the case of a multi-year downturn, the highest of any previous year's total General Fund revenues). Monies in the Rainy Day One-Time Reserve are available for capital and other one-time spending initiatives.

Budget Stabilization Reserve

The City maintains a Budget Stabilization Reserve, as shown on the third line of Table A-4 below. The Budget Stabilization Reserve augments the Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues, including Real Property Transfer Tax ("RPTT") receipts in excess of the rolling five-year annual average (adjusting for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

The City is ineligible to make withdrawals from the Budget Stabilization Reserve in either budget year but will make a \$30.0 million deposit because transfer tax is expected to exceed its prior five-year average in FY 2026-27, bringing this reserve up to a balance of \$305.2 million in FY 2026-27. When the combined balance of the Budget Stabilization Reserve and Rainy Day Reserve exceeds 10 percent of General Fund revenues, the excess is deposited in the Budget Stabilization One-Time Reserve. While the \$54.8 million balance of this reserve was budgeted in FY 2022-23, stronger than anticipated performance through year-end meant the reserve was ultimately not needed that year. The entire \$54.8 million balance of this reserve was previously budgeted in

the FY 2025-26 budget, and the recently adopted budget pushes out the depletion of this reserve into FY 2026-27.

The Budget Stabilization Reserve has the same withdrawal requirements as the Rainy Day Reserve. Withdrawals are structured to occur over a period of three years: in the first year of a downturn, a maximum of 30% of the combined value of the Rainy Day Reserve and Budget Stabilization Reserve could be drawn; in the second year, the maximum withdrawal is 50%; and, in the third year, the entire remaining balance may be drawn. No deposits are required in years when the City is permitted to withdraw.

Salaries, Benefits and Litigation Reserves

The City maintains two reserves to offset potential expenses, which are available to City departments through a Controller's Office review and approval process. These are shown in the "assigned, not available for appropriation," and "assigned and unassigned, available for appropriation" sections of Table A-3 below. These include the Salaries and Benefit Reserve (balance of \$1.8 million as of fiscal year 2023-24) and the Litigation Reserve. The Litigation Reserve and Public Health Management Reserve (balance of \$282.7 million in fiscal year 2023-24) are combined for reporting purposes. The purpose of the latter is to manage patient revenue volatility in the Department of Public Health.

General Reserve

The City maintains a General Reserve, shown as part of "Unassigned for General Reserve" in the "assigned and unassigned, available for appropriation" section of Table A-3 below. The fiscal year 2023-24 balance of \$135.7 million includes \$128.1 million of General Reserve, as well as two smaller, unrelated reserves. On December 16, 2014, the Board of Supervisors adopted financial policies which increased the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues in years when the City appropriates a withdrawal from the Rainy Day reserve. The intent of this policy change was to increase reserves available during a multi-year downturn. In fiscal years 2020-21 and 2021-22, the City withdrew from the Rainy Day Reserve and reset its General Fund Reserve deposit requirement to 1.5% of General Fund revenues, growing to 3.0 percent of General Fund revenues in 0.25 percent annual increments thereafter. In FY 2025-26, the General Reserve required funding level is 2.5 percent of General Fund revenue, growing to 2.75 percent in FY 2026-27. The deposit amounts are \$27.6 million and \$22.9 million for FY 2025-26 and FY 2026-27, respectively, given budgeted revenue levels and replenishment of current year withdrawals. See "CITY BUDGET – May 2025 Nine-Month Report" for a summary of the most recent projections.

Fiscal Cliff Reserve

The Fiscal Cliff Reserve was created for the purpose of managing projected budget shortfalls following the spend down of federal and state pandemic stimulus funds and other one-time sources. The Mayor's FY 2024-25 and FY 2025-26 proposed budget amended this reserve to include managing business tax revenue shortfalls as an additional eligible use. The FY26 & FY27 Original Budget includes spending \$25.0 million of the reserve in FY 2025-26 and \$15.0 million in FY 2026-27 and shifting the remaining \$142.4 million balance of this reserve into a newly created Federal and State Revenue Risk Reserve through administrative provisions of the FY 2025-26 Annual Appropriations Ordinance, as described below.

Federal and State Revenue Risk Reserve

The FY 2025-26 Annual Appropriation Ordinance establishes the Federal and State Revenue Risk Reserve for the purpose of managing revenue shortfalls related to changes in federal and state funding. This reserve is funded by combining the \$40.1 million balance of the Federal and State Emergency Grant Disallowance Reserve, the \$142.4 million balance of the Fiscal Cliff Reserve, and all revenue escheated to the

General Fund from City Option Medical Reimbursement Accounts in FY 2025-26, which is estimated to be \$225.0 million, for a starting balance of \$408.4 million.

Operating Cash Reserve

Although not shown in Table A-3, under the City Charter, the Treasurer, upon recommendation of the City Controller, is authorized to transfer legally available moneys to the City's operating cash reserve from any unencumbered funds then held in the City's pooled investment fund (which contains cash for all pool participants, including city departments and external agencies such as San Francisco Unified School District and City College). The operating cash reserve is available to cover cash flow deficits in various City funds, including the City's General Fund. From time to time, the Treasurer has transferred unencumbered moneys in the pooled investment fund to the operating cash reserve to cover temporary cash flow deficits in the General Fund and other City funds. Any such transfers must be repaid within the same fiscal year in which the transfer was made, together with interest at the rate earned on the pooled funds at the time the funds were used. See "INVESTMENT OF CITY FUNDS – Investment Policy" herein.

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TABLE A-3
Summary of General Fund Fund Balances
Fiscal Years 2019-20 through 2023-24
(000s)

	2019-20	2020-21	2021-22	2022-23	2023-24
Restricted for rainy day (Economic Stabilization account) ⁽¹⁾	\$ 229,069	\$ 114,539	\$ 114,539	\$ 114,539	\$ 114,539
Committed for budget stabilization (citywide) ⁽²⁾	362,607	320,637	320,637	330,010	330,010
Committed for Recreation & Parks savings reserve	803	-	-	-	-
<u>Assigned, not available for appropriation</u>					
Assigned for encumbrances	\$ 394,912	\$ 407,137	\$ 462,668	\$ 424,301	\$ 431,461
Assigned for appropriation carryforward	630,759	753,776	940,213	840,748	569,737
Assigned for salaries and benefits ⁽³⁾	25,371	5,088	17,921	27,927	1,807
Assigned for Self-Insurance ⁽⁴⁾	-	42,454	45,567	46,496	43,362
Assigned for Hotel Tax Loss Contingency	-	6,000	3,500	3,500	-
Total Fund Balance Not Available for Appropriation	<u>\$1,643,521</u>	<u>\$1,649,631</u>	<u>\$1,905,045</u>	<u>\$1,787,521</u>	<u>\$1,490,916</u>
<u>Assigned and unassigned, available for appropriation</u>					
Assigned for litigation & contingencies ⁽³⁾	\$ 160,314	\$ 173,591	\$ 235,133	\$ 259,230	\$ 282,731
Assigned for subsequent year's budget	370,405	173,989	307,743	122,701	226,708
Unassigned for General Reserve ⁽⁵⁾	78,498	78,333	57,696	64,707	135,714
Unassigned - Budgeted for use second budget year	84	-	149,695	291,710	228,502
Unassigned - Projected for use third and fourth budget year	-	-	163,400	81,190	154,861
Unassigned - COVID-19 Contingency Reserve ⁽⁶⁾	507,400	113,500	13,999	-	-
Unassigned - Conditional Increment Reserve	-	-	-	-	402
Unassigned - Federal & State Emergency Revenue Reserve ⁽⁶⁾	-	100,000	81,300	81,300	81,300
Unassigned - Fiscal Cliff Reserve ⁽⁶⁾	-	293,900	229,750	220,432	182,425
Unassigned - Business Tax Stabilization Reserve	-	149,000	29,454	29,454	29,454
Unassigned - Gross Receipts Prepayment Reserve	-	26,000	-	-	-
Unassigned - Public Health Use in FY 2023-24	-	-	-	21,213	-
Unassigned - Other Reserve	3,000	13,807	1,021	1,021	21
Unassigned - Available for future appropriation	18,283	31,784	39,795	3,126	-
Total Fund Balance Available for Appropriation	<u>\$1,137,984</u>	<u>\$1,153,904</u>	<u>\$1,308,986</u>	<u>\$1,176,084</u>	<u>\$1,322,118</u>
Total Fund Balance, Budget Basis	<u>\$2,781,505</u>	<u>\$2,803,535</u>	<u>\$3,214,031</u>	<u>\$2,963,605</u>	<u>\$2,813,034</u>
<u>Budget Basis to GAAP Basis Reconciliation</u>					
Total Fund Balance - Budget Basis	\$2,781,505	\$2,803,535	\$3,214,031	\$2,963,605	\$2,813,034
Unrealized gain or loss on investments	36,626	3,978	(156,403)	(158,859)	(79,138)
Nonspendable fund balance	1,274	2,714	4,134	1,174	1,001
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(20,655)	(31,745)	(32,874)	(40,685)	(54,052)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(139,590)	(120,569)	(118,791)	(111,163)	(114,312)
Inventories	33,212	17,925	-	-	-
Pre-paid lease revenue	(6,450)	(5,734)	(4,954)	(5,935)	(2,923)
Total Fund Balance, GAAP Basis	<u>\$2,685,922</u>	<u>\$2,670,104</u>	<u>\$2,905,143</u>	<u>\$2,648,137</u>	<u>\$2,563,610</u>

(1) See "Rainy Day Reserve" for additional information.

(2) See "Budget Stabilization Reserve" for additional information.

(3) See "Salaries, Benefits and Litigation Reserves" for additional information.

(4) Due to GASB 84 implementation, the self-insurance and other general City activities from the former Payroll (Agency) Fund became part of the General Fund. The balance represents a fund collected and restricted for self-insurance purpose.

(5) See "General Reserve" for additional information.

(6) See "COVID Response and Economic Loss Reserve, Federal and State Emergency Grant Disallowance Reserve, and Fiscal Cliff Reserve" for additional information.

Source: Office of the Controller, City and County of San Francisco.

Recent Reports

The following sections describe recent reports on the City's financial condition, presented with the most recent report first, followed by prior reports.

FY26 & FY 27 Original Budget and Revenue Letter

The FY26 & FY27 Original Budget was finally adopted by Mayor and the Board of Supervisors on July 24, 2025. See "CITY BUDGET – Budget Process" for additional detail. The FY26 & FY 27 Original Budget reflects \$16.0 billion of expenditures (all funds) in fiscal year 2025-26 and \$16.2 billion in fiscal year 2026-27. The FY26 & FY27 Original Budget addresses the then-current \$817.5 million two-year shortfall through nearly \$150.0 million of annual on-going projected revenue increases, coupled with reductions to capital, baselines, positions, and funding to community-based organizations, and the use of fund balance and reserves.

The Charter requires that the Controller comment on revenue estimates assumed in the Mayor's fiscal year 2025-26 and fiscal year 2026-27 proposed budget. These comments were issued in the Revenue Letter on June 10, 2025 (the "June 2025 Revenue Letter").

While the Controller found the revenue assumptions in the Mayor's proposed budget to be reasonable and makes meaningful progress toward closing the structural deficit, the Controller noted that the City faces several material financial risks in upcoming fiscal years. These risks include: the projected structural budget gap following depletion of one-time funds; economic risk; federal funding risk to Medicaid and Federal Emergency Management Agency (FEMA) reimbursements; and State budget revenue risk.

Key findings in the June 2025 Revenue Letter included:

- Tax Revenue. Overall General Fund tax revenue grows by \$138.8 million (or 3.1%) in FY 2025-26 compared to the May 2025 Nine-Month Report and \$291.3 million (or 6.4%) in FY 2026-27. Business tax grows significantly in this period, reflecting overall strength in the technology and professional services sectors, as well as administrative changes related to Proposition M approved by the voters in November 2024. The tax forecast assumes the pace of the City's commercial real estate "reset" accelerates, resulting in transfer tax growth that triggers a deposit to the Budget Stabilization Reserve and related declines in property tax given market values below assessed values for most sales. The pace and volume of assessment appeals decisions and refunds will also continue to grow, exerting downward pressure on revenues. Other economically sensitive taxes, such as sales and hotel taxes, are projected to grow during the coming two years but remain below pre-pandemic levels.
- Public Health Revenue. The Proposed FY26 & FY27 budget significantly increases public health-related revenues, growing by \$259.1 million in fiscal year 2025-26 and \$313.9 million in fiscal year 2026-27. Strength in public health revenue is primarily driven by changes in state funding formulas, increases in service volume and census, and various revenue improvement initiatives. Shifts in state funding allocations include two supplemental Medi-Cal payment programs (the Enhanced Payment Program and Quality Incentive Pool Program), as well as rate changes for Distinct Part/Nursing Facility for skilled nursing facilities. DPH revenue includes increases in patient census at Zuckerberg San Francisco General Hospital and Laguna Honda Hospital, as well as increases in billable encounters in Whole Person Integrated Care and Primary Care. Finally, the expansion of electronic health records to Behavioral Health Services is anticipated to improve revenue capture. See "BUDGETARY RISKS - Impact of Federal Government on Local Finances."
- Ongoing Solutions. The proposed budget makes meaningful progress toward closing the structural deficit, with approximately \$250 to \$300 million in ongoing savings; however, hard budgetary choices remain. The March 2025 Five Year Plan Update forecasted a structural gap of \$959 million in FY 2027-28. The Controller's Office preliminary review of the mix of ongoing and one-time solutions indicates

the shortfall is likely to be approximately \$650 to \$700 million in FY 2027-28, growing in subsequent years. Roughly half of the ongoing solutions are comprised of increased tax and public health revenue while the remaining are driven by reductions to grants to community-based organizations, reductions in citywide personnel costs, and other initiatives.

The FY26 & FY 27 Proposed Budget makes significant reductions in authorized full-time equivalent (“FTE”) positions in FY 2025-26 and FY 2026-27, respectively, in all funds, including approximately 400 in the General Fund. These reductions reverse more than a decade-long trend of increasing budgeted and funded positions. Despite position cuts, however, overall salary and fringe benefits costs are growing due to negotiated wage increases and health and retirement benefit obligations. Labor agreements include raises of 4.5% for miscellaneous employees in FY 2025-26 and 4.5% in FY 2026-27 and 3% for public safety in FY 2025-26. Health rates are increasing by 7.7% in FY 2025-26 and 7.8% in FY 2026-27 and employer contributions to retirement are growing from 14.9% in the current year to 16.5% in FY 2025-26 and 16.4% in FY 2026-27.

Continued improvement in the structural deficit will require further citywide expenditure reductions in future years.

- One-Time Solutions. The FY26 & FY27 Proposed Budget assumes the use of \$571.5 million of General Fund one-time sources over the two budget years, \$126.7 million more than assumed in the March 2025 Update to the Five-Year Financial Plan. The Controller’s Office finds the use of one-time funds to increase reserve balances to be prudent and commensurate with known financial risks. These sources include the draw down of \$377.5 million in prior year fund balance, \$105.3 million of reserves, and \$88.7 million of Federal Emergency Management Agency (FEMA) reimbursements. Consistent with the March 2025 Update to the Five-Year Financial Plan, the budget maintains \$139.9 million of fund balance designated for FY 2027-28 and other future year budgets. This budget complies with the City’s nonrecurring revenue policy in Administrative Code Section 10.61, which requires that one-time sources be spent on one-time uses.
- Reserve Deposits. The FY26 & FY27 Proposed Budget creates a Federal and State Revenue Risk reserve of approximately \$400 million, increases economic stabilization reserves to \$419.7 million, and makes required deposits to the General Reserve. The Controller’s Office finds the use of one-time funds to increase reserve balances to be prudent and commensurate with known financial risks. In addition to using \$105.3 million of reserve to balance (including \$62.8 million included in the previous year’s adopted FY 2024-25 and FY 2025-26 budget and an additional \$42.5 million assumed in the current proposed budget), the proposed budget makes deposits to several reserves. The new Federal and State Revenue Risk Reserve consolidates remaining balances of the Federal and State Emergency Grant Disallowance Reserve and Fiscal Cliff Reserve with anticipated future revenue escheated from City Option Medical Reimbursement Accounts for a total expected balance of \$408.4 million. Given revenue uncertainty and the one-time nature of escheatment revenue, it is prudent to reserve these funds for a known risk rather than appropriate them for on-going costs. The level of reserve is believed to be commensurate to risk; the projected balance of the Federal and State Revenue Risk Reserve represents approximately 10% of the City’s annual operating federal and state pass-through revenues and could be used to temporarily backstop cuts in both state and federal budgets.

Additionally, the FY26 & FY27 Proposed Budget makes a required \$30.0 million deposit to the Budget Stabilization Reserve in FY 2026-27, triggered by the expectation that transfer tax will exceed the prior five-year average. The City is not eligible to withdraw from Economic Stabilization Reserves. The proposed budget also makes required General Reserve deposits of \$27.6 million and \$22.9 million in FY 2025-26 and FY 2026-27. These deposits to the Budget Stabilization Reserve and General Reserve are required by Financial Policies previously adopted by the Mayor and Board of Supervisors.

- The final adopted budget will require active monitoring and management by departments, the Mayor, and the Board of Supervisors given economic and financial risks. These risks include the possibility of a slowing local economic recovery or a recession, as well as risks associated with both state and federal revenue streams. Additionally, close management and monitoring of personnel spending will be required for departments to stay within budgets as the budget deletes many vacant positions while maintaining or increasing expected attrition savings.

May 2025 Nine-Month Report

On May 12, 2025, the Controller's Office release the Nine-Month Budget Status Report (the "May 2025 Nine-Month Report"). The May 2025 Nine-Month Report notes that the Controller projects a \$483.4 million General Fund ending balance in fiscal year 2024-25, a \$53.9 million improvement from the \$429.5 million balance contained in the March 2025 Five-Year Plan Update described below. Application of this additional current year fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to \$781.5 million (from \$817.5 million) and by \$18.0 million in fiscal year 2027-28. The May 2025 Nine-Month Report notes that risks to this projection remain from economic uncertainty and potential changes affecting federal revenue.

Citywide revenues are projected to be \$32.7 million below the FY25 & FY26 Original Budget in the May 2025 Nine-Month Report, no change from the March 2025 Five-Year Plan Update projections. Property tax is projected to be \$34.0 million below the FY25 & FY26 Original Budget, reflecting high volumes of assessment appeals filed and refunds paid, partially offset by increased excess ERAF. Business tax revenue is projected to be \$46.2 million above budget given the strength of tax year 2024 returns to date and the postponement of some litigation reserve deposits to fiscal year 2025-26 to smooth revenue across fiscal years. Shortfalls in hotel tax and both state and local sales tax revenues reflect year-to-date weakness in cash receipts. The May 2025 Nine-Month Report notes these shortfalls are partially offset by strength in real property transfer tax revenue and interest income.

The May 2025 Nine-Month Report notes that City departments are now projected to end the year with a \$145.4 million net surplus including:

- A total of \$123.1 million in operating surplus identified by departments includes a net \$75.8 million revenue surplus and \$47.3 million in expenditure savings, primarily generated as a result of personnel savings. The Department of Public Health is projected to have a \$106.3 million surplus, including \$102.1 million in revenue above budget due to surplus patient revenue at the San Francisco Health Network and Zuckerberg San Francisco General Hospital and an unusual number of prior year Medicare settlement payments, partially offset by a patient revenue shortfall at Laguna Honda Hospital due to lower than projected patient census resulting from a pause on new admissions during recertification. Expenditure savings at the Human Services Agency and Administrative Services are offset by revenue shortfalls at Public Works and City Planning and overspending at the Sheriff's department.
- The Police, Fire, Emergency Management and Sheriff's departments, and the Public Utilities Commission, will require additional supplemental appropriations for overtime. To the extent these are not funded by reallocation of existing expenditure appropriation, such supplementals could reduce available fund balance. Any additional supplemental appropriations using projected revenue surpluses or expenditure savings displayed in the May 2025 Nine-Month Report will reduce fund balance available to solve the budget year shortfalls.
- The May 2025 Nine-Month Report projections assume no changes to federal revenue for the current fiscal year related to the new federal administration's funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, the new federal

administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. The City has filed and joined in litigation challenging many of these actions and continues to evaluate its options to appeal federal agency decisions to terminate grants and deny reimbursements. But those efforts and the threat to the City's federal funding remain ongoing. Other federal agencies continue to initiate processes to implement the administration's desired funding cuts. The City Attorney has filed lawsuits to protect federal funds received by the City and will continue to work with the Mayor's Office and City departments to protect the City's interests. See "BUDGET RISKS - Impact of Federal Government on Local Finances."

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The following table shows changes in the projected variances from the FY25 & FY26 Original Budget in the December 2024 Five-Year Plan, the February 2025 Six-Month Report, the March 2025 Five-Year Plan Update and the May 2025 Nine-Month Report.

TABLE A-4
May 2025 Nine-Month Report
Fiscal Year 2024-25 General Fund Variances
Compared to FY25 & FY26 Original Budget
(Surplus/(Shortfall))(\$ millions)

	December 2024 Five-Year Plan	February 2025 Six-Month Report	March 2025 Five-Year Plan Update	May 2025 Nine-Month Report	Change (\$)
Fiscal Year 2023-24 Ending Fund Balance	\$455.2	\$455.2	\$455.2	\$455.2	-
Appropriation in the FY 2024-25 Budget	(455.2)	(455.2)	(455.2)	(455.2)	-
A. Prior Year Fund Balance vs Budgeted Levels	-	-	-	-	-
Citywide Revenue	(45.7)	(114.1)	(32.7)	(32.7)	0.0%
Baseline Contributions	(6.1)	(0.3)	(18.8)	(12.6)	6.2
Departmental Operations	-	97.7	97.7	145.4	47.7
B. Current Year Revenues and Expenditures	(51.9)	(16.7)	46.1	100.1	53.9
General Reserve Appropriated - Source	-	0.5	0.5	6.0	5.4
New Expenditures Supported by General Reserve - Use	-	(0.5)	(0.5)	(6.0)	(5.4)
C. Supplemental Appropriations & Use of Reserves	-	-	-	-	-
D. Previously Unappropriated Fund Balance	154.9	154.9	154.9	154.9	-
E. Fund Balance Previously Appropriated in FY 2025-26	228.5	228.5	228.5	228.5	-
F. FY 2024-25 Projected Ending Balance	331.5	366.7	429.5	483.4	53.9

March 2025 Five-Year Plan Update

On March 31, 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the “March 2025 Five-Year Plan Update”). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately \$19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27 the March 2025 Five-Year Plan Update projected an \$817.5 million shortfall, or \$58.5 million less than the \$875.9 million shortfall projected in the December 2024 Five-Year Plan. The March 2025 Five-Year Plan Update projected that long term structural shortfalls remain, growing to \$1.35 billion by fiscal year 2029-30, which is \$122.7 million less than the December 2024 Five-Year

Plan projection. The following table contains the updated shortfall projections from the March 2025 Five-Year Plan Update.

TABLE A-5(a)
March 2025 Five-Year Plan Update
General Fund-Supported Projected Budgetary
Surplus/(Shortfall) (\$ Millions)

	Change from AAO Budget		Projection			
	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
SOURCES Increase / (Decrease)	(200.4)	(6.4)	216.1	325.4	425.6	597.9
Uses						
Baselines & Reserves	(13.5)	(65.5)	(164.6)	(248.9)	(273.2)	(272.2)
Salaries & Benefits	(8.8)	(184.9)	(363.7)	(620.4)	(805.5)	(910.9)
Citywide Operating Budget Costs	(7.4)	(19.1)	(125.0)	(234.5)	(315.3)	(391.5)
Departmental Costs	(42.2)	3.6	(108.0)	(180.3)	(290.1)	(371.8)
USES Decrease / (Increase)	(71.9)	(265.9)	(761.3)	(1,284.1)	(1,684.1)	(1,946.4)
Projected Cumulative Surplus (/Shortfall)	(272.3)	(272.3)	(545.2)	(958.7)	(1,258.5)	(1,348.5)
Two-Year Deficit	\$(817.5)					

Financial provisions in the City’s labor contracts and local law are dependent on the projections in the March 2025 Five-Year Plan Update. The fiscal year 2025-26 projected deficit in the March 2025 Five-Year Plan Update of \$272.3 million is below the \$300.0 million threshold established in public safety labor contracts, which, if exceeded, would have delayed negotiated wage increases by six months. However, the fiscal year 2025-26 projected deficit is above the deficit thresholds for several voter-adopted baselines, which has resulted in the suspension of requirements to increase the Student Success Fund, Office of Early Care and Education (OECE), Street Tree Maintenance Fund, and the Dignity Fund baselines.

The March 2025 Five-Year Plan Update identified a number of significant uncertainties and outstanding policy choices remain that could affect the City’s financial condition over the next five years, including:

- Risk of Recession. Recent independent forecasts show lower GDP growth and higher risk of economic downturn. The March 2025 Five-Year Plan Update does not project a recession.
- Potential Fiscal effects of Federal Policy Changes. With the exception of reduced levels of FEMA reimbursement for COVID-19, the March 2025 Five-Year Plan Update projections assume no changes to federal revenue related to the new federal administration’s proposed funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Health care services are the single largest program funded through the federal budget, largely via Medicaid and Medicare. Changes to these programs would affect City revenues and expenditures. See “BUDGET RISKS - Impact of Federal Government on Local Finances.”
- State Budget Impacts: The March 2025 Five-Year Plan Update does not assume significant changes in state funding levels. Risks have emerged that could materially affect the state’s outlook, including the imposition of tariffs, immigration enforcement actions, and federal spending cuts. More than a quarter of state expenses are paid by the federal government; any cuts to federal education and health care spending would have to be offset by unrealistic levels of state spending increases.
- Labor Negotiations: The March 2025 Five-Year Plan Update projection maintains the average inflation projection of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody’s SF Metropolitan Area CPI as noted above. Miscellaneous contracts are open beginning in fiscal year 2027-28

and public safety contracts are open beginning in fiscal year 2026-27. All open contracts assume these inflation factors. Every 1% increase in wages above plan assumptions for miscellaneous employees would increase the General Fund deficit by approximately \$32.9 million in fiscal year 2027-28 and fiscal years after.

December 2024 Five-Year Plan

The Five-Year Financial Plan (the “Five-Year Plan”) is required under Proposition A, a charter amendment approved by voters in November 2009. The Charter requires that, every two years, the City must forecast expenditures and revenues for the next five fiscal years, propose actions to balance revenues and expenditures during each year of the Plan, and discuss strategic goals and corresponding resources for City departments. The Charter also requires that by March 1 of each odd-numbered year, the Mayor submit a Five-Year Plan to the Board. The City’s Administrative Code requires that by March 1 of each even-numbered year, the Mayor, Board of Supervisor’s Budget Analyst, and Controller submit an updated estimate for the remaining four years of the most recently adopted Five-Year Plan.

On December 18, 2024, the Mayor's Office, Controller's Office, and Board of Supervisors Budget and Legislative Analyst's Office issued the “Proposed Five-Year Financial Plan Fiscal Years 2025-26 through 2029-30” (the “December 2024 Five-Year Plan”). The December 2024 Five-Year Plan projected that that, over the next five years, the City’s revenue outlook will improve, supported by recent changes in San Francisco’s tax structure and modest economic growth. However, this improvement will be constrained by post-pandemic economic realities and the depletion of one-time funding sources. At the same time, the cost of City services is projected to grow significantly, surpassing revenue growth each year of the five-year period.

The City anticipates budget deficits in each of the next five years without proactive measures taken to address the imbalance between revenues and expenditures. Unlike the significant budget shortfalls that followed the 2001 and 2008 recessions, the current outlook highlights longer-term structural challenges, even without the occurrence of another recession. Given this economic context, the fiscal strategies outlined emphasize implementing ongoing spending reductions to balance the budget in each year. These reductions are grouped into the main categories of labor, infrastructure, and contracts.

The following table is excerpted from the December 2024 Five-Year Plan and sets forth projected changes from the Annual Appropriations Ordinance (“AAO”) Budget for fiscal year 2025-26. (The AAO is the legislation adopted after the Board of Supervisors reviews and amends the Mayor’s Proposed Budget that enacts the annual budget).

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TABLE A-5(b)
Five-Year Financial Plan
Fiscal Years 2025-26 through 2029-30
Base Case - Summary of General Fund-Supported Projected Budgetary Surplus/(Shortfall)
Projections as of December 18, 2024
(\$ Millions)

	Change from AAO Budget		Projection			
	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
SOURCES Increase / (Decrease)	\$(203.2)	\$(9.2)	\$132.9	\$225.8	\$350.4	\$518.6
Uses						
Baselines & Reserves	(1.5)	(53.6)	(147.1)	(232.1)	(255.8)	(254.0)
Salaries & Benefits	0.4	(175.7)	(350.4)	(607.0)	(795.3)	(943.1)
Citywide Operating Budget Costs	(7.0)	(18.7)	(125.0)	(235.4)	(316.1)	(392.5)
Departmental Costs	(41.8)	4.0	(133.1)	(204.6)	(317.8)	(400.2)
Uses Decrease / (Increase)	\$(50.0)	\$(244.0)	\$(755.7)	\$(1,279.1)	\$(1,684.9)	\$(1,989.8)
Projected Cumulative Surplus /(Shortfall)	\$(253.2)	\$(253.2)	\$(622.7)	\$(1,053.3)	\$(1,334.5)	\$(1,471.2)

Recession Planning Scenarios: The December 2024 Five-Year Plan contains a planning scenario which assumes a hypothetical recession beginning in late fiscal year 2024-25, with revenues declines by the average percent decline seen in the prior recessions in the early 2000's and in 2008 and following years. Projected net revenue losses (after taking into account reduced reserve deposits and the use of \$389.7 million in economic stabilization reserves) would result in a net remaining deficit of approximately \$1.3 billion over the five-year period.

BUDGETARY RISKS

In addition to the budgetary risks described below, see "CITY BUDGET – FY26 & FY27 Original Budget and Revenue Letter".

Threat of Recession

An economic recession could adversely impact the City's economy and the financial condition of the General Fund. During the "Great Recession" that occurred nationally from December 2007 to June 2009 (according to the U.S. National Bureau of Economic Research), California real GDP growth slowed for five consecutive quarters from the third quarter of 2008 to the third quarter of 2009 and did not return to pre-recession level of output until three years later in the third quarter of 2012. The unemployment rate rose steadily from 4.9% in the fourth quarter of 2006 to peak at 12.3% in the fourth quarter of 2010 and did not return to the pre-recession level until the second quarter of 2017.

Impact of Commuting Pattern Changes on Business Taxes

The persistence of remote work results in continued pressure on the City's General Fund revenues. Approximately half of workers in major tax-paying sectors such as professional services, financial services, and information live outside of the City. Continued high levels of telecommuting and work from anywhere policies may affect how much of any business's gross receipts are apportionable to the City; however November 2024 Proposition M shifted gross receipts away from payroll-based formulas toward worldwide and citywide sales.

The number of people coming into the City as workers and visitors continues to improve. From April 2024 to April 2025, average weekday MUNI train boardings increased 17% to reach a post-pandemic high of 105,600, or 64% of the ridership in April 2019. Exits at downtown BART stations increased 13% between April

2024 and April 2025, also reaching a post-pandemic high of 56,000 average weekday exits, or 39% of the ridership in April 2019. Although office attendance in the Bay Area, as measured by the security firm Kastle Systems, has remained stable in the past year at about 42% of pre-pandemic levels, downtown foot traffic, as measured by the analytics firm Placer.ai, has increased. Employee foot traffic was 58% of pre-pandemic levels in April 2025, up from 55% in April 2024, and visitor foot traffic is 75%, up from 69%.

Businesses owe gross receipts tax only on their employees physically working within the City. For certain categories of businesses, the gross receipts tax is also dependent on their San Francisco payroll. Thus, the sharp rise in telecommuting has resulted in reduced business taxes and, if the change becomes permanent, could negatively impact the City for the foreseeable future. Although some City residents who previously commuted out of the City are now telecommuting from within the City, many of these residents work for employers who do not have a nexus in the City, and thus are not subject to business taxes.

Office Vacancy in San Francisco; Impact on Property Taxes and Other Revenues

According to Jones Lang LaSalle (JLL), San Francisco's office overall vacancy rose by 30 basis points from 35.4% in Q1 2025 to 35.7% in Q2 2025. This marks a dramatic shift from the 5.2% vacancy rate recorded in Q4 2019, representing the steepest increase among major U.S. office markets. Despite the elevated vacancy rate, direct asking rents remained relatively flat at \$73.30 per square foot in Q2 2025. Persistent uncertainty around return-to-office policies has continued to dampen both transaction volumes and asset valuations. CoStar data shows that downtown office sales have averaged just nine transactions per quarter since 2020—less than half the pre-pandemic average of 22. The average market sale price across the city stood at \$459 per square foot in Q2 2025, a 42% decline from the peak of \$790 in Q4 2019.

The market value of commercial real estate reflects the current and future income that the market expects the property to generate. If expectations of future income streams are reduced, then the market value of office properties will be reduced.

A reduction in demand from tenants is not the only thing that could reduce the market value of San Francisco office buildings in the near future. Using an income valuation approach, the market value of properties is commonly estimated as the property's net operating income, divided by its capitalization rate (its effective rate of return). Capitalization rates are generally calculated from the sales of comparable properties, and vary across markets, and over time, according to changes in investors' perception of risk, and the risk-free rate of return. When investors perceive greater risk, they require a higher rate of return, and the spread between that asset's capitalization rate and the risk-free rate widens. When the capitalization rate rises, for whatever reason, the market value of a property will decline, all other things being equal.

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. The gap between current market and assessed values is narrowed somewhat by the effect of Proposition 13, which caps growth in assessed value at 2% per year unless a sale or new construction prompts a reassessment. Given that market values have typically increased at much higher rates over the years, properties that have not been recently sold have been assessed below market value. In other words, Proposition 13 effectively cushions the City's property tax base from downturns in property markets, at the cost of reduced growth in property tax revenue during periods of strong economic growth.

Given assessment appeal hearing timelines, there is a significant lag between the filing of appeals and completion of hearings at the Assessment Appeals Board ("AAB"). As of June 30, 2025, the City is holding \$325.8 million in AAB reserves for the General Fund's portion of refunds on approximately \$53.1 billion in prior years' assessed value reductions, plus interest. Reserve balances are projected to grow given the capacity for hearings and requests for delays from commercial property owners' agents. General Fund property tax

revenue in the Adopted Budget is net of AAB reserve deposits of \$129.1 million for fiscal 2025-26 and \$188.5 million for fiscal year 2026-27.

The City cannot predict the actual level of revenue losses, however the City will continue to account for these trends in its periodic reports.

Business Tax Litigation

As of June 30, 2024, the City has reserved \$572 million of tax collections for litigation risk associated with its various taxes, including approximately \$292 million for gross receipts tax and \$238 million for homelessness gross receipts tax. The majority of the litigation and claims relate to the validity, methodology and/or calculation of the various business taxes. The amount of claims and litigation continues to increase. Although more than 15,000 businesses pay the gross receipts tax that accrues to the General Fund, the top ten payers accounted for 28.8% of the revenue in tax year 2024. The top ten payers accounted for 35.1% of all business taxes – including gross receipts, homelessness gross receipts, commercial rents, and overpaid executive taxes – in tax year 2023. The legal issues raised vary by claimant and are generally in the early stages of the claims and litigation process. With additional claims and resolutions in fiscal year 2024-25, as of April 2025, the total business tax liability has increased to more than \$770 million and reserves for litigation risk has increased to more than \$660 million.

In general, there will be multiple years of tax payments at issue in a single dispute, which can result in large liability changes at the time of the dispute. To smooth out large changes that have occurred in fiscal year 2024-25, the City is deferring only 75% of the total liability in fiscal year 2024-25 to be replenished to the full 100% of the liability in fiscal year 2025-26, reducing forecasted revenue by approximately \$105 million in that fiscal year. In anticipation of additional legislation, budgeted revenue is reduced by \$12.5 million in fiscal year 2025-26 and \$25 million in fiscal year 2026-27.

The City is vigorously defending itself in these matters. However, there can be no assurances that the final determination of particular claims or litigation matters would not be applicable to other similarly situated taxpayers in the City and thus have broader applicability, and correspondingly increase the City's financial exposure. The City can make no assurances that the actual final impact to the City of the current and potential future claims and litigation related to the City's various business taxes will not significantly exceed amounts currently reserved.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 13% of the General Fund revenues appropriated in the Original Budget for fiscal years 2025-26 and 2026-27, and thus changes in State revenues could have a material impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the "May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

The Governor signed the 2025 Budget Act on at the end of June which contained a host of changes to health and behavioral health programs, many of them changes to Medi-Cal that would increase the amount of uncompensated care provided by the Department of Public Health to undocumented adults, including a freeze on new enrollment effective January 1, 2026 and new \$30 monthly premiums effective July 1, 2027. While the effect of these changes on Medi-Cal enrollment is not yet known, the potential revenue loss is estimated in the tens of millions annually and is not assumed in the budget. The state budget cuts HHAP (Homeless Housing, Assistance, and Prevention) grant funding to local governments in half in FY 2026-27; as the City's budget assumed a total cut of \$39 million in that year, this represents an improvement.

The State Budget does not reflect the impact of substantial cuts in H.R. 1 the federal legislation enacted in July 2025. Given the uncertainty of the scope and fiscal effects of H.R.1, the state budget provides authority for the State Department of Finance to reduce any item of appropriation to align with reduced federal funding, providing for much swifter mid-year budget amendments than occur through the typical legislative process. The City's adopted budget creates a Federal and State Revenue Risk reserve by combining remaining balances of existing reserves and one-time revenues for an estimated balance of \$400 million to manage state and federal revenue risks anticipated but not yet known.

Potential City Acquisition of PG&E Distribution Assets

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection to shield itself from potential wildfire liability that was estimated in excess of \$30 billion. Taxes and fees paid by PG&E to the City total approximately \$75 million annually and include property taxes, franchise fees and business taxes, as well as the utility user taxes it remits on behalf of its customers. On June 20, 2020, the United States Bankruptcy Court for the Northern District of California confirmed PG&E's Plan of Reorganization, and on July 1, 2020 PG&E announced that it had emerged from Chapter 11 bankruptcy.

During the pendency of the PG&E bankruptcy, on September 6, 2019 the City submitted a non-binding indication of interest to PG&E and PG&E Corporation to purchase substantially all of PG&E's electric distribution and transmission assets needed to provide retail electric service to all electricity customers within the geographic boundaries of the City (the "Target Assets") for a purchase price of \$2.5 billion (such transaction, the "Proposed Transaction"). In a letter dated October 7, 2019, PG&E declined the City's offer. On November 4, 2019, the City sent PG&E a follow-up letter reiterating its interest in acquiring the Target Assets. To demonstrate public support for the Proposed Transaction, on January 14, 2020, the City's Board of Supervisors and SFPUC's Commission conditionally authorized the sale of up to \$3.065 billion of Power Enterprise Revenue Bonds to finance the acquisition of the Target Assets and related costs, subject to specific conditions set forth in each authorizing resolution.

On July 27, 2021, the City submitted a petition with the California Public Utilities Commission (the "CPUC") seeking formal determination of the value of PG&E's local electric infrastructure. The matter is pending before the CPUC and the City can give no assurance about whether or when the CPUC will hold a hearing on the matter.

The City is unable to predict whether it will be able to consummate a final negotiated acquisition price for the Target Assets and, if so, the terms thereof. Any such final terms would be subject to approval by the Board of Supervisors and SFPUC. If consummated, it is expected that such new electric system would be wholly supported by its own revenues. No revenues or funds of the City's General Fund would be available to pay for system operations, or would any City General Fund secured bonds issued to acquire the Target Assets. The City is committed to acquiring PG&E's assets and expects to continue its pursuit with the newly reorganized entity.

Impact of Federal Government on Local Finances

The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. The City's finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending.

In the event Congress and the President fail to enact appropriations, budgets or debt ceiling increases on a timely basis in the future, such events could have a material adverse effect on the financial markets and economic conditions in the United States and an adverse impact on the City's finances. The City cannot predict the outcome of future federal budget deliberations and the impact that such budgets will have on the City's finances and operations. The City also cannot predict the impact of an extended continuation of the current impasse in the U.S. Congress and shutdown of the federal government. The City's General Fund and hospitals,

which are supported by the General Fund, collectively receive over \$1 billion annually in federal subventions for entitlement programs, the large majority of which are reimbursements for care provided to Medicaid and Medicare recipients. In addition, tens of thousands of San Franciscans receive federal subsidies to purchase private insurance on the State's health care exchange, Covered California. Changing these subsidies and altering provisions of the Affordable Care Act are expected to have significant effects on future health care costs.

There can be no assurances that the new Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City's finances. Projections assume no changes to federal revenue related to the new federal administration's proposed funding freezes or rescission of funds, but this remains a source of budgetary uncertainty. Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President's immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City's federal funding remains ongoing.

On February 19, 2025, the President issued Executive Order 14159, Protecting the American People from Invasion, targeting sanctuary cities and purporting to prohibit use of federal funds by such cities in certain ways related to undocumented immigrants. The City, along with other jurisdictions across the country, has filed litigation challenging the legality of the Executive Order. This matter is pending, and the potential adverse impact of enforcement of the Executive Order on City finances, if any, cannot be predicted at this time.

The FY26 & FY27 Budget does not assume changes related to the 2025 federal budget, which was signed into law on July 4, 2025, as H.R. 1. The expansive scope of the bill reshapes federal policy across every sector of the American economy, and the ultimate effect of its funding shifts and tax policy changes will take years to become known. The single largest and most direct effect on City finances will be changes to healthcare programs, which will significantly increase the number of uninsured and with it costs for hospitals and clinics treating uninsured patients. Preliminary estimates of the effects of H.R.1 on health revenues indicate annual revenue losses exceeding \$300 million within the next decade.

Under the bill, states would lose Medicaid funding for adults who do not meet work requirements; enrollment periods would be shortened and eligibility determinations more frequent; and their ability to finance a portion of Medicaid spending through taxes collected from health care providers would be cut nearly in half. The Congressional Budget Office estimated these changes will increase the number of uninsured people by over ten million in 2034, and that, while federal costs would decrease, state costs to implement and administer the new requirements would increase substantially. Depending on the degree of state cost sharing, local administrative cost increases could be in the tens of millions per year. Reduced funding for Affordable Care Act (ACA) expansion and changes to ACA Health Insurance Marketplaces would add to the uninsured population. This bill represents the largest set of cuts to Medicaid since inception and could result in thousands of San Francisco residents disenrolling from the Medi-Cal program and reduced funding for the Department of Public Health.

The federal government provided significant funding to local governments to respond to the public health emergency and mitigate the fiscal effect of the COVID-19 pandemic. The City spent the entirety of its General Fund allocations of Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act State and Local Fiscal Recovery Fund monies as of fiscal year 2021-22 and is awaiting reimbursement of emergency response costs submitted to the FEMA. The FY26 & FY27 Original Budget assumes Federal Emergency Management Agency (FEMA) reimbursements of \$80.0 million for COVID-19 in FY 2025-26. In late May, San Francisco received emails from FEMA indicating disallowance of 97% of the \$415.0 million in COVID-19 non-congregate shelter (i.e., Shelter-in-Place hotel) costs submitted for reimbursement, for which the City has already received \$148.0 million. The City plans to appeal such determinations; however, the timing and outcome are currently unknown. There can be no assurances that the City will not be required to refund all or a portion of the disallowed amounts, which would materially exacerbate the City's financial challenges. See "PERIODIC FINANCIAL REPORTING; RECENT REPORTS."

GENERAL FUND REVENUES

The revenues discussed below are General Fund resources, unless otherwise noted.

PROPERTY TAXATION

Property Taxation System – General

The City receives approximately one-third of its total General Fund operating revenues from local property taxes. Property tax revenues result from the application of the appropriate tax rate to the taxable assessed value of property in the City. The City levies property taxes for general operating purposes as well as for the payment of voter-approved bonds. 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.

Local property taxation is the responsibility of various City officers. The Assessor identifies all taxable property in the City and County of San Francisco, computes the value of locally assessed taxable property, and applies all legal exemptions. After the assessed roll is closed on June 30, the Controller issues a Certificate of Assessed Valuation in August which certifies the taxable assessed value at the beginning of that fiscal year. The Controller also applies the tax rate factors, including the 1.0% tax authorized by Article XIII A of the State Constitution (and mandated by statute), and tax factors needed to repay voter-approved general obligation bonds on property located in the City. Typically, the Board of Supervisors approves the schedule of tax rates each year by resolution no later than the last working day of September. The Treasurer and Tax Collector prepares and mails tax bills to taxpayers and collects the taxes on behalf of the City and other overlapping taxing agencies that levy taxes on taxable property located in the City. The Treasurer holds and invests City tax funds, including taxes collected for payment of general obligation bonds, and is charged with payment of principal and interest on such bonds when due. The State Board of Equalization assesses certain special classes of property, as described below. See “Taxation of State-Assessed Utility Property” below.

Assessed Valuations, Tax Rates, and Tax Delinquencies

The property tax rate is comprised of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. Table A-6 provides a recent history of assessed valuations of taxable property within the City. Lingered impacts of the COVID-19 pandemic, which triggered business changes such as extended work-from-home policies that resulted in less demand for office spaces, and the substantial increases in borrowing costs (interest rates) resulted in a reduction in property values for certain asset classes in the City and may result in future reductions, which could be material.

The total tax rate shown in Table A-6 includes taxes assessed on behalf of the City as well as the SFUSD, County Office of Education (“SFCOE”), SFCCD, Bay Area Air Quality Management District (“BAAQMD”), and San Francisco Bay Area Rapid Transit District (“BART”), all of which are legal entities separate from the City. See also, Table A-32: “Statement of Direct and Overlapping Debt and Long-Term Obligations.” In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to OCII, the successor agency to the San Francisco Redevelopment Agency, and a number of tax increment financing districts. Property tax revenues attributable to the growth in assessed value of taxable property (known as “tax increment”) within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations and a portion of administrative costs of the agency, reducing tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. OCII received \$125.8 million of property tax increment in fiscal year 2024-25 for recognized

obligations, diverting about \$69.9 million that would have otherwise been apportioned to the City’s General Fund.

The percent collected of property tax (current year levies excluding supplemental and direct charges) was 98.56% for fiscal year 2024-25.

TABLE A-6
Assessed Valuation of Taxable Property
Fiscal Years 2016-17 through 2025-26
(\$000s)

Fiscal Year	Net Assessed ⁽¹⁾ Valuation (NAV)	% Change from Prior Year	Total Tax Rate per \$100 ⁽²⁾	Total Tax Levy ⁽³⁾	Total Tax Collected ⁽³⁾	% Collected June 30
2016-17	\$211,532,524	8.8%	1.179	\$2,492,789	\$2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	307,712,666	2.7%	1.182	3,864,100	3,832,546	99.2%
2022-23	331,431,694	7.7%	1.180	4,067,270	4,032,813	99.2%
2023-24	346,366,619	4.5%	1.178	4,261,226	4,215,823	98.9%
2024-25	348,713,889	0.7%	1.171	4,083,810	4,025,051	98.6%
2025-26	357,842,539 ⁽⁴⁾	2.6%	1.183	4,225,180	N/A	N/A

(1) Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.

(2) Annual tax rate for unsecured property is the same rate as the previous year’s secured tax rate.

(3) The Total Tax Levy and Total Tax Collected through fiscal year 2023-24 is based on year-end current year secured and unsecured levies as adjusted through roll collections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector. Beginning with fiscal year 2024-25, the amounts are prepared by the Office of the Controller and also exclude direct charge levies as they do not correlate to the assessed valuations of properties..

(4) Based on initial assessed valuations for fiscal year 2025-26.

Source: Office of the Controller, City and County of San Francisco.

At the start of fiscal year 2025-26, the total net assessed valuation of taxable property within the City was approximately \$357.8 billion. Of this total, \$341.8 billion (95.5%) represents secured valuations and \$16.0 billion (4.5%) represents unsecured valuations. See “Tax Levy and Collection” below for a further discussion of secured and unsecured property valuations.

Proposition 13 limits to 2% per year the 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 the 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 sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor’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. During the severe economic downturn of fiscal years 2009-10 and 2010-11, reductions of up to approximately 30% of the assessed valuations appealed were granted. Successful assessment appeals result in property tax refunds and so as with appeals activity the total value of refunds typically increases as a result of economic downturns. Other taxing agencies such as SFUSD, SFCOE, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. 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. In the period following the Great Recession, assessment appeals increased significantly as did associated reductions, and a similar trend is developing post-pandemic. For scale, in the wake of the Great Recession, the reductions in residential property assessed value reached upwards of \$2 billion in 2010-11 when the roll topped \$157 billion.

The FY25 & FY26 Original Budget assumes declines in commercial assessed values in the City resulting from the continuance of work from home patterns and interest rates currently affecting the City's businesses, and that such declines could be material. The City's most recent economic reports have noted continuation of these trends.

Appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2014-15 through 2023-24 are listed in Table A-7 below.

TABLE A-7
Refunds of Prior Years' Property Tax Revenues
General Fund
Fiscal Years 2014-15 through 2023-24
(\$000s)

Fiscal Year	Amount Reduced
2014-15	\$16,304
2015-16	16,199
2016-17	33,397
2017-18	24,401
2018-19	30,071
2019-20	17,900
2020-21*	10,729
2021-22	16,479
2022-23	23,070
2023-24	36,822

Source: Office of the Controller, City and County of San Francisco.

*Amount reduced in fiscal year 2020-21 and forward reflects both Teetered and non-teetered property tax amounts.

A property's annual assessed value is determined as of January 1 preceding the start of the fiscal year for which taxes are billed and paid. Under California's Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of that January 1. A qualifying taxpayer can seek assessed value adjustment from the Assessment Appeals Board (AAB), from the Assessor's Office, or both. If a property's fair market value is assessed below its factored base year value, the reduced value is enrolled on a temporary basis (for one year) and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative, or simply as a "decline in value" reduction. If a property receives such a temporary reduction, the Assessor is required to annually review the property's temporary reduction for each subsequent January 1 lien date, until such time as the market value again exceeds the

property's factored base year value, at which point the Assessor reestablishes the factored base year value as the taxable value to be enrolled for that January 1 lien date.

COVID-19's impact on San Francisco real property values first arose on the 2021 Assessment Roll, resulting in an almost 4-times increase in the total count of Proposition 8 reductions granted compared to the 2020 Assessment Roll (up from 2,059 to 8,212) and more than 8-times increase in the value of the reductions (up from \$272 million to \$2.18 billion). For the January 1, 2025 lien date, the Assessor's Office completed 10,739 "decline-in-value" reviews. The total count and value of Proposition 8 reductions for the 2025 Assessment Roll were 9,375 and \$4.84 billion, respectively.

The two most significant factors driving changes beginning with the 2021 Assessment Roll were Proposition 8 reductions for hotel and condominium properties. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of \$1.01 billion for 26 hotel properties on the 2021 Assessment Roll. For the 2025 Assessment Roll, the Assessor reviewed and applied Proposition 8 assessed value reductions for 25 hotel properties, totaling \$1.29 billion. Meanwhile, condominiums accounted for the largest share of new reductions since the onset of the pandemic at over 70% of the total value of temporary reductions (excluding hotels) on the 2021 and 2022 Assessment Rolls, but declining as a percentage of the total value of temporary reductions (excluding hotels) each year since, now accounting for just over half (51%) of the total value of temporary reductions (excluding hotels).

In order to more efficiently address a subset of regular open appeals on certain classes of residential property with an assessed value below \$5 million, in December 2024, the Assessor's Office applied the same regression model it uses for determining Proposition 8 reductions to condos and dwellings with open appeals. This year the project expanded from solely condominiums to also include dwellings (single-family residences). Stipulation letters were sent to 710 condos and 361 dwellings containing a recommended value and instructions about how to withdraw their open appeal if they accepted said value. Taxpayers were given roughly a month to withdraw their appeals and accept the recommended value, which 385 condos and 132 dwellings did according to Assessor records. An additional 108 from these two pools subsequently withdrew with a modicum of appraiser interaction. Taken together, the result of these 1,179 withdrawals is a temporary downward adjustment of the enrolled value for these properties totaling approximately \$86 million.

As referenced above, taxpayers may also seek assessed value adjustments from the AAB, whether or not they seek and/or receive such an adjustment from the Assessor through the Assessor's informal review process. Supplemental and Base Year Appeals are to establish a property's base value. Escape and Regular Appeals are filed to contest a property's value as of January 1. The majority of appeals (typically 70 plus percent) filed are Regular Appeals. For regular, annual secured property tax assessments, the period for property owners to file an appeal is between July 2nd and September 15th. If September 15th falls on a Saturday or Sunday, applications filed or postmarked the next business day are considered timely. The AAB generally is required to resolve appeals applications within two (2) years of filing, unless the applicant signs a waiver to extend the statutory period. Appeals may also be resolved when the Assessor and a property owner stipulate to a corrected value, which the AAB may approve, or reject and require a hearing in which it determines the value. Upon hearing a supplemental or base year appeal to establish a base value, the AAB may decide to increase, decrease, or not change an assessment. In the case of an escape or regular appeal, the AAB may lower the taxable value or maintain the factored base year value but cannot increase the value above the factored base year value. If an escape or regular appeal results in a change in value, the result is a decline-in-value reduction. The new assessed value will be used to determine the property taxes for the year that was appealed. Subsequently, as with any decline-in-value reduction, each year, the Assessor examines the property to see if the market value has risen back to the Proposition 13 base year value, or higher, and if so, reestablishes the Proposition 13 base year value. This does not apply to appeals to establish a property's base value.

Not all filed appeals receive a hearing or result in a property tax assessment reduction. A large majority of all assessment appeals are withdrawn and these withdrawn appeals may or may not receive a reduction. Similarly, not all assessment appeals heard result in a reduction. City revenue estimates take into account

projected property tax losses from pending and future assessment appeals that are based on historical results as to appeals.

Appeals have increased considerably since fiscal year 2019-20 as a result of the impacts of the COVID pandemic and its aftermath as described herein. As of June 30, 2025, the total number of open appeals before the AAB was approximately 9,183. This reflects approximately 8,880 applications the AAB received during the fiscal year 2024-25 assessment appeals period (July 2-September 16, 2024) and 9,281 applications received by the period ending June 30, 2025. The City expects newly filed appeals during the fiscal year 2025-26 filing period to approximate last year's levels. (During the July 2-September 15 filing period in fiscal year 2023-24, the City received 7,576 applications.)

As of June 30, 2025, the difference between the assessed value and the taxpayer's opinion of values for all the open applications was approximately \$112.6 billion. Assuming the City did not contest any taxpayer appeals and the AAB upheld all the taxpayers' requests, a negative total property tax revenue impact of about \$1.3 billion would result. The General Fund's portion of that hypothetical loss of \$1.3 billion in property tax revenues would be approximately \$626.0 million. In practice, the City has contested virtually all taxpayer appeals resulting in substantially lower impacts to the City's property tax revenues resulting from assessment appeals.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the BAAQMD and BART. The total tax levy for all taxing entities to begin fiscal year 2024-25 was \$4.1 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of total property tax revenues allocated in fiscal year 2023-24 (including supplemental and escape property taxes), per pre-audit numbers, the City received \$2.5 billion in the General Fund and \$283.9 million in special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD received approximately \$257.5 million and \$48.3 million, respectively, and the local ERAF received \$455.6 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency received \$134.0 million. The remaining portion was allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose. The City's General Fund was allocated about 47.2% of total property tax revenue before adjusting for the tax increment financing districts, VLF backfill shift, and excess ERAF.

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.

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the “Teeter Plan”). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. Additionally, the Teeter Plan was extended to include the allocation and distribution of special taxes levied for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) in June 2017 (effective fiscal year 2017-18) and for the Bay Restoration Authority Parcel Tax, SFUSD School Facilities Special Tax, SFUSD School Parcel Tax, and City College Parcel Tax in October 2017 (effective fiscal year 2018-19). 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. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. 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 as shown on Table A-7. The Tax Loss Reserve sets aside 1% of the total of all taxes and assessments levied for which the Teeter Plan is the applicable distribution method. The purpose of the Tax Loss Reserve is to cover losses that may occur. The Tax Loss Reserve has grown in recent years as the assessed values on the secured roll have grown.

TABLE A-8
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2014-15 through 2023-24
(\$000s)

Year Ended	Amount Funded
2014-15	\$20,569
2015-16	22,882
2016-17	24,882
2017-18	25,567
2018-19	29,126
2019-20	31,968
2020-21	35,298
2021-22	35,951
2022-23	38,041
2023-24	39,723

Source: Office of the Controller, City and County of San Francisco.

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2025 are shown in Table A-9. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

TABLE A-9
Top 10 Parcels Total Assessed Value
July 1, 2025

Assessee ⁽¹⁾	Location	Type	Total Assessed Value ⁽²⁾
Sutter Bay Hospitals ⁽³⁾	1101 Van Ness Ave	Hospital	\$ 2,754,970,876
Transbay Tower LLC	415 Mission St	Office	1,951,770,071
GSW Arena LLC	1 Warriors Way A	Entertainment Comp	1,544,077,883
Park Tower Owner LLC	250 Howard St	Office	1,186,471,863
KRE Exchange Owner LLC	1800 Owens St	Office	1,181,992,820
Hwa 555 Owners LLC	555 California St	Office	1,159,518,020
Elm Property Venture LLC	101 California St	Office	1,123,892,319
PPF Paramount One Market Plaza Owner LP	55 Spear St	Office	949,697,266
SFDC 50 Fremont LLC	50 Fremont St	Office	784,545,353
Sutter Bay Hospitals Db a Ca Pacific Med	3555 Cesar Chavez St/555 San Jose	Hospital	761,393,708
			\$13,398,330,179

⁽¹⁾ Certain parcels fall within OCII project areas.

⁽²⁾ Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year, TAV includes land & improvements, personal property, and fixtures. Values reflect information as January 1, 2025, lien date.

⁽³⁾ Nonprofit organization that is exempt from property taxes.

Source: Office of the Assessor-Recorder, City and County of San Francisco.

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Taxation of State-Assessed 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 taxed at a special countrywide rates and allocated to the counties by the State Board of Equalization. Tax revenues are distributed to taxing jurisdictions (including the City itself) according to statutory formula are generally based on the distribution of taxes in the prior year. The fiscal year 2024-25 valuation of property assessed by the State Board of Equalization in the City is approximately \$4.6 billion.

OTHER CITY TAX REVENUES

In addition to property taxes, the City has several other major tax revenue sources, as described below. For a discussion of State constitutional and statutory limitations on taxes that may be imposed by the City, including a discussion of Proposition 62 and Proposition 218, see "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein.

The following section contains a brief description of other major City-imposed taxes as well as taxes that are collected by the State and shared with the City. The City's General Fund is also supported by other sources of revenue, including charges for services, fines and penalties, and transfers-in, which are not discussed below.

See Table A-10 below for a summary of revenue source as a percentage of total General Fund revenue based on the Original Budget for fiscal year 2025-26.

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TABLE A-10
General Fund Revenue Overview
Fiscal Year 2025-26
(\$000s)

Revenues	FY 2025-26 Mayor's Original Budget	
	Revenues	Percentage of Total
Property Taxes	\$ 2,437,000	37.1%
Business Taxes	1,139,600	17.3
Other Local Taxes ⁽¹⁾	1,002,170	15.2
Licenses, Permits and Franchises	23,126	0.4
Fines, Forfeitures and Penalties	6,038	0.1
Interest and Investment Income	151,882	2.3
Rents and Concessions	18,502	0.3
Intergovernmental	1,372,885	20.9
Charges for Services	405,243	6.2
Other	<u>18,909</u>	<u>0.3</u>
Total Revenues	\$ 6,575,355	100.0%

⁽¹⁾ Other Local Taxes includes sales, hotel, utility users, parking, transfer, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes.

Source: Office of the Controller, City and County of San Francisco.

Business Taxes

Through tax year 2014, businesses in the City were subject to payroll expense and business registration taxes. Proposition E (November 2012) changed business registration tax rates and introduced a gross receipts tax which phased in over a five-year period beginning January 1, 2014, intending to replace the then existing 1.5% tax on business payrolls over the same period. Overall, the ordinance increased the number and types of businesses in the City that pay business tax and registration fees from approximately 7,500 to 15,000. In November 2020, voters passed Proposition F, which eliminated the payroll tax and modified gross receipt tax rates. Most gross receipt tax rates increased by 40% for tax year 2021 over the prior year. Much smaller increases were scheduled for 2023 and 2024, should the City's taxable gross receipts in 2021 and 2022 reach at least 90% and 95%, respectively, of 2019 taxable gross receipts. The 2023 tax increase was suspended for one year because the City's 2021 taxable gross receipts did not reach the 90% threshold and the 2024 tax increase is suspended for one year because the City's 2022 taxable gross receipts did not reach the 95% threshold. In some industries that were particularly hurt during the pandemic, such as retail, trade and food services, Proposition F resulted in lowered tax rates through 2022 for gross receipts under \$25 million. Subsequent legislation extended the lowered rate to these businesses for an additional two years. Proposition F also reduced business registration fees for businesses with less than \$1 million in gross receipts and raised the small business exemption for gross receipts taxes to \$2 million.

Business tax revenue (gross receipts, payroll, business registration, and tax on executive pay) for fiscal year 2023-24 is \$996.2 million, representing a decrease of \$62.9 million (-5.9%) from fiscal year 2022-23.

In November 2024, voters in the City approved Proposition M. In connection with Proposition M, the Controller prepared an analysis of the projected impacts of Proposition M on business tax revenue. The Controller projected that, over the first three fiscal years, between fiscal years 2024-25 and 2026-27, Measure M will reduce revenues by approximately \$40 million annually. The Controller noted that, while uncertain this projected loss may be smaller if Measure M helps enable the City to reduce reserves for disputed taxes in the future. Beginning in 2027, scheduled rate increases are projected to generate positive revenues of approximately \$50 million annually in fiscal year 2028-29 and thereafter. By fiscal year 2029-30, the total positive revenue resulting from the rate increases are projected to offset the reduced revenue in the first three years, making the

total amount of business tax revenue over that period comparable to law prior to the enactment of Proposition M. After fiscal year 2029-30, the Controller projected that Measure M will generate additional revenue of approximately \$50 million annually. Projected revenue impacts above assume a reduction in business license fees of \$10 million annually, which is the subject of recently introduced legislation.

Measure M amended the City's existing Business and Tax Regulations Code in several key areas:

- Increased the small business exemption from the gross receipts tax from \$2.25 million to \$5.0 million,
- Consolidated the number of tax schedules from 14 business activity categories to 7 business activity categories for the gross receipts and homelessness gross receipts taxes,
- Adjusted tax rates for gross receipts, homelessness gross receipts, administrative office, and overpaid executive gross receipts taxes in 2025, and increases tax rates on gross receipts, administrative office, and overpaid executive gross receipts taxes in 2027 and 2028; currently scheduled tax rate increases after 2024 would not occur under this proposal,
- Shifted the City's calculation of San Francisco gross receipts for most business activities away from payroll expenses and towards sales; the only exceptions are business activities whose San Francisco gross receipts calculation is already entirely based on sales,
- Requires the Office of the Treasurer and Tax Collector to establish an advance determination process to provide written guidance to taxpayers, and makes other implementation changes,
- Creates new tax credits for businesses paying stadium operator admission taxes, grocery retailers, and new lessees in certain newly constructed buildings, and
- Makes changes to business registration fees.

Additionally, Measure M requires that the Controller report on the impact of the various changes made by the initiative in September 2026 and September 2027.

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TABLE A-11
Business Tax Revenues - All Funds⁽¹⁾
Fiscal Years 2022-23 through 2026-27
(\$000s)

Fiscal Year ⁽²⁾	Revenue	Change	Change %
2022-23	\$1,059,195	195,685	22.7%
2023-24	996,247	(62,947)	-5.9
2024-25 Original Budget ⁽³⁾	1,025,500	29,253	2.9
2025-26 Original Budget ⁽⁴⁾	1,142,100	116,600	11.4
2026-27 Original Budget ⁽⁴⁾	1,374,000	231,900	20.3

⁽¹⁾ Figures exclude Homelessness Gross Receipts and Commercial Rent taxes.

⁽²⁾ Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals. Includes gross receipts and payroll taxes allocated to special revenue funds for the Community Challenge Grant program as well as business registration tax.

⁽³⁾ Original Budget amounts are from the FY 2024-25 and FY 2025-26 budget, adopted July 31, 2024.

⁽⁴⁾ Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators to the City monthly. Hotel tax revenue in fiscal year 2023-24 was \$287.6 million (all funds), an increase of \$4.1 million (1.4%) from fiscal year 2022-23. The fiscal year 2025-26 budget is \$298 million, a decrease of \$25.3 million (-7.8%) from the fiscal year 2024-25 budget. Table A-11 includes hotel tax in all funds. Slightly less than 90% of the City's hotel tax is allocated to the General Fund, with 10.7% allocated to arts and cultural organizations and approximately \$5 million for debt service on hotel tax revenue bonds.

Fiscal year 2023-24 hotel tax revenue performed better than fiscal year 2022-23, as leisure visits and convention activity continue to recover. Fiscal year 2023-24 enplanements at SFO increased by 9.0% from the prior year, as international and domestic enplanements improved by 210% and 4.7%, respectively. The return of conferences and conventions has played a key role in the recovery of hotel tax revenues, particularly because conventions drive up hotel tax room rates through compression pricing. In fiscal year 2022-23, there were 33 conferences with over 286,000 attendees. In fiscal year 2023-24, a total of 38 conferences with over 390,000 attendees took place at the Moscone Convention Center. In the first three quarters of FY 2024-25, San Francisco hosted 25 conferences with about 240,000 attendees. An additional ten conferences are planned in the fourth quarter, for a total estimated attendance of almost 360,000 this fiscal year. This is compared to 54 events with over 723,000 attendees in FY 2018-19. The number of events and attendees for FY 2025-26 and FY 2026-27 is expected to grow.

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TABLE A-12
Transient Occupancy Tax Revenues - All Funds⁽¹⁾
Fiscal Years 2022-23 through 2026-27
(\$000s)

Fiscal Year ⁽²⁾	Tax Rate	Revenue	Change	
2022-23	14.0%	\$283,453	\$104,320	58.2%
2023-24	14.0	287,553	4,100	1.4
2024-25 Original Budget ⁽³⁾	14.0	323,443	35,890	12.5
2025-26 Original Budget ⁽⁴⁾	14.0	298,183	(25,260)	-7.8
2026-27 Original Budget ⁽⁴⁾	14.0	311,868	13,685	4.6

(1) Amounts include the portion of hotel tax revenue used to pay debt service on hotel tax revenue bonds, as well as the portion of hotel tax revenue dedicated to arts and cultural programming reflecting the passage of Proposition E in November 2018, which took effect January 1, 2019.

(2) Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.

(3) Original Budget amounts are from the FY 2024-25 and FY 2025-26 budget, adopted July 31, 2024.

(4) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

Real Property Transfer Tax

Real property transfer tax (“RPTT”) is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more sensitive to economic and real estate cycles than most other City revenue sources. Transfer tax rates are \$5.00 per \$1,000 of the sale price of the property being transferred for properties valued at \$250,000 or less; \$6.80 per \$1,000 for properties valued from more than \$250,000 to \$999,999; \$7.50 per \$1,000 for properties valued from \$1.0 million to less than \$5.0 million; \$22.50 per \$1,000 for properties valued from \$5.0 million to less than \$10.0 million; \$55.00 per \$1,000 for properties valued from \$10.0 million to less than \$25.0 million and \$60.00 per \$1,000 for properties valued at \$25.0 million or more.

The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from 5.6% in the 4th quarter of 2019 to 35.7% in the second quarter of 2025. The high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. According to CoStar, downtown office sales transactions have averaged nine per quarter since 2020, down from an average of 22 per quarter before the pandemic. The average market sale price across the city stood at \$459 per square foot in Q2 2025, a 42% decline from the peak of \$790 in Q4 2019.

Due to the highly progressive nature of the tax, the volatility of RPTT is attributable mainly to the sales of high-value (largely commercial) properties over \$10 million. The overall number of transactions over \$10 million dropped from 101 transfers in fiscal year 2021-22 to 55 transfers in fiscal year 2022-23 and 56 transfers in fiscal year 2023-24. Based on data through the end of April 2025, the estimated number of transactions over \$10 million will increase to 73 in fiscal year 2024-25. The number of transactions under \$10 million also declined from 10,086 transfers in fiscal year 2021-22 to 6,714 transfers in fiscal year 2022-23, and further declining to 6,487 transfers in fiscal year 2023-24. Based on data through the end of April 2025, the estimated number of transactions under \$10 million is 5,731 in fiscal year 2024-25.

The FY26 & FY27 Original Budget projects increases from fiscal year 2023-24 and FY 2024-25 forecast, anticipating increases in transfers as buyers and sellers begin to come into agreement about market prices of large real estate transactions in an office market reset.

TABLE A-13
Real Property Transfer Tax Receipts - All Funds
Fiscal Years 2022-23 through 2026-27
(\$000s)

Fiscal Year ⁽¹⁾	Revenue	Change	
2022-23	\$186,247	\$(334,112)	-64.2%
2023-24	177,700	(8,547)	-4.6
2024-25 Original Budget ⁽²⁾	218,850	41,150	23.2
2025-26 Original Budget ⁽³⁾	267,550	48,700	22.3
2026-27 Original Budget ⁽³⁾	316,260	48,710	18.2

⁽¹⁾ Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals.

⁽²⁾ Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.

⁽³⁾ Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

Sales and Use Tax

The sales tax rate on retail transactions in the City is 8.6250%, of which 1.00% represents the City's local share ("Bradley-Burns" portion). The State collects the City's local sales tax on retail transactions along with State and special district sales taxes, and then remits the local sales tax collections to the City.

The components of San Francisco's 8.6250% sales tax rate are shown in Table A-14. In addition to the 1% portion of local sales tax, the State subvenes (i.e. transfers) portions of sales tax back to counties through 2011 realignment (1.0625%), 1991 realignment (0.5%), and public safety sales tax (0.5%). The subventions are discussed in more detail under "INTERGOVERNMENTAL REVENUES" herein.

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TABLE A-14
San Francisco's Sales & Use Tax Rate

State Sales Tax	6.00%
State General Fund	3.9375
Local Realignment Fund 2011*	1.0625
Local Revenue Fund*	0.50
(to counties for health & welfare)	
Public Safety Fund (to counties & cities)*	0.50
 Local Sales Tax	 1.25%
Local Sales Tax (to General Fund)*	1.00
Local Transportation Tax (TDA)	0.25
 Special District Use Tax	 1.375%
2020 Peninsula Corridor Joint Powers Board	0.125
Transactions and Use Tax (JPBF)	
SF County Transportation Authority	0.50
Bay Area Rapid Transit (BART)	0.50
SF Public Financing Authority (Schools)	0.25
 TOTAL Sales Tax Rate	 8.625%

* Represents portions of the sales tax allocated to the City.

Source: Office of the Controller, City and County of San Francisco.

The local sales tax (the 1% portion) revenue in fiscal year 2023-24 was \$190.5 million, a decrease of \$7.4 million (3.7%) from fiscal year 2022-23. The fiscal year 2024-25 budget is \$193.7 million, an increase of \$3.2 million (1.7%) from fiscal year 2023-24. FY 2025-26 local sales tax revenue is budgeted at \$189.6 million, which is \$4.1 million (2.1%), lower than what was budgeted in FY 2024-25. FY 2026-27 local sales tax revenue is budgeted at \$195.3 million, which is \$5.7 million (3.0%), higher than the proposed FY 2025-26 budget. The entirety of sales tax revenue is recorded in the General Fund.

Historically, sales tax revenues have been highly correlated to growth in tourism, business activity and population. This revenue is significantly affected by changes in the economy and spending patterns. In recent years, online retailers have contributed significantly to sales tax receipts, offsetting sustained declines in point-of-sale purchases.

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TABLE A-15
Sales and Use Tax Revenues
Fiscal Years 2022-23 through 2026-27
General Fund
(\$000s)

Fiscal Year ⁽¹⁾	Tax Rate	City Share	Revenue	Change	
2022-23	8.625%	1.00%	\$197,911	\$9,574	5.1%
2023-24	8.625	1.00	190,528	(7,383)	-3.7
2024-25 Original Budget ⁽²⁾	8.625	1.00	193,690	3,162	1.7
2025-26 Original Budget ⁽³⁾	8.625	1.00	189,550	(4,140)	-2.1
2026-27 Original Budget ⁽³⁾	8.625	1.00	195,260	5,710	3.0

⁽¹⁾ Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.

⁽²⁾ Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.

⁽³⁾ Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

Other Local Taxes

The City imposes a number of other general purpose taxes:

- Utility Users Tax (“UUT”) - A 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services.
- Access Line Tax (“ALT”) – As of July 1, 2025, a charge of \$4.36 on every telecommunications line, \$32.82 on every trunk line, and \$590.99 on every high-capacity line in the City. The ALT replaced the Emergency Response Fee (“ERF”) in 2009. The tax is collected from telephone communications service subscribers by the telephone service supplier.
- Parking Tax - A 25% tax for off-street parking spaces. The tax is paid by occupants and remitted monthly to the City by parking facility operators. In accordance with Charter Section 16.110, 80% of parking tax revenues are transferred from the General Fund to the MTA’s Enterprise Funds to support public transit.
- Sugar Sweetened Beverage Tax – A one cent per ounce tax on the distribution of sugary beverages. This measure was adopted by voters on November 9, 2016 (Proposition V) and took effect on January 1, 2018.
- Stadium Admission Tax – A tax between \$0.25 and \$1.50 per seat or space in a stadium for any event, with some specific exclusions.
- Cannabis Tax – A gross receipts tax of 1% to 5% on marijuana business and permits the City to tax businesses that do not have a physical presence in the City. This measure was adopted by voters in November 2018 (Proposition D). The tax was originally slated to go into effect on January 1, 2021, but the Board has delayed the imposition of the tax several times. The cannabis tax will now take effect beginning January 1, 2026.
- Franchise Tax – A tax for the use of City streets and rights-of-way on cable TV, electric, natural gas, and steam franchises.

Table A-15 reflects the City’s actual tax receipts for fiscal years 2022-23 through 2023-24 and budgets for fiscal years 2024-25, 2025-26 and 2026-27, respectively.

As with the larger tax revenues described above, the City anticipates these sources will be impacted by the pace of economic recovery. See “See “PERIODIC FINANCIAL REPORTING; RECENT REPORTS” for recent financial reports and projections.

TABLE A-16
Other Local Taxes
Fiscal Years 2022-23 through 2026-27
General Fund
(\$000s)

Tax	2022-23 Actuals ⁽¹⁾	2023-24 Actuals ⁽¹⁾	2024-25 Original Budget ⁽²⁾	2025-26 Original Budget ⁽³⁾	2026-27 Original Budget ⁽³⁾
Utility Users Tax	\$110,661	\$121,931	\$110,730	\$116,370	\$117,530
Access Line Tax	53,171	64,609	53,730	54,480	55,390
Parking Tax	82,716	86,178	86,900	88,800	90,610
Sugar Sweetened Beverage Tax	12,870	11,625	12,700	11,630	11,630
Stadium Admissions Tax	5,984	8,567	7,400	8,600	8,600
Cannabis Tax	N/A	N/A	-	-	3,710

⁽¹⁾ Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.

⁽²⁾ Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.

⁽³⁾ Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

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INTERGOVERNMENTAL REVENUES

State Subventions Based on Taxes

The City receives allocations (i.e. subventions) of State sales tax and VLF revenue for 1991 Health and Welfare Realignment, 2011 Public Safety Realignment, and Prop 172 Public Safety Sales Tax. These subventions fund programs that are substantially supported by the General Fund. See “GENERAL FUND REVENUES – OTHER CITY TAX REVENUES – Sales and Use Tax” above.

- Health and Welfare Realignment, enacted in 1991, restructured the state-county partnership by giving counties increased responsibilities and dedicated funding to administer certain public health, mental health and social service programs.
- Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers.
- State Proposition 172, enacted in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City’s proportionate share of Statewide sales activity. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above. Disbursements are made to counties based on the county ratio, which is the county’s percent share of total statewide sales taxes in the most recent calendar year.

Table A-17 reflects the City’s actual receipts for fiscal years 2022-23 and 2023-24 and budgeted amounts of fiscal years 2024-25 through 2026-27.

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TABLE A-17
Selected State Subventions - All Funds
Fiscal Years 2022-23 Through 2026-27
(\$Millions)

Tax	2022-23 Actuals ⁽¹⁾	2023-24 Actuals ⁽¹⁾	2024-25 Original Budget ⁽²⁾	2025-26 Original Budget ⁽⁴⁾	2026-27 Original Budget ⁽⁴⁾
Health and Welfare Realignment					
General Fund	\$290.7	\$264.6	\$283.6	\$272.8	\$279.3
Hospital Fund	67.9	63.4	63.6	64.4	65.4
Total - Health and Welfare	\$358.6	\$328.0	\$347.2	\$337.2	\$344.6
Backfill Realignment⁽³⁾					
General Fund					
Non General Fund					
Total - Backfill Realignment					
Public Safety Realignment (General Fund)	\$58.6	\$53.9	\$55.4	\$53.5	\$54.9
Public Safety Sales Tax (Prop 172) (General Fund)	\$94.9	\$97.2	\$99.6	\$97.2	\$100.5

(1) Figures for fiscal year 2020-21 through fiscal year 2023-24 are actuals.

(2) Original Budget amounts are from the fiscal year 2024-25 and fiscal year 2025-26 budget, adopted July 31, 2024.

(3) Backfill Realignment is a one-time State funding to fill the shortfall in Health and Welfare to the decrease of sales tax and vehicle license fees.

(4) Original Budget amounts are from the FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

General Fund Expenditures by Major Service Area

As a consolidated city and county, the City budgets General Fund expenditures in seven major service areas as described in Table A-18 below:

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TABLE A-18
Expenditures by Major Service Area
Fiscal Years 2022-23 through 2026-27
(\$000s)

Major Service Areas	2022-23 Final Budget ⁽¹⁾	2023-24 Final Budget ⁽¹⁾	2024-25 Original Budget ⁽²⁾	2025-26 Original Budget ⁽³⁾	2026-27 Original Budget ⁽³⁾
Public Protection	\$ 1,681,489	\$1,747,925	\$ 1,837,737	\$ 1,923,582	\$ 1,962,039
Human Welfare & Neighborhood Development	1,621,981	1,686,647	1,641,289	1,670,511	1,737,353
Community Health	1,118,010	1,099,022	1,144,476	1,223,759	1,295,276
General Administration & Finance	351,738	346,074	352,660	342,691	369,936
Culture & Recreation	180,475	198,594	190,338	204,503	221,058
General City Responsibilities	201,959	211,665	194,821	201,002	242,836
Public Works, Transportation & Commerce	<u>275,941</u>	<u>254,637</u>	<u>232,734</u>	<u>177,859</u>	<u>192,418</u>
Total ⁽²⁾	\$5,431,593	\$ 5,544,564	\$ 5,594,055	\$ 5,743,907	\$ 6,020,916

(1) Figures for fiscal year 2019-20 through fiscal year 2023-24 are as reflected in ACFR.

(2) Fiscal year 2024-25 amounts are from Original Budget, adopted July 31, 2024.

(3) Fiscal year 2025-26 & 2026-27 amounts are from FY26 & FY27 Original Budget, adopted July 24, 2025.

Source: Office of the Controller, City and County of San Francisco.

Public Protection primarily includes the Police Department, the Fire Department, and the Sheriff's Office which is primarily responsible for City jails rather than law enforcement. Human Welfare & Neighborhood Development includes the Department of Human Services' aid assistance, aid payments, and City grant programs. Community Health includes the Public Health Department, which also operates San Francisco General Hospital and Laguna Honda Hospital.

The Laguna Honda Hospital and Rehabilitation Center ("Laguna Honda") is a skilled nursing facility owned and operated by the City through its Department of Public Health, serving up to 660 patients, most of whom are low income or extremely low-income residents. Beginning in March 2022, the City had a series of disputes with the Centers for Medicare and Medicaid Services ("CMS"), an agency within the federal Department of Health & Human Services, over conditions at Laguna Honda which potentially put federal funding at risk. Although the disputes were generally resolved, and Laguna Honda is now fully recertified and will continue to receive Medicare and Medicaid payments, Laguna Honda will continue to be reviewed for compliance with conditions of participation in Medicare and Medicaid programs as is normal for facilities regulated by CMS and CDPH. There can be no assurances that federal funding will continue to be available in the amounts projected by the City. See "BUDGETARY RISKS - Impact of Federal Government on Local Finances."

The General Fund provides significant funding to the MTA. A financially stable MTA is considered vital to the City's economy, specifically the downtown corridor. The FY26 & FY27 Original Budget provides approximately \$600 million of such funding in each fiscal year, which constitutes approximately 37% of MTA's total budget. In July 2025, the Office of the Controller released a report entitled "Muni Funding Working Group - Solving for Muni's Funding Needs," which described potential policy options identified by MTA staff and discussed by the Muni Funding Working Group (described below) to address MTA's projected deficit for fiscal year 2026-27 (projected at the time to be approximately \$320 million). The MTA funding deficit is due in large measure to declining revenues and ridership stemming from the shift to remote work, the exhaustion of COVID-19 pandemic relief and slower growth of General Fund support.

The Muni Funding Working Group (composed of elected officials, labor, business and transit advocacy representatives) generally supported addressing the deficit through revenue-raising options over service cuts. Of the revenue-raising options, members supported revenue raising ballot measures. Based on this outcome, MTA focused on two revenue measures. First, Senate Bill (SB) 63, a regional revenue measure developed by State Senators Wiener and Arreguin that puts a 14-year regional transportation sales tax on the November 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties. If approved by voters, the sales tax would be levied at a rate of one cent in San Francisco and one-half cent in each of the other four counties. The measure would generate roughly \$1 billion annually across the region, including an estimated \$170M in FY30-31. In addition, San Francisco Mayor Daniel Lurie signed Executive Directive 25-04 "Heart of the City" which includes among the 100-day actions to "Explore and align on a sufficient, fair and supportable Parcel Tax structure to fund Muni while continuing to make transit safe, reliable, affordable, accountable and efficiently budgeted."

On September 10, 2025, Governor Gavin Newsom announced the state's intention to proceed to negotiate an interim loan (the "State Loan") for MTA, BART, Caltrain and other Bay Area transit agencies to provide short term budget relief to the agencies. The total amount of the State Loan and MTA's portion are not known at this time. In addition, terms and security provisions are subject to negotiation.

The City can give no assurance that the State Loan will be finalized, nor whether any proposed solutions which the MTA Board of Directors, the Board of Supervisors, and the Mayor implement would fully address MTA's financial challenges. If either of these funding solutions are unsuccessful the MTA would be required to make significant service cuts or request additional transfers from the General Fund.

For budgetary purposes, enterprise funds (which are not shown on the table above) are characterized as either self-supported funds or General Fund-supported funds. General Fund-supported funds include the Convention Facility Fund, the Cultural and Recreation Film Fund, the Gas Tax Fund, the Golf Fund, the General Hospital Fund, MTA, and the Laguna Honda Hospital Fund. These funds are supported by transfers from the General Fund to the extent their dedicated revenue streams are insufficient to support the desired level of services.

Voter-Mandated Spending Requirements

The Charter requires funding for voter-mandated spending requirements, which are also referred to as "baselines," "set-asides," or "mandates". The chart below identifies the required and budgeted levels of funding for key mandates including special taxes and dedications of taxes. The spending requirements are formula-driven, variously based on projected aggregate General Fund discretionary revenue, property tax revenues, total budgeted spending, staffing levels, or population growth. Table A-19 reflects fiscal year 2025-26 and 2026-27 spending requirements. These mandates are generally budgeted as transfers out of the General Fund or allocations of revenue.

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TABLE A-19
Baselines & Set-Asides
FY 2024-25 and FY 2026-27
(\$ millions)

	2024-25 Original Budget ⁽¹⁾	2025-26 Original Budget ⁽²⁾	2026-27 Proposed Budget ⁽²⁾
General Fund Aggregate Discretionary Revenue (ADR)	\$4,532.2	\$4,660.0	\$4,935.2
MUNICIPAL TRANSPORTATION AGENCY			
Municipal Railway Baseline - 7.0675% ADR - GF Transfer	320.3	329.4	348.8
Parking & Traffic Baseline - 2.5070% ADR - GF Transfer	113.6	116.8	123.7
Population Adjustment - GF Transfer	74.5	90.5	92.4
Parking Tax In-Lieu - 80% Parking Tax - GF Transfer	69.5	71.0	72.5
Traffic Congestion Mitigation Fund - Special Tax (50%)	8.4	9.9	9.9
Subtotal Municipal Transportation Agency	577.9	607.7	637.4
LIBRARY PRESERVATION FUND			
Library Preservation Fund Baseline - 2.2858% ADR - GF Transfer	103.6	106.5	112.8
Library Preservation Fund Property Tax - \$0.025 per \$100 NAV	79.3	79.3	78.4
Subtotal Library	182.9	185.9	191.2
RECREATION & PARKS			
Open Space Property Tax - \$0.025 per \$100 NAV	79.3	79.3	78.4
Recreation & Parks Baseline MOE Required GF Support	85.2	88.2	93.2
Recreation & Support GF Support Budgeted	87.2	91.0	96.1
Subtotal Recreation and Park	166.6	170.4	174.5
CHILDREN'S SERVICES			
Children & Youth Fund			
Property Tax - \$0.4 per \$100 NAV	126.9	126.9	125.4
Children's Services Baseline Requirement - 4.8296% ADR	218.9	225.1	238.4
Children's Services Baseline Expenditures Budgeted	220.4	245.4	241.8
Transitional Aged Youth Baseline Requirement - 0.5800% ADR	26.3	27.0	28.6
Transitional Aged Youth Baseline Expenditures Budgeted	37.9	28.1	28.5
Babies & Families First Fund			
Commercial Rents Tax (85%)	159.2	156.7	157.1
Early Care and Education Baseline Requirement	76.6	76.9	82.4
Early Care and Education Expenditures Budgeted	77.3	78.0	83.0
Public Education Enrichment Fund - 3.0567% ADR			
Public Education Enrichment Fund Total - GF Transfer	138.5	142.5	150.9
1/3 Annual Contribution to Preschool for All	46.2	47.5	50.3
2/3 Annual Contribution to SFUSD	92.4	95.0	100.6
Public Education Services Baseline - 0.2898% ADR - GF (50%) and CYF (50%) Transfer	13.1	13.5	14.3
Student Success Fund (SFUSD) - GF Transfer	35.0	35.0	45.0
Fair Wages for Educators Fund (SFUSD) - Parcel Tax	53.0	54.0	54.0
Subtotal Children and Youth Services	861.3	880.2	899.9
HOMELESSNESS & HOUSING			
Our City, Our Home Fund			
Homelessness Gross Receipts Tax	274.1	335.9	359.9
Our City, Our Home Baseline Requirement	215.0	215.0	215.0
Our City, Our Home Baseline Expenditures Budgeted	422.6	366.0	382.2
Housing Trust Fund - GF Transfer	47.3	48.8	51.9
Affordable Housing Opportunity Fund - GF Transfer	-	-	8.3
Housing Activation Fund - Empty Homes Tax	-	-	-
Subtotal Homelessness and Housing	743.9	750.7	802.3
ARTS			
Hotel Tax for Arts Fund - Hotel Tax	35.8	33.0	34.5
Property Tax - Municipal Symphony - \$0.00125 per \$100 NAV	4.4	4.5	4.6
Subtotal Arts	40.2	37.5	39.1
OTHER			
Small Business Assistance Fund - Commercial Vacancy Tax	1.0	2.0	2.0
Dignity Fund - GF Transfer	59.1	59.1	62.1
Street Tree Maintenance Fund - GF Transfer	23.0	23.0	24.4
City Services Auditor - 0.2% of Citywide Budget - Work Order	26.8	26.3	26.6
Subtotal Other	109.9	110.4	115.1
Total Baselines, Set Asides and Special Taxes	2,682.8	2,742.8	2,859.4

⁽¹⁾ Fiscal year 2024-25 and 2025-26 amounts represent the Mayor's Proposed Budget, May 30, 2024.

In November 2024, voters in the City approved two initiatives (Proposition G and Proposition J) which impose additional mandatory spending requirements. In connection with the propositions, the Controller prepared an analysis of the projected impacts of the propositions on City finances.

Proposition G creates the Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities for the Mayor's Office of Housing and Community Development to provide rental subsidies to extremely low-income households. The FY26 & FY27 Original Budget makes the required deposit of \$8.25 million in FY 2026-27. Thereafter, the City's annual deposits to the fund will increase by the annual percentage change in ADR or 3.0%, whichever is smaller. However, the City may temporarily suspend increases in any year in which a General Fund deficit of \$250 million is forecasted.

EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents slightly less than half of the City's expenditures, totaling \$7.3 billion and \$7.6 billion in fiscal years 2025-26 and 2026-27 in the FY26 & FY27 Original Budget. For the General Fund, the combined salary and benefits in the FY26 & FY27 Original is \$3.4 billion in fiscal year 2025-26 and \$3.5 billion in fiscal year 2026-27.

This section discusses the organization of City workers into bargaining units, the status of employment contracts, and City expenditures on employee-related costs including salaries, wages, medical benefits, retirement benefits and the City's retirement system, and post-employment health and medical benefits. SFUSD, SFCCD and the San Francisco Superior Court, called Trial Court below, are not City employees.

Labor Relations

The City's FY25 & FY26 Original Budget includes approximately 38,500 full-time and part-time positions, of which approximately 32,500 are funded positions. City workers are represented by 36 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021 ("SEIU"); the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE"); and the unions representing Police, Fire, Deputy Sheriffs, and Transit Workers.

Wages, hours and working conditions of City employees are determined by collective bargaining pursuant to State law (the Meyers-Milias-Brown Act, California Government Code Sections 3500-3511) and the City Charter. San Francisco is unusual among California's cities and counties in that nearly all of its employees, including managerial and executive-level employees, are represented by labor organizations.

The City's employee selection procedures are established and maintained through a civil service system. In general, selection procedures and other merit system issues, with the exception of discipline, are not subject to arbitration. Disciplinary actions are generally subject to grievance arbitration, with the exception of sworn police officers and fire fighters.

Further, the City Charter requires binding arbitration to resolve negotiations in the event of an impasse. If an impasse is reached, the parties are required to convene a tripartite arbitration panel, chaired by an impartial third-party arbitrator, which sets the disputed terms of the new agreement. The award of the arbitration panel is final and binding. This process applies to all City employees except Registered Nurses and a small group of unrepresented employees, whose working conditions and compensation are established annually by ordinance. Wages, hours and working conditions of nurses are not subject to interest arbitration but are subject to Charter-mandated economic limits.

Since 1976, no City employees have participated in a union-authorized strike. On July 24, 2023, the California Public Employment Relations Board ("PERB") ruled in favor of SEIU and IFPTE, concluding that City Charter sections A8.346 and A8.409 prohibiting strikes by City employees are invalid, affirming an earlier ruling of an administrative law judge that such City Charter provisions violate the Meyers-Milias-Brown Act.

The City filed a notice of appeal to the California Court of Appeal with respect to the PERB decision. On May 23, 2025, the California Court of Appeal denied the City's writ of extraordinary relief, leaving the PERB decision invalidating Charter prohibition on strikes for non-sworn employees. However, every Memoranda of Understanding ("MOUs") with every union representing non-sworn employees contain no-strike provisions and are currently in effect.

In May 2024, the City negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with 27 labor unions. The City negotiated a 1.5% base wage increase due on July 1, 2024, and 1.5% on January 4, 2025, with an additional 1% base wage increase at the close of business on June 30, 2025. For fiscal year 2025-26, the parties agreed to a base wage increase of 1% on July 1, 2025, 1.5% on January 3, 2026, and 2% at the close of business on June 30, 2026. For fiscal year 2026-27, the parties agreed to a base wage increase of 2% on January 2, 2027, and 2.5% at the close of business on June 30, 2027. The City additionally negotiated a minimum base wage of \$25.00 an hour implemented on July 1, 2024, impacting members of SEIU Local 1021 Citywide and Laborers, Local 261. For fiscal year 2025-26, the Unrepresented Employee Ordinance, upon approval by June 30, 2025 will provide a wage increase of 1% on July 1, 2025, 1.5% on January 3, 2026, and 2% at close of business on June 30, 2026.

Also, in May 2024, the MTA negotiated three-year agreements (for fiscal years 2024-25 through 2026-27) with the unions that represent Transit Operators, Mechanics, Station Agents, Parking Control Officers and others, collectively referred to as Service-Critical. The parties agreed to the same wage increase schedule as provided in the City agreements.

In 2023, the City negotiated a 2.5% base wage increase with labor organizations representing sworn members of the Police and Fire departments due on July 1, 2023, and 2.25% on January 6, 2024. For fiscal year 2024-25, the parties agreed to a base wage increase of 3.0% on January 4, 2025, with a provision to delay the increase by six months if the City's budget deficit for fiscal year 2024-25, as projected in the March 2024 Joint Report, exceeds \$300 million. The March 2024 Joint Report forecasted a deficit \$235.9 million, below the \$300 million threshold. Therefore, no wage delay was triggered. For fiscal year 2025-2026, the parties agreed to a base wage increase of 3.0% on July 1, 2025, with a provision to delay the increase by one year if the City's budget deficit for fiscal year 2025-26, as projected in the March 2025 Joint Report, exceeds \$300 million. The City will commence bargaining with the Police and Fire unions in the fall of 2025 with any negotiated wage increases predicted to come into effect on or after July 1, 2026.

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TABLE A-20
Employee Organizations as of August 28, 2025

CITY AND COUNTY OF SAN FRANCISCO (All Funds)

Organization	City Budgeted Positions	Expiration Date of MOU
Automotive Machinists, Local 1414	520	30-Jun-27
Bricklayers, Local 3	4	30-Jun-27
Building Inspectors' Association	85	30-Jun-27
Carpenters, Local 22	114	30-Jun-27
Carpet, Linoleum & Soft Tile	4	30-Jun-27
Cement Masons, Local 300	39	30-Jun-27
Deputy Probation Officers' Association (DPOA)	107	30-Jun-27
Deputy Sheriffs' Association (DSA)	798	30-Jun-27
Electrical Workers, Local 6	938	30-Jun-27
Firefighters' Association, Local 798	1,993	30-Jun-26
Glaziers, Local 718	14	30-Jun-27
Hod Carriers, Local 36	2	30-Jun-27
Ironworkers, Local 377	14	30-Jun-27
Laborers, Local 261	1,186	30-Jun-27
Municipal Attorneys' Association (MAA)	525	30-Jun-27
Municipal Executives' Association (MEA) Fire	12	30-Jun-26
Municipal Executives' Association (MEA) Miscellaneous	1,755	30-Jun-27
Municipal Executives' Association (MEA) Police	14	30-Jun-26
Operating Engineers, Local 3 Miscellaneous	63	30-Jun-27
Operating Engineers, Local 3 Supervising Probation	27	30-Jun-27
Pile Drivers, Local 34	23	30-Jun-27
Plumbers, Local 38	370	30-Jun-27
Police Officers' Association (POA)	2,364	30-Jun-26
Professional and Technical Engineers, Local 21	7,370	30-Jun-27
Roofers, Local 40	12	30-Jun-27
SEIU, Local 1021 Misc	13,081	30-Jun-27
SEIU, Local 1021 Nurses	1,954	30-Jun-27
SF City Workers United	139	30-Jun-27
SFDA Investigators Association	46	30-Jun-27
Sheet Metal Workers, Local 104	38	30-Jun-27
Sheriffs' Supervisory and Management Association (MSA)	119	30-Jun-27
Stationary Engineers, Local 39	703	30-Jun-27
Teamsters, Local 853	185	30-Jun-27
Teamsters, Local 856, Multi	97	30-Jun-27
Teamsters, Local 856, Supervising Nurses	131	30-Jun-27
Theatrical Stage Emp, Local 16	33	30-Jun-27
TWU, Local 200	422	30-Jun-27
TWU, Local 250-A, Auto Service Work	123	30-Jun-27
TWU, Local 250-A, Miscellaneous	112	30-Jun-27
TWU, Local 250-A, Transit Fare Inspectors	76	30-Jun-27
TWU, Local 250-A, Transit Operator	2,522	30-Jun-27
Union of American Physicians and Dentists (UAPD)	207	30-Jun-27
Unrepresented Employees	91	30-Jun-26
Other	950	
	39,381	

San Francisco Employees' Retirement System

History and Administration

The San Francisco City & County Employees' Retirement System ("SFERS" or "Retirement System") is charged with administering a defined-benefit pension plan that covers substantially all City employees and certain other employees. The Retirement System was initially established by approval of City voters on November 2, 1920 and the State Legislature on January 12, 1921 and is currently codified in the City Charter. The Charter provisions governing the Retirement System may be revised only by a Charter amendment, which requires an affirmative public majority vote at a duly called election.

The Retirement System is administered by the Retirement Board consisting of seven members, three appointed by the Mayor, three elected from among the members of the Retirement System, at least two of whom must be actively employed, and a member of the Board of Supervisors appointed by the President of the Board of Supervisors.

The Retirement Board appoints an Executive Director and an Actuary to aid in the administration of the Retirement System. The Executive Director serves as Chief Executive Officer and Chief Investment Officer of SFERS. The Actuary's responsibilities include advising the Retirement Board on actuarial matters and monitoring of actuarial service providers. The Retirement Board retains an independent consulting actuarial firm to prepare the annual valuation reports and other analyses. The independent consulting actuarial firm is currently Cheiron, Inc., a nationally recognized firm selected by the Retirement Board pursuant to a competitive process.

Membership

Retirement System members include eligible employees of the City, SFUSD, SFCCD, and the San Francisco Trial Courts. The Retirement System estimates that the total non-retired membership as of July 1, 2024 was 48,521, compared to 46,657 as of July 1, 2023. Total non-retired membership as of July 1, 2024 included 11,930 terminated vested members and 1,173 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as California Public Employees' Retirement System ("CalPERS") and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 32,654 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table A-21 shows various member counts in the total Retirement System (City, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2020 through July 1, 2024. The number of retirees supported by each active member can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the Retirement System. In particular, if the ratio of retirees to active members grows, it indicates that any actuarial losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. The ratio for SFERS had been relatively stable but increased modestly in 2021 and again in 2022 with the two-year decline in number of active members. Although the City has been actively filling vacant positions, the ratio remains elevated above pre-pandemic levels.

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TABLE A-21
Employees' Retirement System
July 1, 2020 through July 1, 2024

As of July 1 st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees & Continuants	Retiree to Active Ratio
2020	34,521	9,478	1,071	45,070	30,128	0.87
2021	33,644	10,066	1,060	44,770	30,854	0.92
2022	33,199	11,066	1,019	45,284	31,719	0.96
2023	34,016	11,461	1,180	46,657	32,104	0.94
2024	35,418	11,930	1,173	48,521	32,654	0.92

Sources: SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference.

Notes: Member counts are for the entire Retirement System and include non-City employees. The "Retiree to Active Ratio" compares the number of retirees collecting benefits to the active number of employees contributing to the retirement plan.

Funding Practices

Employer and employee (member) contributions are mandated by the Charter. Sponsoring employers are required to contribute 100% of the actuarially determined contribution approved by the Retirement Board. The Charter specifies that employer contributions consist of the normal cost (the present value of the benefits that SFERS expects to become payable in the future attributable to a current year's employment) plus an amortization of the unfunded liability over a period not to exceed 20 years. The Retirement Board sets the funding policy subject to the Charter requirements.

The Retirement Board adopts the economic and demographic assumptions used in the annual valuations. Demographic assumptions such as retirement, termination and disability rates are based upon periodic demographic studies performed by the consulting actuarial firm approximately every five years. Economic assumptions are reviewed each year by the Retirement Board after receiving an economic experience analysis from the consulting actuarial firm.

The Board adopted the current demographic assumptions at its December 9, 2020 Retirement Board meeting based on the experience study dated August 12, 2020. The current discount rate of 7.20% (the rate used to determine the present value of the retirement plan's future liability) was adopted at the November 10, 2021 Board meeting, effective for the July 1, 2021 actuarial valuation. The Board most recently voted to maintain these assumptions (for the July 1, 2024 actuarial valuation) at its November 13, 2024 meeting. In the long term, the true cost of a pension plan is determined by actual results and not by assumptions.

While employee contribution rates are mandated by the Charter, sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each union or bargaining unit. Since July 1, 2011, substantially all employee groups have agreed through collective bargaining for employees to contribute all employee contributions through pre-tax payroll deductions.

Prospective purchasers of the City's debt obligations should carefully review and assess the assumptions regarding the performance of the Retirement System. Audited financial statements and actuarial reports may be found on the Retirement System's website, www.mysfers.org, under Publications. The information on such website is not incorporated herein by reference. There is a risk that actual results could differ materially from assumptions. In addition, prospective purchasers of the City's debt obligations are cautioned that the information and assumptions speak only as of the respective dates contained in the underlying source documents and are therefore subject to change.

Annual Valuation and Employer Contribution History

Table A-22 shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as total contributions for the last five fiscal years ending June 30, 2024. Information is shown for all employers in the Retirement System (City & County, SFUSD, SFCCD and San Francisco Trial Courts). “Actuarial Liability” reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. “Market Value of Assets” reflects the fair market value of assets held in trust for payment of pension benefits. “Actuarial Value of Assets” refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The “Market Percent Funded” column is determined by dividing the market value of assets by the actuarial accrued liability. The “Actuarial Percent Funded” column is determined by dividing the actuarial value of assets by the actuarial accrued liability. “Employee and Employer Contributions” reflects the sum of mandated employee and employer contributions received by the Retirement System in the fiscal year ended June 30 prior to the July 1 valuation date.

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TABLE A-22
Employees' Retirement System
July 1, 2020 through July 1, 2024

(Dollar amounts in 000s)

As of July 1 st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates ⁽¹⁾ in prior FY
2020	\$29,499,918	\$26,620,218	\$26,695,844	90.2%	90.5%	\$1,143,634	25.19%
2021	31,905,275	35,673,834	30,043,222	111.8	94.2	1,245,957	26.90
2022	33,591,565	32,798,524	32,275,474	97.6	96.1	1,191,934	24.41
2023	35,351,967	33,688,428	34,137,005	95.3	96.6	1,086,567	21.35
2024	37,314,504	35,417,666	36,038,298	94.9	96.6	1,100,130	18.24

⁽¹⁾ Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C. Employer contribution rates for fiscal years 2024-25 and 2025-26 are 16.91% and 16.53%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information.

SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications.

The information on such website is not incorporated herein by reference.

Note: Information above reflects entire Retirement System, not just the City and County of San Francisco.

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Note that at the July 1, 2024 valuation date, the market percent funded ratio is slightly lower than the actuarial percent funded ratio, reflecting net asset returns lower than the long-term rate of return assumptions that have not yet been recognized in the smoothed actuarial value of assets. The Retirement System's investment portfolio return was -2.9% in fiscal year 2021-22, 4.3% in fiscal year 2022-23, and 8.0% in fiscal year 2023-24. Global markets remain volatile due to continued uncertainty about the economy, interest rates, inflation, and geopolitical risk.

The actuarial liability is measured by an independent consulting actuary in accordance with Actuarial Standards of Practice. In addition, an actuarial audit is conducted every five years in accordance with Retirement Board policy. The most recent actuarial audit was completed in July 2024.

The fiscal year 2023-24 employer contribution was 18.24% (estimated to be 16.14% after cost-sharing). The 2023-24 fiscal year City employer contributions to the Retirement System were \$631.7 million, which includes \$386.3 million from the General Fund, in the budget. The fiscal year 2024-25 employer contribution rate was 16.91% (estimated to be 15.31% after cost-sharing), with a total budget of \$625.8 million, which includes \$382.3 million from the General Fund. The fiscal year 2025-26 employer contribution rate is 16.53% (expected to be 14.93% after cost-sharing), with an estimated total budget of \$630.4 million. The continued declines in the contribution rate reflect the completion of prior amortization layers and the five-year phase-in of investment gains from fiscal year 2020-21, offset by the impact of lower investment returns in fiscal year 2021-22 and 2022-23, the partial supplemental COLA in FY 2023-24 because actual investment returns were greater than expected, and the impact of the Charter Amendments adopted by the voters to reduce the age factor for firefighters and added new retirement benefits for nurses and 911 operators. Employer contribution rates anticipate annual increases in pensionable payroll of 3.25%. As discussed under "CITY BUDGET-Five-Year Financial Plan Update: FY2025-26 through FY2029-30," increases in retirement costs are projected in the City's Five-Year Financial Plan.

Risks to City's Retirement Plan

In its July 2024 actuarial report, Cheiron identifies three primary risks to the Retirement System as required by Actuarial Standards of Practice No. 51 (Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions). The material risks identified were as follows: investment risk, interest rate risk, and supplemental cost of living adjustment ("COLA") risk. Investment risk is the potential for investment returns to be different than expected, while interest rate risk is the potential for longer-term trends to impact economic assumptions such as inflation and wage increases but particularly the discount rate. Supplemental COLA risk is the potential for the cost of future supplemental COLAs to increase contribution rates.

Supplemental COLAs are mandated by the Charter when investment returns exceed expectations. If the pension plan is less than fully funded on a market-value basis, certain groups of retirees may not receive a supplemental COLA at all or their supplemental COLA may be limited. Supplemental COLAs are capped at 3.5% less any basic COLA. As the majority of retirees have annual basic COLAs capped at 2.0%, a supplemental COLA when granted typically represents a 1.5% increase in benefit.

Cheiron's July 2024 report provides stress testing of the supplemental COLA provision and shows that the current funding policy of amortizing new supplemental COLAs over five years manages the risk with contributions remaining very close to baseline and a relatively stable funded status.

Governmental Accounting Standards Board ("GASB") Disclosures

The Retirement System discloses accounting and financial reporting information under GASB Statement No. 67, *Financial Reporting for Pension Plans*. The City discloses accounting and financial information about the Retirement System under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In general, the City's funding of its pension obligations is not affected by the GASB 68 reporting of the City's pension liability. Funding requirements are specified in the City Charter and are described in "Funding Practices" above.

Total Pension Liability reported under GASB Statements No. 67 and 68 differs from the Actuarial Liability calculated for funding purposes in several ways, including the following differences. First, Total Pension Liability measured at fiscal year-end is a roll-forward of liabilities calculated at the beginning of the year and is based upon a beginning of year census adjusted for significant events that occurred during the year. Second, Total Pension Liability is based upon a discount rate determined by a blend of the assumed investment return, to the extent the fiduciary net position is available to make payments, and a municipal bond rate, to the extent that the fiduciary net position is unavailable to make payments. There have been no differences between the discount rate and assumed investment return since the end of fiscal year 2015. The third distinct difference is that Total Pension Liability includes a provision for supplemental COLAs that may be granted in the future, while Actuarial Liability for funding purposes includes only supplemental COLAs that have already been granted as of the valuation date.

Table A-23 below shows for the five most recent fiscal years the collective Total Pension Liability, Plan Fiduciary Net Position (market value of assets), and Net Pension Liability for all employers who sponsor the Retirement System. The City's audited financial statements disclose only its own proportionate share of the Net Pension Liability and other required GASB 68 disclosures.

TABLE A-23
Employees' Retirement System
GASB 67/68 Disclosures
Fiscal Years 2019-2020 through 2023-24
(Dollar amounts in 000s)

As of July 1 st	Collective Total Pension Liability (TPL)	Discount Rate	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
2020	\$32,031,018	7.40%	\$26,620,218	83.1%	\$5,410,800	\$5,107,271
2021	33,088,765	7.40	35,673,834	107.8	(2,585,069)	(2,446,563)
2022	35,489,639	7.20	32,798,524	92.4	2,691,115	2,552,997
2023	37,332,835	7.20	33,688,428	90.2	3,644,407	3,456,687
2024	39,404,561	7.20	35,417,666	89.9	3,986,895	3,775,718

Sources: SFERS fiscal year-end GSAB 67/68 Reports as of each June 30

Note: Collective amounts include all employees (City and County, SFUSD, SFCCD, Trail Courts)

NPL can be quite volatile. The large decline at fiscal year-end 2021 is due to the 33.7% investment portfolio return during that year, while the increase at fiscal year-end 2022 is due to both the -2.9% return and the reduction in discount rate from 7.4% to 7.2%. NPL increased again at year-end 2023 due to asset returns below the long-term assumed rate, the November 2022 Charter amendment that increased the June 30, 2023 TPL by \$59 million, and differences between expected and actual demographic assumptions including salary increases. The NPL increased by about \$342 million as of July 1, 2024, primarily due to liability experience losses of \$480 million, offset by an investment experience gain of \$171 million.

Asset Management

The assets of the Retirement System, (the "Fund") are invested in a broadly diversified manner across the institutional global capital markets. In addition to U.S. equities and fixed income securities, the Fund holds international equities, global sovereign and corporate debt, global public and private real assets, absolute return strategies (including hedge funds), and an array of alternative investments including private equity, venture capital limited partnerships, and private credit.

Annualized investment return (net of fees and expenses) for the Retirement System for the five years ending June 30, 2024 was 8.44%. For the ten-year and twenty-year periods ending June 30, 2024, annualized investment returns were 8.03% and 7.98% respectively.

The investments, their allocation, transactions and proxy votes are regularly reviewed by the Retirement Board and monitored by an internal staff of investment professionals who in turn are advised by external consultants who are specialists in the areas of investments detailed above. A description of the Retirement System's investment policy, a description of asset allocation targets and current investments, and the Annual Report of the Retirement System are available upon request from the Retirement System by writing to the San Francisco Retirement System, 1145 Market Street, 5th Floor, San Francisco, California 94103, or by calling (415) 487-7000. These documents are not incorporated herein by reference.

Voter Approved Changes to the Retirement Plan

SFERS plan benefits are established under the Charter and approved directly by the voters, rather than through the collective bargaining process. Changes to retirement benefits require a voter-approved Charter amendment.

In 2011, voters approved Proposition C which aimed to reduce future pension costs. Proposition C introduced new lower-cost benefit tiers for all members hired on and after January 7, 2012 and also restricted the payment of any new supplemental COLAs to when SFERS is fully funded. Since 2011, the fully funded requirement for Supplemental COLAs has been removed from all members hired before January 7, 2012. First the October 2015 Superior Court judgement removed the fully funded requirement for pre-Proposition C members retired on and after November 6, 1996. Then in November 2022, voters approved Proposition A which removed the fully funded requirement for retirees who commenced benefits prior to November 6, 1996. However, for this older group of retirees only, the amount of supplemental COLA is capped at \$200 per month for retirees with annual pensions exceeding \$50,000 when SFERS is not fully funded.

The Proposition C fully funded restriction remains in effect for retirees hired on and after January 7, 2012. In addition, for these post-2011 hires, the supplemental COLA is temporary and reverts to zero in any year in which no supplemental COLA is paid.

In November 2024, voters again approved two expansions of benefits. Measure H restored pre-2012 retirement age factors to firefighters while retaining the three-year final average compensation requirement for these post-2011 hires. Measure I increased retirement benefits for 911 Operators by moving their future service to the Miscellaneous Safety benefit tier. Measure I also allows Registered Nurses to purchase previously ineligible service worked prior to becoming a member of SFERS.

Impact on the Retirement System from Changes in the Economic Environment

As of June 30, 2024, the audited market value of Retirement System assets was \$35.4 billion. As of January 31, 2025, the estimated value of SFERS' investment portfolio was \$36.7 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be lower or higher. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

The Retirement System investment portfolio is structured for long-term performance. The Retirement System continually reviews investment and asset allocation policies as part of its regular operations and continues to rely on an investment policy which is consistent with the principles of diversification and the search for long-term value. Market fluctuations are an expected investment risk for any long-term strategy. Significant

market fluctuations are expected to have significant impact on the value of the Retirement System investment portfolio.

A decline in the value of SFERS Trust assets over time, without a commensurate decline in the pension liabilities, will result in an increase in the contribution rate for the City. No assurance can be provided by the City that contribution rates will not increase in the future, and that the impact of such increases will not have a material impact on City finances.

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Section A8.510 of the Charter requires the City to pay the full amount required by the actuarial valuations. The actual total employer contributions to CalPERS were \$52.0 million in fiscal year 2021-22. In addition to the required amounts, the City elected to pay an additional amount of \$8.4 million in fiscal years 2017-18, 2018-19 and 2019-2020; \$5.0 million in fiscal year 2021-22; and \$16.7 million in fiscal year 2022-23 in order to reduce its unfunded liability. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under “Medical Benefits – Post-Employment Health Care Benefits” and “GASB 75 Reporting Requirements.”

Medical Benefits

Administration through San Francisco Health Service System; Audited System Financial Statements

Medical and COBRA benefits for eligible active City employees and eligible dependents, for retired City employees and eligible dependents, and for surviving spouses and domestic partners of covered City employees (the “City Beneficiaries”) are administered by the San Francisco Health Service System (the “San Francisco Health Service System” or “SFHSS”) pursuant to City Charter Sections 12.200 et seq. and A8.420 et seq. Pursuant to such Charter Sections, the SFHSS also administers medical benefits to active and retired employees of SFUSD, SFCCD and the San Francisco Superior Court; however, the City is only required to fund medical benefits for City Beneficiaries.

The San Francisco Health Service System is overseen by the City’s Health Service Board (the “Health Service Board”). The plans (the “SFHSS Medical Plans”) for providing medical care to the City Beneficiaries are determined annually by the Health Service Board and approved by the Board of Supervisors pursuant to Charter Section A8.422.

The San Francisco Health Service System oversees a trust fund (the “Health Service System Trust Fund”) established pursuant to Charter Sections 12.203 and A8.428 through which medical benefits for the City Beneficiaries are funded. The San Francisco Health Service System issues an annual, publicly available, independently audited financial report that includes financial statements for the Health Service System Trust Fund. This report may be obtained through the SFHSS website at sfhss.org, by writing to the San Francisco Health Service System, 1145 Market Street, Third Floor, San Francisco, California 94103. Audited annual financial statements for prior years are posted to the SFHSS website, however the information available on the SFHSS website is not incorporated in this Official Statement by reference.

Under the City Charter, the Health Service System Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an “OPEB Trust Fund”). Thus, GASB Statement Number 45, Financial Reporting for Postemployment Benefit Plans Other Than Pensions (“GASB 45”) and GASB Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (“GASB 75”), which apply to OPEB Trust Funds, do not apply to the San Francisco Health Service System Trust Fund. However, the City has been funding post-employment healthcare benefits (“OPEB”) in a

separate fund, the Retiree Health Care Trust Fund (“RHCTF”) for the purpose of prefunding future OPEB payments as described below.

Determination of Employer and Employee Contributions for Medical Benefits

According to the City Charter Section A8.428, the City’s contribution towards SFHSS Medical Plans for active employees and retirees is determined by the results of an annual survey of the amount of premium contributions provided by the ten most populous counties in California (other than the City) for health care. The survey is commonly called the 10-County Average Survey and is used to determine “the average contribution made by each such County toward the providing of health care plans, exclusive of dental or optical care, for each employee of such County.” The “average contribution” is used to calculate the City’s required contribution to the Health Service System Trust Fund for retirees.

Unions representing the majority of City employees negotiate through collective bargaining rather than applying the “average contribution” to determine the amount the City is required to contribute for active employees. To the extent annual medical premiums exceed the contributions made by the City as required by the Charter and union agreements, such excess must be paid by SFHSS Beneficiaries. Medical benefits for City Beneficiaries who are retired or otherwise not employed by the City (e.g., surviving spouses and surviving domestic partners of City retirees) (“Nonemployee City Beneficiaries”) are funded through contributions from such Nonemployee City Beneficiaries and the City as determined pursuant to Charter Section A8.428. The San Francisco Health Service System medical benefit eligibility requirements for Nonemployee City Beneficiaries are described below under “– Post-Employment Health Care Benefits.”

City Contribution for Retirees

The City contributes the full employer contribution amount for medical coverage for eligible retirees who were hired on or before January 9, 2009 pursuant to Charter Section A8.428. For retirees who were hired on or after January 10, 2009, the City contributes a portion of the medical coverage costs based on five coverage/employer contribution classifications that reflect certain criteria outlined in the Table below.

Retiree Medical Coverage/Employer Contribution for Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	Percentage of Employer Contribution Established in Charter Section A8.428 Subsection (b)(3)
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(5) (A8.428 Subsection (b)(6))	0% - Access to Retiree Medical Benefits Coverage. Including Access to Dependent Coverage
At least 10 but less than 15 years of Credited Service with the Employers (AB.428 Subsection (b)(5))	50%
At least 15 but less than 20 years pf Credited Service with the Employers (AB.428 Subsection (b)(5))	75%

At least 20 years of Credited Service with the Employer; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty (AB.428 Subsection (b)(4))	100%
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Health Care Reform

The following discussion is based on the current status of the Patient Protection and Affordable Care Act (the “ACA”). Many attempts have been made to completely repeal the ACA; however full repeal has been unsuccessful thus far.

Three ACA taxes and one fee have impacted SFHSS rates for medical coverage. The three ACA taxes were repealed in 2020 and 2021; however, Congress revived and extended the Patient-Centered Outcomes Research Institute (“PCORI”) Fee, which had expired in 2019. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The fee applies to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

Employer Contributions for San Francisco Health Service System Benefits

For fiscal year 2023-24, based on the most recent audited financial statements, the San Francisco Health Service System received approximately \$939 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately \$806 million; approximately \$230 million of this \$806 million amount was for health care benefits for approximately 24,269 retired City employees and their eligible dependents, and approximately \$576 million was for benefits for approximately 32,023 active City employees and their eligible dependents.

The 2024 aggregate (employee and employer) cost of medical benefits offered by SFHSS to the City increased by 10.3%. The increase is comparable to California benchmarks due to several factors including contracting by SFHSS that maintains competition among the health plans, implementing value-based models such as Accountable Care Organizations, use of generic prescription, and implementing flex-funded plans using narrow networks. Flex-funding eliminates the typical margins added by health plans; however, more risk is assumed by the city, and reserves are required to protect against this risk.

Post-Employment Health Care Benefits

The eligibility of former City employees for retiree health care benefits (“OPEB Benefits”) and City and employee contributions to the Retiree Health Care Trust Fund (“RHCTF”) are governed by the Charter (Section A8.432(a-b)). San Francisco voters have passed three different propositions to set these eligibility and contribution requirements: Proposition B passed on June 3, 2008; Proposition C passed on November 8, 2011; and Proposition A passed on November 5, 2013.

Employees hired before January 10, 2009, and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. OPEB Benefit coverage and the City’s required contributions for employees hired on or after January 10, 2009, is described above under “Medical Benefits: City Contribution for Retirees”. Unlike employee pension contributions that are made to individual accounts, contributions to the RHCTF are non-refundable, even if an employee separates from the City and does not receive OPEB Benefits from the City.

Employee and City contributions to the RHCTF are a fixed percentage of pay that varies depending on the employee’s hire date, the year in which the payment is made, and whether the RHCTF is fully funded. Employees hired before January 10, 2009, are required to make contributions equal to 1% of their salary to the

RHCTF and employees hired on or after January 10, 2009, are required to make contributions equal to 2% of their salary. The City pays all OPEB Benefits on a pay-as-you-go basis each year and is required to contribute an amount equal to 1% of total pay to the RHCTF.

The City may not make disbursements from the RHCTF until it is fully funded, subject to the following exception. If the sum of the City's annual RHCTF contributions and OPEB Benefit payments (together, the "OPEB Cost") is projected to exceed 10% of payroll, the RHCTF Board may authorize stabilization disbursements from the RHCTF to the extent necessary to reduce the City's OPEB Cost to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year. The City has never had to make a disbursement from the RHCTF, and OPEB Cost as a percentage of payroll for fiscal year 2023-24 was 6.2%.

GASB 75 Reporting Requirements

In June 2015, GASB issued GASB 75. GASB 75 revises and establishes new accounting and financial reporting requirements for governments that provide their employees with OPEBs. The new standard is effective for periods beginning after June 15, 2017. The City implemented the provisions of GASB 75 in its audited financial statements for fiscal year 2017-18. According to GASB's Summary of GASB 75, GASB 75 requires recognition of the entire OPEB liability, a more comprehensive measure of OPEB expense, and new note disclosures and required supplementary information to enhance decision-usefulness and accountability.

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TABLE A-24
Five-Year Trend
Fiscal Years 2020-21 to 2024-25
(\$000s)

Fiscal Year	(A) Paygo Benefit Payments	(B) Trust Contributions	(A + B = C) Annual OPEB Cost	(D) Annual OPEB Expense	(C / D = E) Annual OPEB Cost as % of Annual OPEB Expense	Plan Fiduciary Net Position	Plan Fiduciary Net Position as % of TOL	Net OPEB Liability
2020-21	\$206,439	\$39,555	\$245,994	\$320,684	76.7%	\$488,989	11.3%	\$3,823,335
2021-22	211,025	41,841	252,866	272,001	93.0	718,777	16.3	3,691,121
2022-23	215,408	45,241	260,649	256,974	101.4	739,880	16.5	3,746,270
2023-24	229,922	48,779	278,701	261,158	106.7	938,866	19.3	3,924,832
2024-25	248,806	52,126	300,932	259,579	115.9	1,222,650	23.8	3,921,799

Source: Postretirement Health Plan GASB 74/75 Reports produced by Cheiron in December 2021, December 2023, October 2024, and October 2025.

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Total City Employee Benefits Costs

Table A-25 provides historical and budget information for all health benefits costs paid including pension, health, dental and other miscellaneous benefits. Historically, approximately 50% of health benefit costs are paid from the General Fund. For all fiscal years shown, a “pay-as-you-go” approach was used by the City for health care benefits.

Table A-25 below provides a summary of the City’s employee benefit actual costs for fiscal years 2022-23 through 2023-24 and budgeted costs for fiscal years 2024-25 through 2026-27.

TABLE A-25
Employee Benefit Costs, All Funds
Fiscal Years 2022-23 through 2026-27
(\$000s)

	2022-23 Actual ⁽¹⁾	2023-24 Actual ⁽¹⁾	2024-25 Budget ⁽¹⁾	2025-26 Budget ⁽¹⁾	2026-27 Budget ⁽¹⁾
SFERS and PERS Retirement Contributions	\$ 755,995	\$ 679,959	\$ 683,761	\$ 691,113	\$ 714,955
Social Security & Medicare	260,233	281,694	303,615	315,784	327,908
Health - Medical + Dental, active employees ⁽²⁾	583,588	633,720	698,030	741,804	797,813
Health - Retiree Medical ⁽²⁾	215,885	230,515	249,251	265,500	284,285
Other Benefits ⁽³⁾	<u>19,149</u>	<u>14,362</u>	<u>29,251</u>	<u>15,883</u>	<u>15,344</u>
Total Benefit Costs	\$ 1,834,849	\$ 1,840,251	\$1,963,909	\$2,030,084	\$2,140,305

⁽¹⁾ Figures for fiscal year 2022-23 through fiscal year 2023-24 are actuals. Figures for fiscal year 2024-25 are from the Final Budget, July 31, 2024. See “PERIODIC FINANCIAL REPORTING; RECENT REPORTS” for recent financial reports and projections.

⁽²⁾ Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.

⁽³⁾ “Other Benefits” includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.

Source: Office of the Controller, City and County of San Francisco.

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INVESTMENT OF CITY FUNDS

Investment Pool

The Treasurer of the City (the “Treasurer”) is authorized by Charter Section 6.106 to invest funds available under California Government Code Title 5, Division 2, Part 1, Chapter 4. In addition to the funds of the City, the funds of various City departments and local agencies located within the boundaries of the City, including the school and community college districts, airport, public utilities commission, and public hospitals, are deposited into the City and County’s Pooled Investment Fund (the “Pool”). The funds are commingled for investment purposes.

Investment Policy

The management of the Pool is governed by the Investment Policy administered by the Office of the Treasurer and Tax Collector in accordance with California Government Code Sections 27000, 53601, 53635, et. al. In order of priority, the objectives of this Investment Policy are safety, liquidity and return on investments. Safety of principal is the foremost objective of the investment program. The investment portfolio maintains sufficient liquidity to meet all expected expenditures for Pool participants for at least the next six months. The Office of the Treasurer and Tax Collector also attempts to generate a market rate of return, without undue compromise of the first two objectives.

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee, which is established by the Board of Supervisors. The Committee consists of the following members, who are nominated by the Treasurer and confirmed by the Board of Supervisors:

- Seat 1 is held by the Controller or the Controller’s designee.
- Seat 2 is held by the County Superintendent of Schools or the Superintendent’s designee.
- Seat 3 is held by the Chancellor of the Community College District or the Chancellor’s designee.
- Seats 4 and 5 are held by employees of City departments or local agencies that participate in the City’s pooled fund. These are currently held by the San Francisco International Airport and the San Francisco Public Utilities Commission.
- Seats 6 and 7 are held by members of the public who have expertise in, or an academic background in public finance

A complete copy of the Treasurer’s Investment Policy, dated May 2024, is included as an Appendix to this Official Statement.

Investment Portfolio

As of September 30, 2025, the City’s surplus investment fund consisted of the investments classified in Table A-26 and had the investment maturity distribution presented in Table A-27.

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TABLE A-26
Investment Portfolio
Pooled Funds
As of September 30, 2025

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	\$3,762,000,000	#####	\$3,754,358,183
Federal Agencies	6,467,204,000	6,463,135,082	6,479,872,222
Public Time Deposits	60,000,000	60,000,000	60,000,000
Negotiable Certificates of Deposit	3,120,000,000	3,120,000,000	3,122,644,860
Commercial Paper	1,543,450,000	1,525,737,529	1,526,233,265
Medium Term Notes	174,595,000	174,187,187	174,884,728
Money Market Funds	1,216,945,761	1,216,945,761	1,216,945,761
Supranationals	261,823,000	260,293,917	261,285,508
Secured Bank Deposit	362,344,940	362,344,940	362,344,940
Total	\$16,968,362,702	\$16,936,146,710	\$16,958,569,468

September Earned Income Yield: 3.838%

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco

From Citibank-Custodial Safekeeping, MaxQ Analytics.

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TABLE A-27
Investment Maturity Distribution
Pooled Funds
As of September 30, 2025

Maturity in Months			Par Value	Percentage
0	to	1	\$ 2,799,740,702	16.50%
1	to	2	486,424,000	2.87%
2	to	3	851,000,000	5.02%
3	to	4	570,000,000	3.36%
4	to	5	513,600,000	3.03%
5	to	6	971,730,000	5.73%
6	to	12	3,557,576,000	20.97%
12	to	24	3,012,063,000	17.75%
24	to	36	1,659,003,000	9.78%
36	to	48	1,491,957,000	8.79%
48	to	60	1,055,269,000	6.22%
			<u>\$16,968,362,702</u>	<u>100.00%</u>

Weighted Average Maturity: 480 Days

Sources: Office of the Treasurer and Tax Collector, City and County of San Francisco
From Citibank-Custodial Safekeeping, MaxQ Analytics.

Further Information

A report detailing the investment portfolio and investment activity, including the market value of the portfolio, is submitted to the Mayor and the Board of Supervisors monthly. The monthly reports and annual reports are available on the Treasurer's web page: www.sftreasurer.org. The monthly reports and annual reports are not incorporated by reference herein.

CAPITAL FINANCING AND BONDS

Capital Plan

In October 2005, the Board of Supervisors adopted, and the Mayor approved, Ordinance No. 216-05, which established a new capital planning process for the City. The legislation requires that the City develop and adopt a 10-year capital expenditure plan for City-owned facilities and infrastructure. It also created the Capital Planning Committee (the "CPC") and the Capital Planning Program ("CPP"). The CPC makes recommendations to the Mayor and Board of Supervisors on the City's capital expenditures and plans. The CPC reviews and submits the Capital Plan, Capital Budget, and issuances of long-term debt for approval. The CPC is chaired by the City Administrator and includes the President of the Board of Supervisors, the Mayor's Budget Director, the Controller, the City Planning Director, the Director of Public Works, the Airport Director, the Executive Director of the MTA, the General Manager of the SFPUC, the General Manager of the Recreation and Parks Department, and the Executive Director of the Port. To help inform CPC recommendations, the CPC staff, under the direction of the City Administrator, review and prioritize funding needs; project and coordinate funding sources and uses; and provide policy analysis and reports on interagency capital planning.

The City Administrator, in conjunction with the CPC, is directed to develop and submit a 10-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure and other funding needs over 10 years, highlights investments required to meet these needs, and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost

estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five-Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year.

The fiscal years 2026-2035 Capital Plan (the "Adopted Capital Plan") was approved by the CPC on February 24, 2025, and was adopted by the Board of Supervisors on April 15, 2025. The Adopted Capital Plan contains \$52.1 billion in capital investments over the coming decade for all City departments, including \$6.7 billion in projects for General Fund-supported departments. The Adopted Capital Plan proposes \$2.7 billion for General Fund pay-as-you-go capital projects through fiscal year 2034-35. The next capital plan update is expected in Spring 2027. Major capital projects for General Fund-supported departments included in the Capital Plan consist of critical seismic projects, and relocation of staff from seismically vulnerable facilities; upgrades to public health, police, and fire facilities; transportation and utility system improvements; street and right-of-way improvements; the removal of barriers to accessibility; and park improvements, among other capital projects. \$2.3 billion of the capital projects are expected to be financed with general obligation bonds and other long-term obligations, subject to planning policy constraints. The balance is expected to be funded by federal and State funds, the General Fund and other sources.

In addition to the City General Fund-supported capital spending, the Adopted Capital Plan recommends over \$26.8 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as MTA facilities, seawall strengthening, terminal 1 and 3 upgrades at San Francisco International Airport, water, sewer, and power enterprise improvements, and building adequate facilities to support the City's growing transit fleet, among others. Approximately \$13.5 billion of enterprise fund department capital projects are anticipated to be financed with revenue bonds. The balance is expected to be funded by general obligation bonds, federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's Adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, approximately \$7.6 billion in capital needs including enhancements are deferred from the plan's horizon.

Failure to make the capital improvements and repairs recommended in the City's Adopted Capital Plan may have the following impacts: (i) failing to meet federal, State or local legal mandates; (ii) failing to provide for the imminent life, health, safety and security of occupants and the public; (iii) failing to prevent the loss of use of the asset; (iv) impairing the value of the City's assets; (v) increasing future repair and replacement costs; and (vi) harming the local economy.

Tax-Supported Debt Service – City General Obligation Bonds

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds" or "GO bonds") can only be authorized by two-thirds approval of the voters. In addition to the City's general obligation bonds, BART, SFUSD and SFCCD also have outstanding general obligation bonds as shown in Table A-32.

Table A-28 shows the annual amount of debt service payable on the City's outstanding GO bonds.

TABLE A-28
General Obligation Bonds Debt Service
As of October 15, 2025⁽¹⁾⁽²⁾⁽³⁾

Fiscal Year	Principal	Interest	Annual Debt Service
2025-26	\$ 223,161,279	\$ 111,632,101	\$ 334,793,380
2026-27	170,470,840	102,514,040	272,984,880
2027-28	174,249,035	94,678,173	268,927,208
2028-29	182,776,751	86,662,771	269,439,522
2029-30	191,745,095	78,120,219	269,865,313
2030-31	160,526,950	69,186,077	229,713,027
2031-32	167,290,000	62,115,816	229,405,816
2032-33	137,660,000	54,918,270	192,578,270
2033-34	121,295,000	49,105,610	170,400,610
2034-35	116,765,000	44,099,008	160,864,008
2035-36	83,560,000	39,336,381	122,896,381
2036-37	74,445,000	35,965,979	110,410,979
2037-38	77,415,000	32,990,236	110,405,236
2038-39	72,890,000	29,871,611	102,761,611
2039-40	74,190,000	26,908,871	101,098,871
2040-41	70,225,000	23,846,966	94,071,966
2041-42	73,320,000	20,753,292	94,073,292
2042-43	76,570,000	17,500,628	94,070,628
2043-44	79,975,000	14,094,644	94,069,644
2044-45	83,500,000	10,568,532	94,068,532
2045-46	47,390,000	6,904,213	54,294,213
2046-47	14,325,000	5,067,526	19,392,526
2047-48	14,945,000	4,445,465	19,390,465
2048-49	6,300,000	3,795,434	10,095,434
2049-50	6,535,000	3,563,172	10,098,172
2050-51	6,780,000	3,314,617	10,094,617
2051-52	7,050,000	3,048,588	10,098,588
2052-53	7,330,000	2,771,387	10,101,387
2053-54	7,615,000	2,482,708	10,097,708
2054-55	7,915,000	2,182,333	10,097,333
2055-56	8,225,000	1,869,512	10,094,512
2056-57	8,555,000	1,542,618	10,097,618
2057-58	8,895,000	1,201,979	10,096,979
2058-59	5,505,000	847,105	6,352,105
2059-60	5,705,000	639,238	6,344,238
2060-61	1,790,000	423,193	2,213,193
2061-62	1,885,000	325,638	2,210,638
2062-63	1,990,000	222,905	2,212,905
2063-64	2,100,000	114,450	2,214,450
TOTAL	\$ 2,582,864,950	\$ 1,049,631,301	\$ 3,632,496,251

(1) This table only includes the City's General Obligation Bonds and does not include any of the overlapping debt as shown in Table A-32.

(2) Totals reflect rounding to nearest dollar.

(3) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of assessed value.

Sources: Office of Public Finance, City and County of San Francisco

Authorized but Unissued City GO Bonds

Certain GO bonds authorized by the City's voters as discussed below have not yet been issued. Such bonds may be issued at any time by action of the Board of Supervisors, without further approval by the voters.

In November 1992, voters approved Proposition A ("1992 Proposition A") which authorized the issuance of up to \$350.0 million in GO bonds to support San Francisco's Seismic Safety Loan Program ("SSLP"), which provides loans for the seismic strengthening of privately-owned unreinforced masonry affordable housing, market-rate residential, commercial and institutional buildings. Between 1994 and 2015, the City issued \$89.3 million of bonds under the original 1992 Proposition A authorization. In November 2016, voters approved Proposition C ("2016 Proposition C"), which amended the 1992 Proposition A authorization (together, the "1992A/2016A Propositions") to broaden the scope of the remaining \$260.7 million authorization by adding the eligibility to finance the acquisition, improvement, and rehabilitation to convert at-risk multi-unit residential buildings to affordable housing, as well as the needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. Currently \$47.5 million remains authorized and unissued.

In November 2018, voters approved Proposition A ("2018 Embarcadero Seawall Improvement Proposition"), authorizing the issuance of up to \$425.0 million in general obligation bonds for repair and improvement projects along the City's Embarcadero and Seawall to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. Currently, \$216.3 million remains authorized and unissued.

In November 2019, voters approved Proposition A ("2019 Affordable Housing Proposition"), which authorized the issuance of up to \$600.0 million in general obligation bonds to finance the construction, development, acquisition, and preservation of affordable housing for certain vulnerable San Francisco residents; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for SFUSD and City College of San Francisco employees; and to pay related costs. Currently, \$107.5 million remains authorized and unissued.

In March 2020, voters approved Proposition B ("2020 Earthquake Safety and Emergency Response Proposition") which authorized the issuance of up to \$628.5 million in general obligation bonds to aid fire, earthquake and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. Currently, \$243.0 million remains authorized and unissued.

In November 2020, voters approved Proposition A ("2020 Health and Recovery Bond"), which authorized the issuance of up to \$487.5 million in general obligation bonds to fund permanent investments in transitional supportive housing facilities, shelters, and/or facilities that serve individuals experiencing homelessness, mental health challenges, or substance use; improve the safety and quality of parks; and improve the safety and condition of streets and other public rights of way. Currently, approximately \$200.2 million remains authorized and unissued.

In March 2024, voters approved Proposition A ("2024 Affordable Housing Proposition"), which authorized the issuance of up to \$300.0 million in general obligation bonds to construct, develop, acquire, and/or rehabilitate housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households. Currently, approximately \$152.8 million remains authorized and unissued.

In November 2024, voters approved Proposition B (“2024 Healthy, Safe, and Vibrant SF Bond”), which authorized the issuance of up to \$390.0 million in general obligation bonds to finance the acquisition or improvement of temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. Currently, approximately \$306.4 million remains authorized and unissued.

Table A-29 on the following page lists for each of the City’s voter-authorized general obligation bond programs, the amounts issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued and does not refer to any particular series.

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TABLE A-29
General Obligation Bonds
As of October 15, 2025⁽¹⁾⁽²⁾

Bond Authorization Name	Election Date	Authorized Amount	Series	Bonds Issued	Bonds Outstanding	Authorized & Unissued
Seismic Safety Loan Program	11/3/92	\$350,000,000	1994A	\$35,000,000	\$-	
			2007A	\$30,315,450	\$8,429,950	
			2015A	\$24,000,000	-	
<i>Reauthorization to Repurpose for Affordable Housing</i>	11/8/16		2019A	\$72,420,000	\$66,690,000	\$47,464,550
			2020C	\$102,580,000	\$90,240,000	
			2025E	\$38,220,000	\$35,300,000	
Clean & Safe Neighborhood Parks	2/5/08	\$185,000,000	2008B	\$42,520,000	-	
			2010B	\$24,785,000	-	
			2010D	\$35,645,000	\$17,885,000	
			2012B	\$73,355,000	-	
			2016A	\$8,695,000	\$4,905,000	
San Francisco General Hospital & Trauma Center Earthquake Safety	11/4/08	\$887,400,000	2009A	\$131,650,000	-	
			2010A	\$120,890,000	-	
			2010C	\$173,805,000	\$87,210,000	
			2012D	\$251,100,000	-	
			2014A	\$209,955,000	-	
Earthquake Safety and Emergency Response Bond	6/8/10	\$412,300,000	2010E	\$79,520,000	-	
			2012A	\$183,330,000	-	
			2012E	\$38,265,000	-	
			2013B	\$31,020,000	-	
			2014C	\$54,950,000	-	
			2016C	\$25,215,000	\$14,740,000	
Road Repaving & Street Safety	11/8/11	\$248,000,000	2012C	\$74,295,000	-	
			2013C	\$129,560,000	-	
			2016E	\$44,145,000	\$25,810,000	
Clean & Safe Neighborhood Parks	11/6/12	\$195,000,000	2013A	\$71,970,000	-	
			2016B	\$43,220,000	\$15,925,000	
			2018A	\$76,710,000	-	
			2019B	\$3,100,000	-	
Earthquake Safety and Emergency Response Bond	6/3/14	\$400,000,000	2014D	\$100,670,000	-	
			2016D	\$109,595,000	\$49,730,000	
			2018C	\$189,735,000	-	

Transportation and Road Improvement	11/4/14	\$500,000,000	2015B	\$67,005,000	-	
			2018B	\$174,445,000	-	
			2020B	\$135,765,000	\$90,310,000	
			2021C-1	\$104,785,000	\$78,805,000	
			2021C-2	\$18,000,000	-	
Affordable Housing Bond	11/3/15	\$310,000,000	2016F	\$75,130,000	\$33,625,000	
			2018D	\$142,145,000	\$76,900,000	
			2019C	\$92,725,000	\$19,495,000	
Public Health and Safety Bond	6/7/16	\$350,000,000	2017A	\$173,120,000	-	
			2018E	\$49,955,000	-	
			2020D-1	\$111,925,000	\$73,025,000	
			2020D-2	\$15,000,000	-	
Embarcadero Seawall Earthquake Safety	11/6/18	\$425,000,000	2020A	\$49,675,000	-	
			2023B	\$39,020,000	-	
			2025A-1	\$15,085,000	\$15,085,000	
			2025A-2	\$104,910,000	\$102,955,000	\$216,310,000
Affordable Housing Bond	11/5/19	\$600,000,000	2021A	\$254,585,000	\$156,405,000	
			2023C	\$170,780,000	\$101,945,000	
			2025C	\$67,095,000	-	\$107,540,000
Earthquake Safety and Emergency Response Bond	3/3/20	\$628,500,000	2021B-1	\$69,215,000	\$60,915,000	
			2021B-2	\$11,500,000	-	
			2021E-1	\$74,090,000	\$56,355,000	
			2021E-2	\$13,000,000	-	
			2025B-1	\$197,030,000	\$194,230,000	
			2025B-2	\$20,680,000	-	\$242,985,000
Health and Recovery Bond	11/4/20	\$487,500,000	2021D-1	\$194,255,000	\$155,655,000	
			2021D-2	\$64,250,000	-	
			2023A	\$28,785,000	\$25,265,000	\$200,210,000
Affordable Housing Bond	3/5/24	\$300,000,000	2025D	\$147,230,000	\$77,425,000	\$152,770,000
Health, Safe and Vibrant SF Bond	11/5/24	\$390,000,000	2025F	\$83,635,000	\$83,635,000	\$306,365,000
SUBTOTAL		\$6,668,700,000		\$5,395,055,450	\$1,818,894,950	\$1,273,644,550

General Obligation Refunding Bonds	Dated Issued			Bonds Issued	Bonds Outstanding	
Series 2020-R1	5/7/20			\$195,250,000	\$121,845,000	
Series 2021-R1	5/6/21			\$91,230,000	\$58,675,000	
Series 2021-R2	9/16/21			\$86,905,000	\$11,250,000	
Series 2022-R1	5/18/22			\$327,300,000	\$251,610,000	
Series 2024-R1	5/22/24			\$340,615,000	\$320,590,000	
SUBTOTAL				\$1,041,300,000	\$763,970,000	
TOTALS		\$6,668,700,000		\$6,436,355,450	\$2,582,864,950	\$1,273,644,550

- (1) Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.
- (2) Of the \$35,000,000 authorized by the Board of Supervisors in February 2007, \$30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under “General Obligation Bonds.”

Source: Office of Public Finance, City and County of San Francisco.

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General Fund Lease Obligations

The Charter requires that any lease-financing agreements with a nonprofit corporation or another public agency must be approved by a majority vote of the City's electorate, except (i) leases approved prior to April 1, 1977, (ii) refunding lease financings expected to result in net savings, and (iii) certain lease financing for capital equipment. The Charter does not require voter approval of lease financing agreements with for-profit corporations or entities.

Table A-30 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding long-term lease revenue bonds, certificates of participation, and equipment lease purchase agreements as of October 15, 2025.

TABLE A-30
Debt Service on Lease Revenue Bonds and Certificates of Participation
As of October 15, 2025⁽¹⁾⁽²⁾

Fiscal Year	Principal	Interest ⁽³⁾	Annual Payment Obligation
2025-26 ⁽⁴⁾	\$ 82,708,229	\$ 72,478,695	\$ 155,186,924
2026-27	85,138,731	68,257,360	153,396,092
2027-28	80,980,000	64,079,200	145,059,200
2028-29	84,815,000	60,036,920	144,851,920
2029-30	88,665,000	55,934,166	144,599,166
2030-31	82,535,000	51,967,689	134,502,689
2031-32	76,420,000	48,501,353	124,921,353
2032-33	78,355,000	45,254,504	123,609,504
2033-34	81,695,000	41,757,222	123,452,222
2034-35	75,870,000	38,319,384	114,189,384
2035-36	77,070,000	34,776,880	111,846,880
2036-37	78,235,000	31,147,245	109,382,245
2037-38	81,715,000	27,464,808	109,179,808
2038-39	85,370,000	23,611,290	108,981,290
2039-40	89,215,000	19,566,628	108,781,628
2040-41	93,160,000	15,396,887	108,556,887
2041-42	81,005,000	11,035,011	92,040,011
2042-43	47,150,000	7,696,206	54,846,206
2043-44	47,215,000	5,629,756	52,844,756
2044-45	24,765,000	3,993,400	28,758,400
2045-46	14,775,000	3,002,800	17,777,800
2046-47	15,370,000	2,411,800	17,781,800
2047-48	14,390,000	1,797,000	16,187,000
2048-49	14,970,000	1,221,400	16,191,400
2049-50	15,565,000	622,600	16,187,600
TOTAL⁽⁵⁾	\$ 1,597,151,960	\$ 735,960,206	\$ 2,333,112,166

(1) Includes privately placed lease purchase financings and excludes the 833 Bryant lease and commercial paper.

(2) Actual payment dates are used to project outstanding payment obligations.

(3) Totals reflect rounding to nearest dollar.

(4) Includes payments made to date in the current fiscal year.

(5) For purposes of this table, the interest rate on the Lease Revenue Bonds Series 2008-1, and 2008-2 (Moscone Center Expansion Project) is assumed to be 6.0%. These bonds are in variable rate mode.

Source: Office of Public Finance, City and County of San Francisco.

Voter-Approved Lease Revenue Bonds

The City electorate has approved several lease revenue bond propositions, and the City has issued the lease revenue bonds set forth in Table 30. There are approximately \$114.1 million of authorized but unissued voter-approved lease revenue bonds. The following lease programs have remaining authorization:

In 1987, voters approved Proposition F, which authorizes the City to lease finance (without limitation as to maximum aggregate principal amount) the construction of new parking facilities, including garages and surface lots, in eight of the City's neighborhoods. In July 2000, the City issued \$8.2 million in lease revenue bonds to finance the construction of the North Beach Parking Garage, which was opened in February 2002. There is no current plan to issue additional bonds at this time.

In 1990, voters approved Proposition C ("1990 Proposition C"), which amended the Charter to authorize the City to lease purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. 1990 Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed \$20.0 million, with such amount increasing by five percent each fiscal year. As of July 1, 2024, the total authorized and unissued amount for such financings was \$105 million. There is no current plan to issue additional bonds at this time.

In 1994, voters approved Proposition B ("1994 Proposition B"), which authorized the issuance of up to \$60.0 million in lease revenue bonds for the acquisition and construction of a combined dispatch center for the City's emergency 911 communication system and for the emergency information and communications equipment for the center. In 1997 and 1998, the Corporation issued \$22.6 million and \$23.3 million of 1994 Proposition B lease revenue bonds, respectively, leaving \$14.1 million in remaining authorization. There is no current plan to issue additional series of bonds under 1994 Proposition B.

In 2000, voters approved Proposition C ("2000 Proposition C"), which extended a two and one-half cent per \$100.0 in assessed valuation property tax set-aside for the benefit of the Recreation and Park Department (the "Open Space Fund"). 2000 Proposition C also authorized the issuance of lease revenue bonds or other forms of indebtedness payable from the Open Space Fund. In August 2018 the City issued refunding lease revenue bonds to refund Series 2006 and 2007 Open Space Fund lease revenue bonds.

In 2007, voters approved Proposition D, which amended the Charter and renewed the Library Preservation Fund. Proposition D continued the two and one-half cent per \$100.0 in assessed valuation property tax set-aside and established a minimum level of City appropriations, moneys that are maintained in the Library Preservation Fund. Proposition D also authorized the issuance of revenue bonds or other evidences of indebtedness. In August 2018 the City issued refunding lease revenue bonds to refund Series 2009A Branch Library Improvement Project lease revenue bonds.

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Table A-31 below lists the City's outstanding certificates of participation, lease purchase financings, and voter-authorized lease revenue bonds.

TABLE A-31
Outstanding Certificates of Participation and Lease Revenue Bonds⁽¹⁾
As of October 15, 2025⁽¹⁾⁽²⁾

Issue Name	Final Maturity	Original Principal	Outstanding Principal
CERTIFICATES OF PARTICIPATION			
Series 2009D - Taxable BABs (525 Golden Gate Avenue)	2041	\$ 129,550,000	\$ 120,210,000
Series 2013B - Non-AMT (Port Facilities Project)	2038	4,830,000	4,830,000
Series 2013C - AMT (Port Facilities Project)	2043	32,870,000	18,415,000
Series 2016A (War Memorial Veterans Building)	2032	16,125,000	7,775,000
Series 2017A - Taxable (Hope SF)	2047	28,320,000	23,250,000
Series 2017B (Moscone Convention Center Expansion Project)	2042	412,355,000	332,515,000
Series 2019A (49 South Van Ness Project)	2050	247,810,000	232,225,000
Refunding Series 2019-R1 (Multiple Capital Improvement Projects)	2035	116,460,000	68,210,000
Refunding Series 2020-R1 (Multiple Capital Improvement Projects)	2033	70,640,000	48,335,000
Series 2020 (Animal Care & Control Project)	2041	47,075,000	40,590,000
Series 2021A (Multiple Capital Improvement Projects)	2041	76,020,000	67,880,000
Series 2023A - Taxable (Affordable Housing and Community Facilities Projects)	2043	103,410,000	97,760,000
Series 2023B (Multiple Capital Improvement Projects)	2043	80,040,000	75,025,000
Refunding Series 2024-R1 (Multiple Capital Improvement Projects)	2045	214,585,000	204,635,000
Series 2024A (Multiple Capital Improvement Projects)	2044	123,345,000	116,435,000
Series 2025A (Music Concourse Garage Project)	2045	19,565,000	19,565,000
Series 2025B (Treasure Island – Stage 2 Infrastructure Projects)	2045	46,935,000	46,935,000
SUBTOTAL CERTIFICATES OF PARTICIPATION		\$ 1,769,935,000	\$ 1,524,590,000
LEASE PURCHASE FINANCINGS			
2010 Lease Purchase Financing (SFGH Emergency Backup Generators)	2025	\$ 22,549,489	\$ 1,137,354
2016 Lease Purchase Financing (Public Safety Radio Replacement Project)	2026	34,184,136	5,499,606
SUBTOTAL LEASE PURCHASE FINANCINGS		\$ 56,733,625	\$ 6,636,960
FINANCE CORPORATION LEASE REVENUE BONDS			
Refunding Series 2008-1 (Moscone Center Expansion Project) - Variable	2030	\$ 72,670,000	\$ 17,400,000
Refunding Series 2008-2 (Moscone Center Expansion Project) - Variable	2030	72,670,000	17,400,000
Refunding Series 2018A (Open Space Fund - Various Park Projects)	2029	34,950,000	12,460,000
Refunding Series 2018B (Branch Library Improvement Program)	2028	13,355,000	4,610,000
SUBTOTAL LEASE REVENUE BONDS		\$ 193,645,000	\$ 51,870,000
TOTAL		\$ 2,020,313,625	\$ 1,583,096,960

(1) Excludes commercial paper and California HFA Revenue Bonds (San Francisco Supportive Housing - 833 Bryant Apartments) (\$26,485,000)

(2) Actual payment dates are used to project outstanding payment obligations.

Source: Office of Public Finance, City and County of San Francisco.

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Board Authorized and Unissued Long-Term Certificates of Participation

Certain issuances have been authorized as supplements to a lease (“Master Lease”), which currently supports the City’s outstanding Certificates of Participation (“COPs”), Series 2019-R1, Series 2020-R1, Series 2021A, Series 2023A, Series 2023B, Series 2024-R1 and Series 2024A, by and between the City and a third-party trustee, currently U.S. Bank National Association. Properties leased pursuant to the Master Lease currently include the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco; the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno; and One South Van Ness Property located at 1 South Van Ness Avenue, San Francisco.

Treasure Island Improvement Project: In October of 2013, the Board authorized, and the Mayor approved the issuance of not to exceed \$13.5 million of City and County of San Francisco Certificates of Participation to finance the cost of additions and improvements to the utility infrastructure at Treasure Island. At this time there is not an expected timeline for the issuance of these certificates.

Housing Trust Fund Project: In April 2016, the Board authorized and the Mayor approved the issuance of not to exceed \$95.0 million of City and County of San Francisco Certificates of Participation (Affordable Housing Projects) authorized under the Master Lease to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects. The City previously issued commercial paper to finance these projects and paid down its commercial paper balance.

Hall of Justice Relocation Projects: In October 2019, the Board authorized and the Mayor approved the issuance of not to exceed \$62.0 million principal amount of City and County of San Francisco Certificates of Participation (Multiple Capital Projects) authorized under the Master Lease to finance or refinance tenant improvements involving the construction, acquisition, improvement, renovation, and retrofitting of City-owned properties as needed for the Hall of Justice Improvement Project enabling staff and offices to be consolidated in acquired City-owned properties. The City funded \$4.6 million in project fund and related financing costs related to this authorization for the 444 Sixth Street acquisition as part of the Certificates of Participation, Series 2021A issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

HOPE SF Project: In December 2019, the Board authorized, and the Mayor approved the issuance of not to exceed \$83.6 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease to finance or refinance certain capital improvements, including but not limited to certain properties generally known as Hunters View, Sunnysdale, and Potrero Terrace and Annex housing developments. The City anticipates issuing the first long-term COPs under this authorization in fiscal year 2026-27 or later.

Critical Repairs and Recovery Stimulus (FY2022): In July 2021, the Board authorized and the Mayor approved the issuance of not to exceed \$67.5 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and local economic stimulus projects. The City funded \$31.9 million in project fund and related financing costs for this authorization as part of the Certificates of Participation Series 2023B issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

Critical Repairs, Recovery Stimulus and Street Resurfacing Projects (FY2023): In July 2022, the Board authorized and in August 2022 the Mayor approved the issuance of not to exceed \$140.0 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of (a) street resurfacing and reconstruction, (b) critical repairs, including renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and (c) local economic stimulus projects. The City funded \$48.4 million in project fund and related financing costs for this authorization as part of the Certificates of Participation Series 2023B issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

Affordable Housing and Community Development Projects: In May 2023 the Board authorized and in June 2023 the Mayor approved the issuance of not to exceed \$146.8 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvement, affordable housing and community facility development projects. The City funded \$102.0 million in project funds for this authorization as part of the Certificates of Participation, Series 2023A issuance. The City expects to issue the remainder of the long-term COPs in fiscal year 2025-26 or later.

Critical Repairs and Street Resurfacing Projects (FY2024): In September 2023 the Board authorized and the Mayor approved the issuance of not to exceed \$77.2 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets, and works utilized by various City departments. The City expects to issue its first series of long-term COPs in fiscal year 2025-26 or later.

Critical Repairs and Street Resurfacing Projects (FY2025): In September 2024 the Board authorized and the Mayor approved the issuance of not to exceed \$61.4 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities, streets, and works utilized by various City departments. The City expects to issue its first series of long-term COPs in fiscal year 2025-26.

Street Resurfacing and Curb Ramp Projects (FY2026 & FY2027). In September 2025 the Board authorized and the Mayor approved the issuance of not to exceed \$65.0 million of City and County of San Francisco Certificates of Participation authorized under the Master Lease, to finance and refinance certain capital improvements generally consisting of street resurfacing and curb ramp improvement projects. The City expects to issue its first series of long-term COPs in fiscal year 2026-27.

Treasure Island Stage 2 Certificates of Participation. In May 2024, legislation amending the Development Agreement and Disposition and Development Agreement for the Treasure Island development project was approved by the Board of Supervisors. This amendment includes a proposal for the City to issue Certificates of Participation to fund \$115 million in infrastructure improvements related to Stage 2 of the Treasure Island development project. The City issued the first series of COPs in March 2025.

Commercial Paper Program

In March 2009, the Board of Supervisors authorized, and the Mayor approved, a not-to-exceed \$150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the “Original CP Program”). In July of 2013, the Board of Supervisors authorized, and the Mayor approved an additional \$100.0 million of Lease Revenue Commercial Paper Certificates of Participation, Series 3 and 3-T and Series 4 and 4-T (the “Second CP Program” and together with the Original CP Program, the “City CP Program”) that increased the total authorization of the City CP Program to \$250.0 million.

Commercial Paper Notes (the “CP Notes”) are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles. Projects are eligible to access the CP Program once the Board of Supervisors and the Mayor have approved the project and the long-term, permanent financing for the project.

The Original CP Program notes are secured by a \$150.0 million revolving credit agreement with Wells Fargo, which expires in March 2026.

The Second CP Program notes are secured by a \$100.0 million revolving letter of credit issued by Bank of the West, which expires in April 2026.

As of October 15, 2025, the outstanding principal amount of CP Notes is \$51.1 million. The interest rate for the \$36.4 million outstanding tax-exempt CP Notes is 2.52%. The interest rate for the \$14.8 million outstanding taxable CP Notes is 4.14%. The projects with Board of Supervisors authorized and unissued Certificates of Participation currently utilizing the CP Program include HOPE SF, Critical Repairs & Recovery Stimulus, Affordable Housing & Community Development, Street Resurfacing & Reconstruction, and Hall of Justice Relocation Project - Tenant Improvements. Additionally, there is a short-term financing for police vehicle acquisition utilizing the City's CP Program and is expected to be paid down over time. The following is a summary of the outstanding liability by project associated with the CP Notes outstanding.

Project	CP Notes Liability as of 10/15/2025
HOPE SF	\$4,246,130
Affordable Housing & Community Development	548,828
Critical Repairs & Recovery Stimulus	21,805,123
Police Vehicle Acquisition	1,393,379
HOJ Relocation – Tenant Improvements	1,971,831
Street Resurfacing & Reconstruction	21,140,709
TOTAL*	\$51,106,000

** Projects may not sum to total due to rounding.*

Asian Art Museum Assurance Agreement

The Asian Art Museum of San Francisco ("Museum") is a charitable trust department of the City and houses the collection of the City's Asian art objects. The City owns the Museum and the art collection. Under the City Charter the City is required to provide sufficient funds each year to maintain, display and provide security for the art collection. In fiscal year 2025-26 the City budgeted \$12.7 million for the Museum. The Asian Art Museum Foundation of San Francisco ("Foundation") is a non-profit public benefit corporation that serves as the fundraising arm of the Museum.

In connection with a Loan Agreement, dated February 1, 2011 ("Asian Art Museum CEDA Loan"), by and among the Foundation, the California Enterprise Development Authority ("CEDA") and JPMorgan Chase Bank, National Association ("Bank"), the City entered into an Assurance Agreement ("Assurance Agreement") with the Bank. (The Asian Art Museum CEDA Loan was a part of a restructuring of previous debt of the Foundation.) Under the terms of the Assurance Agreement, the City Controller is required under certain circumstances to seek a supplemental budgetary appropriation from the Board of Supervisors to pay scheduled debt service on the Asian Art Museum CEDA Loan. The Board of Supervisors and Mayor retain the sole discretion to approve any Controller request. The principal amount of the Asian Art Museum CEDA Loan outstanding as of July 7, 2025 is approximately \$68.5 million and annual debt service is approximately \$6.2 million through 2040.

Based on information provided to the Controller by the Foundation, the City is aware that fundraising and development for arts and cultural institutions, including the Museum, continues to be a challenging environment following the COVID pandemic. Currently, the City is engaged in discussions with the Foundation to understand the Foundation's financial position, its operations and outstanding obligations.

Overlapping Debt

Table A-32 shows bonded debt and long-term obligations as of July 15, 2025, sold in the public capital markets, except for those financings otherwise noted in the table, by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter

limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

TABLE A-32
Statement of Direct and Overlapping Debt and Long-Term Obligations
As of July 15, 2025

<u>2025-26 Assessed Valuation</u> (includes unitary utility valuation):	\$ 358,424,092,463 ⁽¹⁾
<u>GENERAL OBLIGATION BONDED DEBT</u>	
San Francisco City and County	\$ 2,499,229,950
San Francisco Unified School District	1,008,390,000
San Francisco Community College District	590,475,000
TOTAL GENERAL OBLIGATION BONDED DEBT	\$ 4,098,094,950
<u>LEASE OBLIGATIONS BONDS</u>	
San Francisco City and County	\$ 1,593,496,960
TOTAL LEASE OBLIGATION BONDED DEBT	\$ 1,593,496,960 ⁽²⁾
TOTAL COMBINED DIRECT DEBT	\$ 5,691,591,910
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	
Bay Area Rapid Transit District General Obligation Bond (33.728%)	\$ 793,683,107
San Francisco Community Facilities District No. 6	114,415,000
San Francisco Community Facilities District No. 7	26,785,000
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2	2,050,422
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center	562,820,000
San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2	99,140,000
San Francisco Special Tax District No. 2020-1 Mission Rock Facilities	150,825,000
City of San Francisco Assessment District No. 95-1	145,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements	7,805,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill	4,275,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza	2,495,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,764,438,529
<u>OVERLAPPING TAX INCREMENT DEBT:</u>	
Successor Agency to the San Francisco Redevelopment Agency	\$ 757,789,273
Transbay Joint Powers Authority	222,965,000
TOTAL OVERLAPPING INCREMENT DEBT	\$ 980,754,273
<u>OVERLAPPING INCREMENT DEBT:</u>	
San Francisco Infrastructure and Revitalization Financing District No. 1	\$ 37,420,000
TOTAL OVERLAPPING TAX INCREMENT REVENUE DEBT	\$ 37,420,000
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	\$ 8,474,204,712⁽³⁾
<u>Ratios to 2025-26 Assessed Valuation (\$358,424,092,463)</u>	<u>Actual Ratio</u>
Direct General Obligation Bonded Debt (\$4,098,094,950)	1.14% ⁽⁴⁾
Combined Direct Debt (\$5,691,591,910)	1.59%
Total Direct and Overlapping Bonded Debt	2.36%
<u>Ratio to 2025-26 Redevelopment Incremental Valuation (\$45,743,416,351)</u>	
Total Overlapping Tax Increment Debt	2.14%

(1) Includes \$581,553,268 homeowner's exemption for FY25-26.

(2) Excludes 833 Bryant lease.

(3) Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds, as well as the issue to be sold.

(4) The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY25-26 AV is 0.7%.

Source: California Municipal Statistics Inc., City and County of San Francisco

CITY GOVERNMENT

City Charter

San Francisco is constituted as a city and county chartered pursuant to Article XI, Sections 3, 4, 5 and 6 of the Constitution of the State of California (the “State”) and is the only consolidated city and county in the State. In addition to its powers under its charter in respect of municipal affairs granted under the State Constitution, San Francisco generally can exercise the powers of both a city and a county under State law. On April 15, 1850, several months before California became a state, the original charter was granted by territorial government to the City. New City charters were adopted by the voters on May 26, 1898, effective January 8, 1900, and on March 26, 1931, effective January 8, 1932. In November 1995, voters approved the current charter, which went into effect in most respects on July 1, 1996 (“Charter”).

The City is governed by a Board of Supervisors consisting of eleven members elected from supervisorial districts (the “Board of Supervisors”), and a Mayor elected at large who serves as chief executive officer (the “Mayor”). Members of the Board of Supervisors and the Mayor each serve a four-year term. The Mayor and members of the Board of Supervisors are subject to term limits as established by the Charter. Members of the Board of Supervisors may serve no more than two successive four-year terms and may not serve another term until four years have elapsed since the end of the second successive term in office. The Mayor may serve no more than two successive four-year terms, with no limit on the number of non- successive terms of office. The City Attorney, Assessor-Recorder, District Attorney, Treasurer and Tax Collector, Sheriff, and Public Defender are also elected directly by the citizens and may serve unlimited four-year terms. The Charter provides a civil service system for most City employees. School functions are carried out by the San Francisco Unified School District (grades TK-12) (“SFUSD”) and the San Francisco Community College District (post-secondary) (“SFCCD”). Each is a separate legal entity with a separately elected governing board.

Unique among California cities, San Francisco as a charter city and county provides the services of both a city and a county. Public services include police, fire and public safety; public health, mental health and other social services; courts, jails, and juvenile justice; public works, streets, and transportation, including a port and airport; construction and maintenance of all public buildings and facilities; water, sewer, and power services; parks and recreation; libraries and cultural facilities and events; zoning and planning, and many others. Employment costs are relatively fixed by labor and retirement agreements, and account for slightly less than 50% of all City expenditures. In addition, voters have approved Charter amendments that impose certain spending mandates and tax revenue set-asides, which dictate expenditure or service levels for certain programs, and allocate specific revenues or specific proportions thereof to other programs, including transportation services, children’s services and public education, and libraries.

Under its original charter, the City committed to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mills Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today’s San Francisco International Airport. In 1969, the City acquired the Port of San Francisco (the “Port”) in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. SFO, the Port, SFPUC (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), MTA (which operates the San Francisco Municipal Railway or “Muni” and the Department of Parking and Traffic (“DPT”), including twenty one public parking garages), and the City-owned hospitals (Zuckerberg San Francisco General and Laguna Honda), are collectively referred to herein as the “enterprise fund departments,” as they are not integrated into the City’s General Fund operating budget. However, certain enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital, and the MTA, annually receive significant General Fund-transfers.

The Charter distributes governing authority among the Mayor, the Board of Supervisors, the various other elected officers, the City Controller and other appointed officers, and the boards and commissions that oversee the various City departments. The Mayor appoints most commissioners subject to a two-thirds vote of the Board of Supervisors, unless otherwise provided in the Charter. The Mayor appoints each department head from among persons nominated to the position by the appropriate commission and may remove department heads.

Mayor

In November 2024, Daniel Lurie was elected as the City's 46th Mayor. He took office on January 8, 2025, succeeding Mayor Breed.

Board of Supervisors

Table A-33 lists the members of the Board of Supervisors effective January 8, 2025. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

TABLE A-33
Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Connie Chan, District 1	2021	2029
Stephen Sherill, District 2	2024	2027
Danny Sauter, District 3	2025	2029
Joel Engardio, District 4	2023	2027
Bilal Mahmood, District 5	2025	2029
Matt Dorsey, District 6	2022	2027
Myrna Melgar, District 7	2021	2029
Rafael Mandelman, Board President, District 8	2018	2027
Jackie Felder, District 9	2025	2029
Shamann Walton, District 10	2019	2027
Chyanne Chen, District 11	2025	2029

Other Elected and Appointed City Officers

The City Attorney, an elected position, represents the City in all legal proceedings in which the City has an interest. On November 4, 2024, David Chiu was re-elected to serve as the San Francisco City Attorney.

The Assessor-Recorder, a citywide elected position, administers the property tax assessment system of the City. On February 8, 2021, Joaquín Torres, formerly the Director of the Office of Economic and Workforce Development, was sworn in as the new Assessor-Recorder. Mr. Torres ran and was elected by voters in a special election on February 15, 2022 to his current term as Assessor-Recorder.

The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2024 for a term that extends through January 2029. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom.

The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. On January 10, 2024, Mayor Breed appointed Greg Wagner, formerly the Chief Operating Officer of the City's

Department of Public Health, to a ten-year term as Controller of the City. Mr. Wagner's appointment was confirmed by the Board of Supervisors on January 23, 2024, in accordance with the Charter.

The City Administrator has overall responsibility for the management and implementation of policies, rules and regulations promulgated by the Mayor, the Board of Supervisors and the voters. The City Administrator oversees the General Services Agency which consists of 25 departments, divisions, and programs that include the Public Works Department, Department of Technology, Office of Contract Administration/Purchasing, Real Estate, County Clerk, Fleet Management, Convention Facilities, Animal Care and Control, Medical Examiner, and Treasure Island. Carmen Chu was sworn in as the City Administrator on February 2, 2021.

THE SUCCESSOR AGENCY

The San Francisco Redevelopment Agency (the "Former Agency") was organized in 1948 by the Board of Supervisors pursuant to the Redevelopment Law. The Former Agency's mission was to eliminate physical and economic blight within specific geographic areas of the City designated by the Board of Supervisors. The Former Agency had redevelopment plans for nine redevelopment project areas.

As a result of ABx1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, (collectively, the "Dissolution Act"), redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy "enforceable obligations" of the former redevelopment agencies all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

Pursuant to Ordinance No. 215-12 passed by the Board of Supervisors of the City on October 2, 2012 and signed by the Mayor on October 4, 2012, the Board of Supervisors (i) officially gave the following name to the successor to the Former Agency: the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (the "Successor Agency") also referred to as the "Office of Community Investment & Infrastructure" ("OCII"), (ii) created the Successor Agency Commission as the policy body of the Successor Agency, (iii) delegated to the Successor Agency Commission the authority to act to implement the surviving redevelopment projects, the replacement housing obligations of the Former Agency and other enforceable obligations and the authority to take actions that ABx1 26 and AB 1484 require or allow and (iv) established the composition and terms of the members of the Successor Agency Commission.

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, certain major redevelopment projects that were previously administered by the Former Agency. The Successor Agency exercises land use, development and design approval authority for the developed projects. The Successor Agency, in addition to other various City agencies and entities, also may issue community facilities district bonds from time to time to facilitate development in the major approved development projects in accordance with the terms of such enforceable obligations. See also, Table A-32: "Statement of Direct and Overlapping Debt and Long-Term Obligations."

CITY INFRASTRUCTURE FINANCING DISTRICTS

San Francisco has formed numerous special financing districts in order to finance infrastructure improvements benefiting the public in newly developing areas of the City. Projects that may be financed by revenues from special finance districts include, but are not limited to streets, water and sewer systems, libraries, parks, and public safety facilities. Pursuant to California Government Code Section 53395 *et seq.* ("IFD Law"), the Board of Supervisors has formed Infrastructure Financing Districts, Infrastructure Revitalization Financing Districts, and Enhanced Infrastructure Financing Districts (collectively "IFDs") within the geographic boundaries of the City.

Under IFD Law, municipalities may fund improvements within the IFD geographic boundary. IFDs capture increases in property tax revenue stemming from growth in assessed value as a result of new development and use that revenue to finance infrastructure projects and improvements. Each district has its own plan of finance for the allocation and use of tax increment.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

Several constitutional and statutory limitations on taxes, revenues and expenditures exist under State law which limit the ability of the City to impose and increase taxes and other revenue sources and to spend such revenues, and which, under certain circumstances, would permit existing revenue sources of the City to be reduced by vote of the City electorate. These constitutional and statutory limitations, and future limitations, if enacted, could potentially have an adverse impact on the City's general finances and its ability to raise revenue, or maintain existing revenue sources, in the future. However, *ad valorem* property taxes required to be levied to pay debt service on general obligation bonds were authorized and approved in accordance with all applicable constitutional limitations. A summary of the currently effective limitations is set forth below.

Article XIII A of the California Constitution

Article XIII A of the California Constitution, known as "Proposition 13," was approved by the California voters in June of 1978. It limits the amount of *ad valorem* tax on real property to 1% of "full cash value," as determined by the county assessor. Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when "purchased, newly constructed or a change in ownership has occurred" (as such terms are used in Article XIII A) after the 1975 assessment. Furthermore, all real property valuation may be increased or decreased to reflect the inflation rate, as shown by the CPI or comparable data, in an amount not to exceed 2% per year, or may be reduced in the event of declining property values caused by damage, destruction or other factors. Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on 1) indebtedness approved by the voters prior to July 1, 1978, 2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or 3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the proposition, but only if certain accountability measures are included in the proposition.

The California Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher or lower than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate persons with disabilities and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City. Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the California Constitution

Article XIII B was enacted by California voters as an initiative constitutional amendment in November 1979. Article XIII B limits the annual appropriations from the proceeds of taxes of the State and any city, county,

school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the governmental entity. However, no limit is imposed on the appropriation of local revenues and taxes to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters. Article XIII B includes a requirement that if an entity's average revenues over two consecutive years exceed the amount permitted to be spent, the excess would have to be returned by revising tax or fee schedules over the following two years. With voter approval, the appropriations limit can be raised for up to four years.

Articles XIII C and XIII D of the California Constitution

Proposition 218, an initiative constitutional amendment, approved by the voters of the State in 1996, added Articles XIII C and XIII D to the State Constitution, which affect the ability of local governments, including charter cities such as the City, to levy and collect both existing and future taxes, assessments, fees, and charges. Proposition 218 does not affect the levy and collection of taxes for voter-approved debt. However, Proposition 218 affects the City's finances in other ways. Article XIII C requires that all new local taxes be submitted to the electorate for approval before such taxes become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes require a two-thirds vote. Under Proposition 218, the City can only continue to collect taxes that were imposed after January 1, 1995 if voters subsequently approved such taxes by November 6, 1998. All of the City's local taxes subject to such approval have been either reauthorized in accordance with Proposition 218 or discontinued. The voter approval requirements of Article XIII C reduce the City's flexibility to manage fiscal problems through new, extended, or increased taxes. No assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

In addition, Article XIII C addresses the initiative power in matters of local taxes, assessments, fees, and charges. Pursuant to Article XIII C, the voters of the City could, by initiative, repeal, reduce or limit any existing or future local tax, assessment, fee, or charge, subject to certain limitations imposed by the courts and additional limitations with respect to taxes levied to repay bonds. The City raises a substantial portion of its revenues from various local taxes which are not levied to repay bonded indebtedness, and which could be reduced by initiative under Article XIII C. No assurance can be given that the voters of the City will not approve initiatives that repeal, reduce, or prohibit the imposition or increase of local taxes, assessments, fees or charges. See "GENERAL FUND REVENUES — OTHER CITY TAX REVENUES" herein, for a discussion of other City taxes that could be affected by Proposition 218.

With respect to the City's general obligation bonds (City bonds secured by *ad valorem* property taxes), the State Constitution and the laws of the State impose a duty on the Board of Supervisors to levy a property tax sufficient to pay debt service coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the City's general obligation bonds or to otherwise interfere with performance of the duty of the City with respect to such taxes which are pledged as security for payment of those bonds.

Article XIII D contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIII D) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement purposes and community benefit purposes and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government

authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. If the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

Proposition 1A also provides that if the State reduces the annual vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties, and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing aid to cities and spending on other State programs, or other actions, some of which could be adverse to the City.

Proposition 22

Proposition 22 (“Proposition 22”) which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State’s authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increases a school and community college district’s share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies (but see “THE SUCCESSOR AGENCY” above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

Due to the prohibition with respect to the State’s ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). However, borrowings and reallocations from local governments during 2009 are not subject to Proposition 22 prohibitions. In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 (“Proposition 26”), revising certain provisions of Articles XIII A and XIII C of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by

local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption was repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a “tax” means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law, including late payment fees, fees imposed under administrative citation ordinances and parking violations; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. Fees, charges, and payments that are made pursuant to a voluntary contract that are not “imposed by a local government” are not considered taxes and are not covered by Proposition 26.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of property owners.

Future Initiatives and Changes in Law

The laws and Constitutional provisions described above were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time-to-time other initiative measures could be adopted, further affecting revenues of the City or the City’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

On April 25, 2013, the California Supreme Court in *McWilliams v. City of Long Beach* (April 25, 2013, No. S202037), held that the claims provisions of the Government Claims Act (Government Code Section 900 *et. seq.*) govern local tax and fee refund actions (absent another State statute governing the issue), and that local ordinances were without effect. The effect of the *McWilliams* case is that local governments could face class actions over disputes involving taxes and fees. Such cases could expose local governments to significant refund claims in the future. The City cannot predict whether any such class claims will be filed against it in the future, the outcome of any such claim or its impact on the City.

LEGAL MATTERS AND RISK MANAGEMENT

Pending Litigation

There are a number of lawsuits and claims routinely pending against the City. Included among these are a number of actions which if successful would be payable from the City's General Fund. Except as otherwise described in this Appendix A as to certain litigation, in the opinion of the City Attorney, such suits and claims presently pending will not materially impair the ability of the City to pay debt service on its General Fund lease obligations or other debt obligations, nor have an adverse impact on City finances.

Ongoing Investigations

Community Challenge Grant Program Investigation. On August 29, 2023, the San Francisco District Attorney charged Lanita Henriquez, who served as the director of the San Francisco Community Challenge Grant Program under the Office of the San Francisco City Administrator, and Rudolph Dwayne Jones, a former City official who occasionally served as a prime contractor and a subcontractor to the SFPUC, with counts of misappropriation of public monies, bribery, and financial conflict of interest in a government contract. It is alleged that Ms. Henriquez and Mr. Jones misappropriated public money between 2016 and 2020, that Mr. Jones wrote Ms. Henriquez multiple checks in 2017 and 2018 totaling \$25,000, while Ms. Henriquez directed government grant contracts exceeding \$1.4 million to entities controlled by Mr. Jones, in which entities Ms. Henriquez also had a financial stake, between 2016 and 2020.

The San Francisco District Attorney has not alleged any impropriety in connection with the sole grant program Ms. Henriquez administered for the SFPUC and the SFPUC has confirmed that there are no active direct contracts between the SFPUC and Mr. Jones or his affiliated entities. The SFPUC has, however, identified four subcontracts between Mr. Jones or his affiliated entities and other SFPUC prime contractors that were effective on the date that Mr. Jones was charged, and directed each of the four prime contractors retaining Mr. Jones and/or any entities affiliated with Mr. Jones, to terminate or cancel any subcontract, service order, or other contractual arrangement such parties.

The FBI investigation is ongoing, and the City can give no assurance when the FBI will complete its investigation. The San Francisco District Attorney's Office Public Integrity Task Force has also independently investigated certain of the matters described here, and the City can give no assurance when this task force will complete its investigation.

Recology Settlement. On March 4, 2021, the City Attorney announced an approximately \$100 million settlement with Recology San Francisco ("Recology"), the contractor handling the City's waste and recycling collection. The settlement arose from overcharges that were uncovered as part of the continuing public integrity investigation tied to Mr. Nuru and others. As part of the Settlement, Recology was required to lower commercial and residential rates starting April 1, 2021 and make a \$7 million settlement payment to the City under the California Unfair Competition Law and the San Francisco Campaign and Governmental Conduct Code. In addition, Recology will be enjoined for four years from making any gift to any City employee or any contribution to a nonprofit at the behest of a City employee. The comprehensive settlement agreement with Recology was approved by the Board of Supervisors. The bribery and corruption public integrity investigation related to the Nuru matter is ongoing.

On May 16, 2022, the Controller's Office released a public integrity assessment report on the review of rate-setting and rate reporting processes, and profits earned by Recology that were over and above allowed profit margins. The report found that Recology netted profits of \$23.4 million over and above the allowed profit margin set in the 2017 Rate Application. Even after taking into account the 2021, \$101 million settlement in restitution, penalties, and interest to ratepayers affected by the erroneous calculation of revenues in the rate application, Recology consistently exceeded their allowable operating profits.

On June 7, 2022, the voters of San Francisco passed Proposition F, a ballot measure that allows the City to oversee Recology more closely, including certain changes to the composition of the Refuse Rate Board. The changes are intended to provide more oversight with respect to monitoring rates to residential and commercial customers.

In addition to the ongoing joint investigation by the City Attorney's Office and the Controller's Office into City contracting policies and procedures, the City's Board of Supervisors has conducted a series of public hearings before its Government Audit and Oversight Committee to examine issues raised by the federal complaints. That committee also considered the Controller's periodic reports. The City can give no assurance regarding when the City's investigation will be completed or what the outcome will be. The criminal investigation by the Federal Bureau of Investigation and the United States Attorney's office is ongoing.

Human Rights Commission Investigation. On October 11, 2024, Sheryl Davis the Executive Director of Human Rights Commission resigned her post amid allegations of the misuse of public funds. Mawuli Tugbenyoh, formerly the deputy director for the city's Department of Human Resources, was named acting interim director of the Commission. The Mayor announced the imposition of tighter financial controls regarding spending for the Commission. The investigation is ongoing and the City can give no assurance about the outcome of the investigation.

AB 218 and AB 2777 (Sexual Abuse Victims Acts)

Assembly Bill 218, which is called the "California Child Victims Act", became effective in January 2020, and Assembly Bill 2777, which is called the "Sexual Abuse and Cover Up Accountability Act", became effective in January 2023. These bills allow alleged victims of sexual abuse to bring claims which previously had been barred by the applicable statute of limitations. Although there are certain, existing claims against the City as a result of the enactment of these laws, the City is still in the process of evaluating whether these types of claims might have a material impact on the City's finances. The City can give no assurances that additional claims will not be brought against the City as a result of these laws or that any additional claims will not have a material impact on the City's finances.

Risk Retention Program

Citywide risk management is coordinated by the Risk Management Division of the City Administrator's Office. With certain exceptions, it is the general policy of the City to first evaluate self-insurance and not purchase commercial liability insurance for the risks of losses to which it is exposed. 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 commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City Controller actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's decision to obtain commercial insurance depends on various factors. For property insurance, these factors include whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides certain coverages for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance to satisfactorily cover the scope of work. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (i.e. the Airport, MTA, SFPUC, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement., The City purchases Cyber Liability insurance for most departments and

certain enterprise fund departments providing critical City services and/or managing high volumes of confidential/personal data.

Through coordination between the City Controller and the City Attorney's Office, the City's general liability risk exposure is actuarially determined and is addressed through appropriations in the City's budget and also reflected in the ACFR. The appropriations are sized based on actuarially determined anticipated claim payments and the projected timing of disbursement.

The City is self-insured for the financial risk and liability to provide workers' compensation benefits to its employees. The administration of workers' compensation claims and disbursement of all benefit payments is managed by the Workers' Compensation Division of the City's Department of Human Resources and its contracted third-party claims administrator. Estimates of future workers' compensation costs are based on the following criteria: (i) the frequency and severity of historical claim filings; (ii) average claim losses by expense category; (iii) gross payroll and workforce composition; (iv) benefit cost inflation, including increases to the statewide average weekly wage, and medical cost growth; and (v) regulatory developments that impact benefit cost and delivery. The Workers' Compensation Division determines and allocates workers' compensation costs to departments based upon actual claim benefit expenditures and an allocated share of overhead expenses for self-insurance administration. The City continues to develop and implement programs to lower or mitigate workers' compensation costs.

NOTICE OF INTENTION TO SELL

**\$(Par Amount)
TAX-EXEMPT
CITY AND COUNTY OF SAN
FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-1**

**\$(Par Amount)
TAXABLE
CITY AND COUNTY OF SAN
FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-2**

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (“City”) intends to offer for public sale on [Sale Date]*, at [Sale Time] a.m. (California time), the above-captioned general obligation bonds (“Bonds”) by electronic bids through S&P Global’s BiDCOMPTM/PARITY® Competitive Bidding System (“Parity”).

The City reserves the right to postpone or cancel the sale of the Bonds or to change the terms thereof upon notice given through Thomson Reuters and Bloomberg Business News (collectively, the “News Services”) and/or Parity. If no bid is awarded for the Bonds, the City may reschedule the sale of the Bonds to another date or time by providing notification through the News Services and/or Parity.

The Bonds will be offered for public sale subject to the terms and conditions of the Official Notice of Sale, dated [POS Date] (“Official Notice of Sale”) relating to the Bonds. Additional information regarding the proposed sale and terms of the Bonds, including copies of the Official Notice of Sale and the Preliminary Official Statement, dated on or about [POS Date] (“Preliminary Official Statement”), are expected to be available electronically at [LINK]. Copies of such documents may also be obtained from the City’s Municipal Advisor, Fieldman, Rolapp & Associates, Inc., 19990 MacArthur Boulevard, Suite 1100, Irvine, California 92612, Telephone: 949-660-7315 Attention: Un Chu Reardon (email: ureardon@fieldman.com). Failure of any bidder to receive any notices of the City regarding the sale of the Bonds shall not under any circumstances affect the legality of the sale.

Other than with respect to postponement or cancellation as described above, the City reserves the right to modify or amend the Official Notice of Sale in any respect, as more fully described in the Official Notice of Sale; provided, that any such modification or amendment will be communicated to potential bidders through the News Services and/or Parity not later than 1:00 p.m. (California time) on the business day preceding the date for receiving bids for the Bonds or as otherwise described in the Official Notice of Sale. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice, or the legality of the sale. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Dated: [Publication Date]

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

**\$(Par Amount)*
CITY AND COUNTY OF SAN FRANCISCO
TAX-EXEMPT
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024), SERIES 2026A-1**

**\$(Par Amount)*
CITY AND COUNTY OF SAN FRANCISCO
TAXABLE
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024), SERIES 2026A-2**

The City and County of San Francisco will receive electronic bids for the above-referenced Bonds at the place and up to the time specified below:

SALE INFORMATION

SALE DATE: [Sale Date]*
TIME: [Sale Time] a.m.*, California time
PLATFORM: S&P Global's BiDCOMP™/PARITY® Competitive Bidding System ("Parity") at <https://newissue.muni.spglobal.com>
DELIVERY DATE: [Closing Date]*

KEY TERMS SUMMARY

AWARD BASIS: Lowest True Interest Cost
MINIMUM COUPON: [5.00%]
STRUCTURE: Serial and/or Term (bidder specified)
OPTIONAL REDEMPTION: June 15, 203_ at par
PRINCIPAL ADJUSTMENT: Permitted after award (no rebid)
GOOD FAITH DEPOSIT: \$(Good Faith Deposit Amount) (wire within 90 minutes following request)
INSURANCE: Not permitted

This summary is provided for convenience only. All terms are governed by the full Official Notice of Sale and the Preliminary Official Statement.

* Preliminary, subject to change, postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale. See "TERMS OF SALE – Right to Modify or Amend."

OFFICIAL NOTICE OF SALE

**\$[Par Amount]*
TAX-EXEMPT
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-1**

**\$[Par Amount]*
TAXABLE
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-2**

NOTICE IS HEREBY GIVEN that electronic bids will be received through S&P Global's BiDCOMP™/PARITY® Competitive Bidding System ("Parity") at <https://newissue.muni.spglobal.com> for the purchase of all, but not less than all, of the above-captioned Bonds (the "**Bonds**") of the City and County of San Francisco (the "**City**") as more particularly described herein. Bidding procedures and sale terms are as follows:

- Issue:** The Bonds captioned above are further described in the City's Official Statement for the Bonds, in preliminary form, dated **[POS Date]** (the "**Preliminary Official Statement**").
- Time:** Bids for the Bonds must be received electronically by **[Sale Time]** a.m., California time, on **[Sale Date]**.*
- Place:** Bidders may submit electronic bids via Parity in the manner and subject to the terms and conditions described under "TERMS OF SALE - Form of Bids; Delivery of Bids" below.

KEY BIDDER CONSIDERATIONS

- The City may modify principal amounts after award without permitting withdrawal or rebidding.
- Bids are irrevocable once submitted.
- The hold-the-offering-price rule may apply to some or all maturities.
- A Good Faith Deposit must be wired within 90 minutes of request.

The sale may be postponed, cancelled, or amended prior to bid receipt. As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from:

Fieldman, Rolapp & Associates, Inc.
Telephone: 949-660-7315
Attention: Un Chu Reardon (email: ureardon@fieldman.com)

* Preliminary, subject to change, postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale. See "TERMS OF SALE – Right to Modify or Amend."

(the “**Municipal Advisor**”), provided, however, that failure of any bidder to receive such supplemental notice shall not affect the sufficiency of any such notice or the legality of the sale. See “TERMS OF SALE – Postponement or Cancellation of Sale.”

The City reserves the right to modify or amend this Official Notice of Sale in any respect. Bidders are required to bid upon the Bonds as so modified or amended. See “TERMS OF SALE – Right to Modify or Amend.”

This Official Notice of Sale will be submitted for posting to Parity as described in “TERMS OF SALE – Form of Bids; Delivery of Bids” below. In the event the summary of the terms of sale of the Bonds posted on Parity conflicts with this Official Notice of Sale in any respect, the terms of this Official Notice of Sale shall control, unless a notice of an amendment is given as described herein.

TERMS RELATING TO THE BONDS

THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE BONDS CONTAINS A PRESENTATION OF THE FOLLOWING INFORMATION:

- The authority for issuance
- Purposes
- Payment of principal and interest
- Redemption price
- Defeasance
- Sources and uses of funds
- Security and sources of payment
- Form of legal opinions of co-bond counsel
- Other information regarding the City and the Bonds

THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE BONDS. THE DESCRIPTION OF THE BONDS CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE BONDS CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Capitalized terms used and not defined in this Official Notice of Sale shall have the meanings ascribed to them in the Preliminary Official Statement.

Issue. The Bonds will be issued as fully registered bonds without coupons in book-entry form in denominations of \$5,000 or any integral multiple of that amount, as designated by the winning bidder of the Bonds (the “**Purchaser**”). The Bonds will be dated the date of delivery,

which is expected to be [Closing Date]*. If the sale is postponed, notice of the new date of the sale will also set forth the new expected date of delivery of the Bonds.

Book-Entry Only. The Bonds will be registered in the name of a nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form only, and the Purchaser will not receive certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Interest Rates. Interest on the Bonds will be payable on December 15, 2026, and semi-annually thereafter on June 15 and December 15 of each year (each an “**Interest Payment Date**”). Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months from the dated date of the Bonds. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

Category	Requirement
<i>Structure</i>	The Bonds shall be issued as serial and/or term bonds, as specified by the bidder.
<i>Interest Rate Multiples</i>	Each interest rate must be a multiple of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%) per annum.
<i>Minimum Interest Rate</i>	Not less than [5.00%] per annum.
<i>Zero Interest Rate Bonds</i>	Not permitted.
<i>Uniform Interest Rate</i>	All Bonds maturing at any one time shall bear the same rate of interest.
<i>Interest Rate per Maturity</i>	Each Bond shall bear interest from its dated date to its stated maturity date at a single rate of interest.
<i>Purchase Price</i>	[Not less than 100% nor greater than ____%] of the aggregate principal amount of the Bonds.
<i>Denominations</i>	\$5,000 or any integral multiple thereof.

See the Preliminary Official Statement – “THE BONDS – Payment of Principal and Interest.”

Principal Payments of the Bonds. The Bonds shall be serial and/or term Bonds, as specified by each bidder. Principal shall be payable on June 15 of each year, commencing on June 15, 2027,

* Preliminary, subject to change, postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale. See “TERMS OF SALE – Right to Modify or Amend.”

as shown below. Final maturity of the Bonds shall be June 15, 2046.* The principal amount of the Bonds maturing or subject to mandatory sinking fund payment in any year shall be in integral multiples of \$5,000. For any term Bonds specified, the principal amount for a given year may be allocated only to a single term Bond and must be part of an uninterrupted annual sequence from the first mandatory sinking fund payment to the term Bond maturity. The aggregate amount of the principal amount of the serial maturity or mandatory sinking fund payment for the Bonds is shown below for information purposes only. **Bidders for the Bonds will provide bids for all of the Principal Amounts.**

The aggregate principal amount of the serial maturity or sinking account payments for the Bonds in each year is as follows:

MATURITY SCHEDULE*

Principal Payment Date (June 15)	Principal Amount
TOTAL	\$[Par Amount]

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid.

The City reserves the right, in its sole discretion, to adjust the principal payment schedule after determination of the winning bidder:

*Preliminary, subject to change, postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale. See “TERMS OF SALE – Right to Modify or Amend.”

- Adjustments may be made in increments of \$5,000
- Based on the bid structure and premium
- Will not change underwriting spread per bond
- Will be communicated within 24 hours after receipt of such bid by the City
- No rebidding or withdrawal permitted after adjustment

A BIDDER AWARDED THE BONDS BY THE CITY WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE BONDS IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE. See “TERMS OF SALE – Right to Modify or Amend.”

Legal Opinions and Tax Matters. Upon delivery of the Bonds, Orrick Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the City (“**Co-Bond Counsel**”), will deliver their separate legal opinions as to the validity and enforceability and tax status of the Bonds. See the Preliminary Official Statement – “TAX MATTERS.”

A complete copy of the proposed form of each opinion of Co-Bond Counsel is set forth in Appendix F to the Preliminary Official Statement. Copies of the opinions of Co-Bond Counsel will be furnished to the Purchaser upon delivery of the Bonds.

TERMS OF SALE

Par and Premium Bids; No Net Discount Bids. All bids for the Bonds shall be for par or more; no net discount bids for the Bonds will be accepted. No bid submitted at a price less than the aggregate par value of the Bonds will be considered. Individual maturities of Bonds may be reoffered at par, a premium or a discount.

Form of Bids; Delivery of Bids. Each bid for the Bonds must be: (1) for not less than all of the Bonds offered for sale; (2) unconditional; and (3) submitted via Parity. Bids must conform to the procedures established by Parity. All bids will be deemed to incorporate all of the terms of this Official Notice of Sale. The submission of a bid electronically via Parity shall constitute and be deemed the bidder’s signature on the bid for the purchase of the Bonds.

If the sale of the Bonds is canceled or postponed, any bids received prior to such cancellation or postponement shall be rejected. No bid submitted to the City shall be subject to withdrawal or modification by the bidder. No bid will be accepted after the time for receiving bids. The City retains absolute discretion to determine whether any bidder is a responsible bidder and whether any bid is timely, legible and complete and conforms to this Official Notice of Sale. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete, illegible or nonconforming with this Official Notice of Sale or has not been received.

For further information about Parity, potential bidders may contact the Municipal Advisor at the number provided above or Parity at: (212) 404-8107.

Warnings Regarding Electronic Bids. None of the City, the City Attorney, the Municipal Advisor or Co-Bond Counsel assumes any responsibility for any error contained in any bid submitted electronically or for failure of any bid to be transmitted, received or opened by the time for receiving bids, and each bidder expressly assumes the risk of any incomplete, illegible, untimely or nonconforming bid submitted by electronic transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telecommunications lines, or any other cause arising from submission by electronic transmission.

If a bidder submits an electronic bid for the Bonds through Parity, such bidder thereby agrees to the following terms and conditions: (1) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments or modifications, will control; (2) each bidder will be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (3) the City will not have any duty or obligation to provide or assure access to Parity to any bidder, and the City will not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (4) the City is permitting use of Parity as a communication mechanism, and not as an agent of the City, to facilitate the submission of electronic bids for the Bonds; Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (5) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; and (6) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds or the interest rates for any maturity of the Bonds) as though the information were submitted and executed on the bidder's behalf by a duly authorized signatory.

Process of Award. The City will take final action awarding the Bonds or rejecting all bids for the Bonds not later than thirty (30) hours after the time for receipt of bids, unless such time period is waived by the winning bidder.

The following steps constitute the City's process for a final award of the Bonds:

- (1) The Municipal Advisor, on behalf of the City, will give a verbal notice of award of the Bonds to the apparent winning bidder (the "**Apparent Winning Bidder**") to be determined as described below under "Basis of Award;"
- (2) The Apparent Winning Bidder shall provide the Good Faith Deposit, as described under "Good Faith Deposit;"
- (3) The Municipal Advisor will email to the Apparent Winning Bidder confirmation of the final principal amortization schedule and purchase price for the Bonds,

after adjustments, if any, are made, as described under “TERMS RELATING TO THE BONDS – Adjustment of Principal Payments;” and

(4) The City will email to the Apparent Winning Bidder its written final award (the “Certificate of Award”).

Upon completion of the steps described above, the Apparent Winning Bidder will be deemed the Purchaser of the Bonds and will be contractually bound by the terms of this Official Notice of Sale to purchase the Bonds, which contract shall consist of: (a) this Official Notice of Sale; (b) the bid transmitted electronically by the bidder through Parity; and (c) the Certificate of Award.

Basis of Award. Unless all bids are rejected the Bonds will be awarded to the responsible bidder who submits a conforming bid that represents the lowest true interest cost to the City. The true interest cost will be that nominal interest rate that, when compounded semiannually and applied to discount all payments of principal and interest payable on the Bonds to the dated date of the Bonds results in an amount equal to the principal amount of the Bonds plus the amount of any net premium. For the purpose of calculating the true interest cost, mandatory sinking fund payment for any term Bonds specified by a bidder will be treated as Bonds maturing on the dates of such mandatory sinking fund payment. In the event that two or more bidders offer bids for the Bonds at the same true interest cost, the City will determine by lot which bidder will be awarded the Bonds. Bid evaluations or rankings made by Parity are not binding on the City.

Estimate of True Interest Cost. Each bidder is requested, but not required, to supply an estimate of the true interest cost based upon its bid, which will be considered as informative only and not binding on either the bidder or the City.

Multiple Bids. In the event multiple bids with respect to the Bonds are received from a single bidder by any means or combination thereof, the City shall be entitled to accept the bid representing the lowest true interest cost to the City, and each bidder agrees by submitting multiple bids to be bound by the bid representing the lowest true interest cost to the City.

Good Faith Deposit. To secure the City from any loss resulting from the failure of the Apparent Winning Bidder to comply with the terms of its bid, the apparent winning bidder for the Bonds must provide to the City a good faith deposit in the amount of \$[Good Faith Deposit Amount] (the “**Good Faith Deposit**”).

Upon the determination by the City of the Apparent Winning Bidder of the Bonds, the Municipal Advisor will (i) provide to the Apparent Winning Bidder the wire transfer information and (ii) request the Apparent Winning Bidder to immediately wire the Good Faith Deposit to the City. No later than ninety (90) minutes after the time the Municipal Advisor requests the Apparent Winning Bidder to wire the Good Faith Deposit to the City, the Apparent Winning Bidder must wire the Good Faith Deposit to the City and provide the Federal wire reference number of such Good Faith Deposit to the Municipal Advisor. In the event that the Apparent Winning Bidder does not wire the Good Faith Deposit to the City or does not provide the Federal wire reference number of such Good Faith Deposit to the Municipal Advisor within the time specified above, the City

may reject the bid of the Apparent Winning Bidder and award the Bonds to a responsible bidder that submitted a conforming bid that represents the next lowest true interest cost to the City.

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Bonds at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Bonds, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds would not be validly delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See “CLOSING PROCEDURES AND DOCUMENTS – Right of Cancellation.” In the event of nonpayment for the Bonds by the winning bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the City.

Reoffering Prices, Establishment of Issue Price and Issue Price Certificate.

(a) The winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or, if the competitive sale requirements (defined below) are not satisfied and the parties agree that the 10% test shall apply to the Bonds, the sales price or prices of each maturity of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Co-Bond Counsel.

(b) The City intends that Treasury Regulation Sections 1.148-1(f)(3)(i) and 1.148-1(f)(2)(iii) (providing a special rule for competitive sales and defining the term “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “**competitive sale requirements**”) because:

- (1) the City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied for the Bonds, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of any maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “**hold-the-offering-price rule**”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue prices of the Bonds. For purposes of this section, Bonds maturing on the same date but having different interest rates (and CUSIP numbers) shall be treated as separate maturities of the Bonds.

(d) By submitting a bid for the Bonds, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-

offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of such Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of such Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid for the Bonds, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of such Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to such Bonds of that maturity or all Bonds of that maturity have been sold to the public; (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; (C) promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public; and (D) acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer, or broker-dealer is a sale to the public, and (ii) any agreement among underwriters relating to the initial sale of such Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to such Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting

syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or mandatory sinking fund payment for the Bonds and adding or deleting serial or term maturities and mandatory sinking fund payment dates, together with corresponding principal amounts; provided that any such modification or amendment will be communicated to potential bidders through Parity and/or Thomson Reuters and/or Bloomberg Business News (collectively, the “News Services”) not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any such modification or amendment shall not affect the sufficiency of such notice or the legality of the sale.

This provision is in addition to the City’s right to adjust principal payments as described under “TERMS RELATING TO THE BONDS – Adjustment of Principal Payments.”

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Bonds at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be communicated through Parity and/or the News Services as soon as practicable following such postponement or cancellation. If the sale is postponed, notice of the new sale date and time will be communicated through Parity and/or the News Services as soon as practicable following such postponement and not later than 1:00 p.m., California time, on the business day preceding the new

date for receiving bids. Failure of any potential bidder to receive notice of any such postponement or cancellation shall not affect the sufficiency of such notice or the legality of the sale.

Prompt Award. The Controller's Office of Public Finance of the City will take official action awarding the Bonds or rejecting all bids with respect to the Bonds not later than 30 hours after the time for receipt of bids for the Bonds, unless such time period is waived by the Purchaser.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("LBE") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, Room 800, San Francisco, California 94102; telephone: (415) 252-2500.

Sales Outside of the United States. The Purchaser must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Bonds to persons outside the United States.

Insurance. No bids with municipal bond insurance will be accepted.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Bonds will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about [Closing Date]*.** Payment for the delivery of the Bonds shall be coordinated through the offices of Orrick Herrington & Sutcliffe LLP, in San Francisco, California and Amira Jackmon, Attorney at Law, or at such other place as may be mutually agreed upon by the City and the Purchaser. Such payment and delivery is called the "Closing." Payment for the Bonds (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the applicable Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Bonds, described in Appendix F to the Preliminary Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Bonds, the Purchaser assumes all responsibility for qualifying the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Bonds, including the payment of fees for such qualification. Under no circumstances may the Bonds be sold or offered for sale or any solicitation of an offer to buy the Bonds be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

* Preliminary; subject to change.

No Litigation. The City will deliver a certificate stating that no litigation of any nature is pending (for which service of process has been received), or to the knowledge of the officer of the City executing such certificate, threatened in writing, restraining or enjoining the sale, issuance or delivery of the Bonds or any part thereof, or the entering into or performance of any obligation of the City, or concerning the validity of the Bonds, the ability of the City to levy and collect the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence or the boundaries of the City, or the entitlement of any officers of the City who will execute the Bonds to their respective offices.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the purchased Bonds and tender the same for delivery within 30 days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. The Municipal Advisor will timely apply for CUSIP numbers with respect to the Bonds as required by Municipal Securities Rulemaking Board's Rule G-34. The Purchaser will be responsible for the cost of assignment of such CUSIP numbers and any CUSIP Service Bureau charges related to the Bonds awarded to the Purchaser. The Purchaser shall also notify the CUSIP Service Bureau as to the final structure of the Bonds awarded to the Purchaser.

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser of the Bonds to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers will be provided for convenience of reference only. The City takes no responsibility for the accuracy of such CUSIP numbers. CUSIP numbers will be provided only for the convenience of the Purchaser of the Bonds.

Expenses of the Winning Bidder(s). CUSIP Service Bureau charges, California Debt and Investment Advisory Commission fees (under California Government Code Section 8856), Depository Trust Company charges and all other expenses of the winning bidder will be the responsibility of the winning bidder. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission, within sixty (60) days from the sale date, the statutory fee for the Bonds purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Bonds will be furnished or electronically transmitted to any potential bidder upon request to the Office of Public Finance or to the Municipal Advisor. (The contact information for the Municipal Advisor is set forth above in this Official Notice of Sale.) In accordance with Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), the City deems the Preliminary Official Statement final as of its date, except for the omission of certain information as permitted by Rule 15c2-12. Within seven business days after the date of award of the Bonds, the Purchaser of the Bonds will be furnished with a reasonable number of copies (not to exceed 50) of the Official Statement,

without charge, for distribution in connection with the resale of the Bonds. The Purchaser of the Bonds must notify the City in writing within two (2) days of the sale of the Bonds if the Purchaser requires additional copies of the Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Bonds, the Purchaser of the Bonds agrees to: (1) disseminate to all members of the underwriting syndicate, if any, copies of the Official Statement, including any supplements; (2) promptly file a copy of the Official Statement, including any supplements, with the Municipal Securities Rulemaking Board; and (3) take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the Purchaser, including, without limitation, the delivery of an Official Statement, including any supplements, to each investor who purchases the Bonds.

The form and content of the Official Statement is within the sole discretion of the City. The name of the Purchaser of the Bonds will not appear on the cover of the Official Statement.

At the request of the Purchaser, the City will include in the Official Statement information concerning the qualification of the offer and sale in foreign jurisdictions (and related settlement procedures) of the Bonds to be purchased by the Purchaser. If the inclusion of such language is requested by the Purchaser, such language shall be provided by, and be the responsibility of, the Purchaser. The City does not and will not take responsibility whatsoever with respect to the accuracy or completeness of the information provided by the Purchaser with respect to the qualification of the offer or sale of the applicable Bonds to be offered or sold by the Purchaser in foreign jurisdictions (and related settlement procedures) or whether such information or any other information in the Official Statement is sufficient or adequate for the Purchaser to offer or sell such Bonds in any foreign jurisdiction. The Purchaser must undertake responsibility for compliance with all laws and regulations of any applicable foreign jurisdiction in connection with any offer or sale of any Bonds by the Purchaser to persons outside the United States.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a Certificate, signed by an authorized representative of the City, confirming to the Purchaser that (i) such authorized representative has determined that, to the best of such authorized representative's knowledge and belief, the Official Statement (excluding reoffering information, information relating to The Depository Trust Company and its book-entry system, as to which no view will be expressed) did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) such authorized representative knows of no material adverse change in the financial condition of the City that would make it unreasonable for the Purchaser to rely upon the Official Statement in connection with the resale of the Bonds, and (iii) the City authorizes the Purchaser to distribute copies of the Official Statement in connection with the resale of the Bonds.

Purchaser's Certificate Concerning Official Statement. As a condition of delivery of Bonds, the Purchaser of the Bonds will be required to execute and deliver to the City, prior to the date of Closing, a certificate to the following effect:

- (i) The Purchaser has provided to the City the initial reoffering prices or yields on the Bonds as printed in the Official Statement, and the Purchaser has made a bona fide offering of the Bonds to the public at the prices and yields so shown.
- (ii) The Purchaser has not undertaken any responsibility for the contents of the Official Statement. The Purchaser, in accordance with and as part of its responsibilities under the federal securities laws and the securities laws of any foreign jurisdiction where the Purchaser offers or sells, or plans to offer or sell, any such Bonds, has reviewed the information in the Official Statement and has not notified the City of the need to modify or supplement the Official Statement.
- (iii) The Purchaser undertakes responsibility for compliance with all laws and regulations of any applicable foreign jurisdiction in connection with any offer or sale of any such Bonds by the Purchaser to persons outside the United States.
- (iv) The foregoing statements will be true and correct as of the date of Closing.

Continuing Disclosure. In order to assist bidders in complying with Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Except as otherwise disclosed in the Preliminary Official Statement under the heading “CONTINUING DISCLOSURE,” for the past five years, the City has been in compliance in all material respects with its continuing disclosure obligations under Rule 15c2-12.

Additional Information. Prospective bidders should read the entire Preliminary Official Statement copies of which may be obtained in electronic form from the City.

Dated: [POS Date].

EXHIBIT A

**[FORM OF ISSUE PRICE CERTIFICATE
(IF 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)]
(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE
OFFICIAL NOTICE OF SALE)**

**\$[Par Amount]*
CITY AND COUNTY OF SAN FRANCISCO
TAX-EXEMPT
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-1**

This certificate is being delivered by [Purchaser], the purchaser (the “Purchaser”) in connection with the issuance of the above-captioned obligations (the “Bonds”) of the City and County of San Francisco. The Purchaser hereby certifies and represents that:

1. *Reasonably Expected Initial Offering Price.*

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. *Defined Terms.*

(a) *Issuer* means the City and County of San Francisco.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

* Preliminary, subject to change.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date].

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF PURCHASER]

By: _____

Name: _____

Dated: [Closing Date]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF PURCHASER'S BID
(Attached)

**[FORM OF ISSUE PRICE CERTIFICATE
(IF LESS THAN 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)]**

**(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE
OFFICIAL NOTICE OF SALE)**

\$[Par Amount]*

**CITY AND COUNTY OF SAN FRANCISCO
TAX-EXEMPT GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-1**

The undersigned, on behalf of _____ (the “Purchaser”), hereby certifies as set forth below with respect to the issuance of the above-captioned obligations (the “Bonds”) of the City and County of San Francisco (the “City”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Official Notice of Sale, the Purchaser agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the- Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

* Preliminary, subject to change.

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the tax certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel in connection with rendering their opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that they may give to the City from time to time relating to the Bonds.

[NAME OF PURCHASER]

By: _____

Name: _____

Dated: [Closing Date]

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT DATED [_____] , 2026

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: "[____]"
S&P: "[____]"
Fitch: "[____]"
(See "RATINGS" herein)

[In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Co-Bond Counsel, interest on the 2026A-1 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-1 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-2 Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Co-Bond Counsel are of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds.] See "TAX MATTERS" herein.



**§[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS**

Consisting of

**§[PAR AMOUNT A-1]*
TAX-EXEMPT
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-1**

**§[PAR AMOUNT A-2]*
TAXABLE
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-2**

Dated: Date of Delivery

Due: As shown on the inside front cover page[s] hereof

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 General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 (the "2026A-1 Bonds") and its Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-2 (the "2026A-2 Bonds," and together with the 2026A-1 Bonds, the "Bonds"). The Bonds will be issued by the City under the Government Code of the State of California, the Charter of the City, and certain resolutions adopted by the Board of Supervisors of the City (the "Board of Supervisors") and duly approved by the Mayor of the City. The issuance of the Bonds has been authorized at an election of registered voters of the City on November 5, 2024, at which more than two-thirds of the persons voting on Proposition B 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 authorized projects as described herein, and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "ESTIMATED 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 schedules on the inside front cover page[s] hereof. Interest on the Bonds will be payable on June 15 and December 15 of each year, commencing [December] 15, 20[26]. Principal will be paid at maturity as shown on the inside front cover page[s] hereof. 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 Treasurer *[or third party paying agent if so determined]*, 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."

[Certain of] [T]he 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 ON [_____] 2026* AS FURTHER PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED [_____] 2026. See "SALE OF THE BONDS" herein.]

* Preliminary, subject to change.

MATURITY SCHEDULE[S]
(See Inside Front Cover Page[s])

*The Bonds are offered when, as and if issued by the City and accepted by the [Underwriters] [initial purchaser or purchasers], subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, 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 LLP, Newport Beach, California, Co-Disclosure Counsel. [Certain legal matters will be passed upon for the Underwriters by [_____] , [City], [State].] It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about [July ____], 2026.**

[UNDERWRITER]

[UNDERWRITER]

Dated: [July ____], 2026.

MATURITY SCHEDULE[S]*

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

**\$[PAR AMOUNT A-1]*
TAX-EXEMPT
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-1**

(Base CUSIP[†] Number: 79773K)

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

\$ _____ % Term Bond due June 15, 20 __; Price: _____; Yield: _____ % CUSIP[†] No. 79773K _____

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City or their agents or counsel assume responsibility for the accuracy of such numbers.

[‡] [The initial purchaser provided its reoffering prices and yields. The City takes no responsibility for the accuracy thereof.]

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

**\$[PAR AMOUNT A-2]*
TAXABLE
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-2**

(Base CUSIP[†] Number: 79773K)

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

\$ _____ % Term Bond due June 15, 20 __; Price: _____; Yield: _____ % CUSIP[†] No. 79773K _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City or their agents or counsel assume responsibility for the accuracy of such numbers.

‡ [The initial purchaser provided its reoffering prices and yields. The City takes no responsibility for the accuracy thereof.]

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.

[The Underwriters (as defined in “UNDERWRITING” herein) have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.]

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.

The [Underwriters] [initial purchaser or purchasers] may offer and sell the Bonds to certain dealers and dealer banks at yields higher or prices lower than the initial public offering yields and/or prices stated on the inside cover page[s] hereof. Such initial public offering yields and/or prices may be changed from time to time by the [Underwriters] [initial purchaser or purchasers].

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, public health emergencies, 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 and are not part of this Official Statement by such references.



CITY AND COUNTY OF SAN FRANCISCO

MAYOR

Daniel Lurie

BOARD OF SUPERVISORS

Rafael Mandelman, *Board President, District 8*

Connie Chan, *District 1*
Stephen Sherrill, *District 2*
Danny Sauter, *District 3*
Alan Wong, *District 4*
Bilal Mahmood, *District 5*

Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Jackie Fielder, *District 9*
Shamann Walton, *District 10*
Chyanne Chen, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

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

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Treasurer of the City and County of San Francisco

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Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

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APPENDIX F – PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

OFFICIAL STATEMENT

\$[PAR AMOUNT]* CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION BONDS

Consisting of

\$[PAR AMOUNT A-1]* TAX-EXEMPT GENERAL OBLIGATION BONDS (HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024) SERIES 2026A-1	\$[PAR AMOUNT A-2]* TAXABLE GENERAL OBLIGATION BONDS (HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024) SERIES 2026A-2
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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 General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 (the “2026A-1 Bonds”) and its Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-2 (the “2026A-2 Bonds,” and together with the 2026A-1 Bonds, the “Bonds”). The Board of Supervisors of the City (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.”

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 338, 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.

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.

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,

* Preliminary, subject to change.

and San Mateo County to the south. Silicon Valley is about an hour's drive to the south, and the Napa-Sonoma wine country is about an hour's drive to the north. The California Department of Finance estimates the City's population as of January 1, 2026 was [_____].

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, higher education and agriculture. The California State Supreme Court is also based in San Francisco.

The City benefits from a highly skilled, educated and professional labor force. The City estimated the per capita personal income of the City for fiscal year 2024-25 was \$[_____]. The San Francisco Unified School District ("SFUSD"), which is a separate legal entity from the City, [operated 64 elementary schools, eight alternative learning schools serving grades transitional kindergarten through eight, 13 middle schools, 14 high schools, 11 early education schools, six County and Court schools, three continuation schools as of the 2024-25 academic year. For the 2024-25 academic year, 11 fiscally independent charter schools operated within SFUSD's boundaries for which SFUSD is the charter-approving agency.] *[Update for 2025-26 academic year?]* 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 UC College of the Law, San Francisco (formerly University of California Hastings College of the Law), the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the California College of the Arts, 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 a principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific Rim traffic. 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. 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 FY26 & FY27 Original Budget (as defined in Appendix A) for fiscal years 2025-26 and 2026-27 totals approximately \$16.0 billion and \$16.2 billion, respectively. The General Fund portion of the FY26 & FY27 Original Budget is approximately \$7.0 billion in fiscal year 2025-26 and \$7.4 billion in fiscal year 2026-27, 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 ("SFPUC").] *[To be updated based on timing]* According to the Controller of the City (the "Controller"), at the start of fiscal year 2025-26, total net assessed valuation of taxable property in the City was approximately \$357.8 billion.

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 – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

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 Bonds by (i) Resolution No. 259-25, adopted by the Board of Supervisors on May 20, 2025, and duly approved by the Mayor of the City on May 23, 2025 (the “Master Resolution”), and (ii) Resolution No. [____]-26, adopted by the Board of Supervisors on [June 3], 2026 and duly approved by the Mayor of the City on [____], 2026 (the “Sale Resolution,” and together with the Master Resolution, the “Resolutions”).

Proposition B (2024) and the Bonds. The Bonds will constitute the second issuance of bonds from an aggregate authorized amount of \$390,000,000 of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), duly approved by at least two-thirds of the voters voting on Proposition B at an election held on November 5, 2024 (“Proposition B (2024)”), to provide funds for the purposes authorized in Proposition B (2024). Proposition B (2024) authorized the City to incur bonded indebtedness to finance the acquisition or improvement of real property, including: temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements; and to pay related costs. Of the \$390,000,000 of general obligation bond authorization, Proposition B (2024) allocated (i) up to \$99.1 million to acquire or improve community health centers, including up to \$71.1 million to seismically retrofit and renovate the Chinatown Public Health Center and up to \$28 million to relocate the San Francisco City Clinic; (ii) up to \$66 million to repair and renovate Zuckerberg San Francisco General Hospital and Trauma Center (General Hospital) and Laguna Honda Hospital and Rehabilitation Center; (iii) up to \$40 million to seismically retrofit General Hospital; (iv) up to \$63.9 million for street and sidewalk safety projects; (v) up to \$41 million to improve and modernize public spaces in downtown San Francisco; (vi) up to \$25 million for Harvey Milk Plaza; (vii) up to \$5 million for parks and recreation centers; and (viii) up to \$50 million for shelter or interim housing sites to reduce family homelessness. The City has previously issued, pursuant to Proposition B (2024), its General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F in the aggregate principal amount of \$83,635,000. After the issuance of the Bonds, \$[____]* of unissued bonds will remain authorized under Proposition B (2024).

Bond Oversight. The Administrative Code of the City (the “Administrative Code”) and Proposition B (2024) provide that, to the extent permitted by law, 0.1% of the gross proceeds of all proposed general obligation 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), 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.

* Preliminary, subject to change.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the inside front cover page[s] hereof, in denominations 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 [December] 15, 20[26] at the interest rates shown on the inside front cover page[s] hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Treasurer of the City or a designee thereof (the “City Treasurer”) will act as initial paying agent and registrar with respect to the Bonds. To the extent the City Treasurer deems it necessary or desirable, the City Treasurer is authorized to appoint one or more agents to serve as paying agent under the supervision of the City Treasurer to the extent permitted by law. *[If determined, third party paying agent to be incorporated]* 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 [November 30], 20[26] 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 inside front cover page[s] hereof. [Certain of] [t]he 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. The 2026A-1 Bonds maturing on or before June 15, 20[] will not be subject to optional redemption prior to their respective maturity dates. The 2026A-1 Bonds maturing on or after June 15, 20[] will be subject to optional redemption prior to their stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date, on or after June 15, 20[], at a redemption price equal to the principal amount of such 2026A-1 Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

[The 2026A-2 Bonds maturing on or before June 15, 20[] will not be subject to optional redemption prior to their respective maturity dates. The 2026A-2 Bonds maturing on or after June 15, 20[] will be subject to optional redemption prior to their stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date, on or after June 15, 20[], at a redemption price equal to the principal amount of such 2026A-2 Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.]

* Preliminary, subject to change.

[The 2026A-2 Bonds will not be subject to optional redemption prior to their stated maturity dates.]

Mandatory Redemption. The 2026A-1 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 2026A-1 Bonds subject to mandatory redemption will be paid from the 2026A-1 Bond Subaccount established under the Resolutions. In lieu of any such mandatory redemption for 2026A-1 Bonds, at any time prior to the selection of 2026A-1 Bonds for mandatory redemption, the City may apply amounts on deposit in the 2026A-1 Bond Subaccount to make such payment to the purchase, at public or private sale, of 2026A-1 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 2026A-2 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 2026A-2 Bonds subject to mandatory redemption will be paid from the 2026A-2 Bond Subaccount established under the Resolutions. In lieu of any such mandatory redemption for 2026A-2 Bonds, at any time prior to the selection of 2026A-2 Bonds for mandatory redemption, the City may apply amounts on deposit in the 2026A-2 Bond Subaccount to make such payment to the purchase, at public or private sale, of 2026A-2 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 series of Bonds are called

for redemption on any date, the Controller's Director of Public Finance of the City (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 series of 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 Bonds may be redeemed in denominations of \$5,000 or any integral multiple thereof.

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 rescinded, or 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 for the Bonds of a series under the 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 cancelled 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 optional 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 Account

The Master Resolution establishes a project account for the bonds issued under Proposition B (2024) to be designated the “General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Project Account” (the “Project Account”), including the Bonds, and within the Project Account, a subaccount for the 2026A-1 Bonds (the “2026A-1 Project Subaccount”) and a subaccount for the 2026A-2 Bonds (the “2026A-2 Project Subaccount,” and together with the 2026A-1 Project Subaccount, the “2026A Project Subaccounts”). Each 2026A 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 Account as may be necessary or convenient in connection with the administration of projects or the bonds issued under the Master Resolution.

All of the proceeds of the sale of each series of bonds under the Master Resolution (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 Project Account and applied exclusively to the objects and purposes specified in Proposition B (2024). When such objects and purposes have been accomplished, any moneys remaining in such account will be transferred to the Bond Account (as defined in “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions”) and applied to the scheduled payment of the principal of and interest on the related series of bonds issued under the Master Resolution. See “SECURITY FOR THE BONDS – Flow of Funds Under the Resolutions”. Amounts in each Project Account may be applied to the payment of costs of issuance of bonds issued under the Master Resolution, 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 Ratings, 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.

ESTIMATED SOURCES AND USES OF FUNDS

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

Estimated Sources of Funds	2026A-1 Bonds	2026A-2 Bonds	Total
Principal Amount			
[Net] Original Issue Premium/Discount			
Total Estimated Sources of Funds			
Estimated Uses of Funds			
Deposit to 2026A Project Subaccounts ⁽¹⁾			
[Deposit to 2026A Bond Subaccounts ⁽²⁾			
Oversight Committee ⁽³⁾			
Costs of Issuance ⁽⁴⁾			
Total Estimated Uses of Funds			

⁽¹⁾ The City's Charter requires 0.2% of all 2026A Project Subaccount deposits to be set aside for the City's Office of the Controller's City Services Auditor ("CSA") fee.

⁽²⁾ [_____]

⁽³⁾ See "THE BONDS – Authority for Issuance; Purposes – Bond Oversight."

⁽⁴⁾ Includes fees for services of rating agencies, the Municipal Advisor, Co-Bond Counsel, Co-Disclosure Counsel, costs to the City, [Underwriter's] [initial purchasers] discount, printing costs, and other miscellaneous costs associated with the issuance of the Bonds.

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DEBT SERVICE SCHEDULES

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

CITY AND COUNTY OF SAN FRANCISCO
TAX-EXEMPT
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-1

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Fiscal Year Total</u>
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Total

CITY AND COUNTY OF SAN FRANCISCO
TAXABLE
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024)
SERIES 2026A-2

Payment Date	Principal	Interest	Total Debt Service	Fiscal Year Total
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Total

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**CITY AND COUNTY OF SAN FRANCISCO
GENERAL OBLIGATION BONDS
2026A-1 AND 2026A-2**

<u>Period Ending</u>	<u>2026A-1 Bonds</u>	<u>2026A-2 Bonds</u>	<u>Total Debt Service</u>	<u>Fiscal Year Total</u>
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Total				
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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 prior to maturity). *[Table to be updated]*

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

Fiscal Year (June 30)	Total Debt Service on the Bonds	Other General Obligation Bonds Debt Service⁽²⁾	Total Debt Service
2026		\$422,751,428	
2027		274,447,332	
2028		268,927,208	
2029		269,439,522	
2030		269,865,313	
2031		229,713,027	
2032		229,405,816	
2033		192,578,270	
2034		170,400,610	
2035		160,864,008	
2036		122,896,381	
2037		110,410,979	
2038		110,405,236	
2039		102,761,611	
2040		101,098,871	
2041		94,071,966	
2042		94,073,292	
2043		94,070,628	
2044		94,069,644	
2045		94,068,532	
2046		54,294,213	
2047		19,392,526	
2048		19,390,465	
2049		10,095,434	
2050		10,098,172	
2051		10,094,617	
2052		10,098,588	
2053		10,101,387	
2054		10,097,708	
2055		10,097,333	
2056		10,094,512	
2057		10,097,618	
2058		10,096,979	
2059		6,352,105	
2060		6,344,238	
2061		2,213,193	
2062		2,210,638	
2063		2,212,905	
2064		2,214,450	
Total		\$3,721,916,751	

⁽¹⁾ Amounts are rounded off to the nearest dollar. Totals may not add up due to rounding of individual components.

⁽²⁾ As of [____], 2026 (less debt service payments relating to the Bonds). See Table [A-28] in Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

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 Subaccount 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 Account (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 Master Resolution (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 Account. The Master Resolution provides for the establishment with the City Treasurer of a special bond account for all bonds issued under Proposition B (2024) to be designated the “General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024) Bond Account” (the “Bond Account”), including the Bonds, and within the Bond Account, a subaccount for the 2026A-1 Bonds (the “2026A-1 Bond Subaccount”) and a subaccount for the 2026A-2 Bonds (the “2026A-2 Bond Subaccount,” and together with the 2026A-1 Bond Subaccount, the “2026A Bond Subaccounts”), to be held separate and apart from all other accounts of the City.

The Bond Account 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 may establish with the City Treasurer such additional accounts and subaccounts within the 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 Master Resolution, to provide for the payment of principal and interest on such series of bonds.

The City Treasurer will deposit in the Bond Account from the proceeds of sale of bonds issued pursuant to the Master Resolution, including the Bonds, any moneys received on account of original issue premium and interest accrued on the bonds issued under the Master Indenture 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 under the Master Resolution, moneys in the 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 said Bond Account will be transferred to the City's general fund 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 issued under the Master Resolution 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 Master Resolution, 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."

2026A Bond Subaccounts. The Sale Resolution provides that (i) on or prior to the date on which any payment of principal of or interest on a series of Bonds is due, including any series of Bonds subject to mandatory redemption on such date, the City Treasurer will allocate to and deposit in the appropriate 2026A Bond Subaccount, from amounts held in the Bond Account, an aggregate amount which, when added to any available moneys contained in such 2026A Bond Subaccount, is sufficient to pay principal of and interest on the 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 applicable Redemption Account established under the Resolutions, from amounts held in the 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 2026A 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 2026A Bond Subaccounts with other City moneys or (ii) deposit amounts credited to the 2026A Bond Subaccounts into a separate fund or funds for investment purposes only; provided, that all of the moneys held in each 2026A 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 2026A Bond Subaccount will be retained in such 2026A Bond Subaccount.

Interest. On or before June 15 and December 15 in each year that any of the bonds issued under the Master Resolution are outstanding, commencing [December] 15, 20[26] (or, for any series of bonds issued under the Master Resolution 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 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 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 Master Resolution are outstanding, the City Treasurer will set aside in the 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 Account 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 Master Resolution 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 Master Resolution 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 Master Resolution (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, as further described below, Government Code Section 53515 provides for a statutory lien securing the payment of such principal and interest, 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 Master Resolution, 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 2025-26, the total net assessed valuation of taxable property within the City was approximately \$357.8 billion. 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 – 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 \$357.8 billion total net assessed valuation of taxable property within the City at the start of fiscal year 2025-26, \$341.8 billion (approximately 95.5%) represents secured valuations and \$16.0 billion (approximately 4.5%) represents unsecured valuations. Approximately 67.8% of fiscal year 2025-26 secured assessed valuation was derived from residential property (single or multi-family properties), approximately 28.6% from commercial property (hotel, office, retail, miscellaneous), and the balance from state assessed property, industrial, or other land uses. 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. See "CERTAIN RISK FACTORS – Factors Affecting Property Tax Security for the Bonds" below. 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 – 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 2025-26 valuation of property assessed by the State Board of Equalization is approximately \$4.9 billion.

CERTAIN RISK FACTORS

[To be tailored and updated to Appendix A as applicable when available.]

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.

New information about the City’s finances and operations and events impacting the City, both expected and unexpected, is frequently available throughout the year and the City cannot predict with certainty the timing or ultimate outcome of such matters or the impact of such matters on the City’s finances. Such information and events expected in the coming weeks include, but are not limited to, [_____]. See “

– Material City Financial Challenges” below and Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” attached hereto.

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 total net assessed valuation of taxable property in the City at the start of fiscal year 2025-26 was approximately \$357.8 billion, compared to approximately \$348.7 billion in fiscal year 2024-25. See Table [A-6] in Appendix A attached hereto. 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 – 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, 2025, no single parcel comprised more than approximately 0.77% of the \$357.8 billion total net assessed valuation of taxable property within the City (in compiling this information, any owners of multiple parcels are not aggregated). See Table [A-9] in Appendix A and see Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – 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 – 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. Under Section 9.106 of the Charter, the issuance of general obligation bonds by the City is limited 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 2025-26 is approximately \$10.7 billion, based on a total net assessed valuation of taxable property in the City at the start of fiscal year 2025-26 of approximately \$357.8 billion. As of [____], 2026, the City had outstanding approximately \$[____] billion in aggregate principal amount of general obligation bonds, which equals approximately [____]% of the initial assessed valuations for fiscal year 2025-26. 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 [____], 2026, the City had authorized and unissued general obligation bond authority of approximately \$[____] billion. 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 recently adopted 10-year capital plan (fiscal years 2026 through 2035) identifies \$52.1 billion of capital needs for all City departments, including \$6.7 billion in projects for General Fund-supported departments.] *[To be updated based on timing]* 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.

The above-described limitations are not expected to impact property tax revenues in the near term. See “– Material City Financial Challenges,” below.

Material City Financial Challenges

[Discussion under review]

The following discussion highlights certain challenges facing the City and is not meant to be an exhaustive discussion of challenges facing the City (see, for example, “– Seismic Risks” and “– Climate

Change, Risk of Sea Level Rise and Flooding Damage” below). See also Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” attached hereto.

The City continues to face material financial challenges, including actual and projected revenue losses, resulting from a variety of factors, including continuing remote work by a significant portion of the workforce (which has led to vacancies and declining property taxes for certain office buildings, lower real estate property transfer taxes, and reductions in taxes based on employees physically located in the City), continued weakness in the local hospitality and convention industries (resulting in declines in hotel and sales taxes from pre-pandemic levels), reduced funding to the City in State budgets, fiscal effects of federal policy changes (including uncertainty about receipt of outstanding FEMA reimbursements and other federal funding), potential losses from litigation challenging the City’s business taxes, and uncertain general economic conditions. [The City has experienced the largest increase in office vacancy among major urban office markets in the United States, from approximately 5.6% in the fourth quarter of 2019 to approximately []% in the fourth quarter of 2025 according to the Controller’s Office report on the status of the City economy through January 2026.] *[to be updated]* The high vacancy rate, along with continuing uncertainty regarding the return-to-office plans of major office tenants, has reduced both the volume of office transactions, and the per-square foot value of these sales. As further described in Appendix A hereto, the conditions discussed above have contributed to projected budget deficits (absent corrective actions) in the hundreds of millions of dollars in future fiscal years, rising to approximately \$1.088 billion in fiscal year 2029-30 (based on the March 2026 Budget Outlook Update, defined below).

On December 18, 2024, the Mayor’s Office, Controller’s Office and Board of Supervisors Budget and Legislative Analyst’s Office issued the “Proposed Five-Year Financial Plan Fiscal Years 2025-26 through 2029-30” (the “December 2024 Five-Year Plan”). The City anticipated significant budget deficits in each of the next five years without proactive measures taken to address the imbalance between revenues and expenditures. The December 2024 Five-Year Plan projected that, over the next five years, the City’s revenue outlook would improve, supported by recent changes in San Francisco’s tax structure and modest economic growth. However, this improvement would be constrained by post-pandemic economic realities and the depletion of one-time funding sources. At the same time, the cost of City services was projected to grow significantly, surpassing revenue growth each year of the five-year period. In March 2025, the Mayor, Board of Supervisors Budget Analyst, and Controller issued the Budget Outlook Update (March Five-Year Update) (the “March 2025 Five-Year Plan Update”). Compared to the December 2024 Five-Year Plan, the March 2025 Five-Year Plan Update projected an approximately \$19.1 million shortfall in fiscal year 2025-26 followed by reduced shortfalls in fiscal years 2026-27, 2027-28, 2028-29, and 2029-30. For fiscal years 2025-26 and 2026-27, the March 2025 Five-Year Plan Update projected an \$817.5 million shortfall, or \$58.5 million less than the \$875.9 million shortfall projected in the December 2024 Five-Year Plan. The March 2025 Five-Year Plan Update projected that long term structural shortfalls would remain, growing to approximately \$1.35 billion by fiscal year 2029-30, which is \$122.7 million less than the December 2024 Five-Year Plan projection. The updates in the March 2025 Five-Year Plan Update are the result of modest improvements in the projected fiscal year 2024-25 fund balance, a modest net increase to the revenue forecast, and nominal updates to other citywide expenditures since the December 2024 Five-Year Plan. [On December 19, 2025, the Controller’s Office and Board of Supervisors Budget and Legislative Analyst’s Office issued the “Five Year Financial Plan Update: FY 2026-27 through FY 2029-30” (the “December 2025 Five-Year Update”). The December 2025 Five-Year Update projected a two-year deficit for the fiscal year 2025-26 and 2026-27 budget of \$936.6 million, and projected long term structural shortfalls would remain, growing to approximately \$1.168 billion by fiscal year 2029-30, which is less than the March 2025 Five-Year Plan Update of \$1.348 billion. The projections in the December 2025 Five-Year Plan Update are similar in magnitude to those published in the March 2025 Five-Year Plan Update. Cost increases and projected losses in federal revenues due H.R. 1 have resulted in a higher deficit than previously reported, while a shift in one-time fund balance from fiscal year 2026-27 and 2027-28 increases the shortfall in the first year with a corresponding decrease in the second year.] *[Under review]* See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports” and “ – City Budget – [].”

[On February 12, 2026, the Controller’s Office released the Six-Month Budget Status Report (the “February 2026 Six-Month Report”). The February 2026 Six-Month Report notes that the Controller projects a \$614.6 million General Fund ending balance in fiscal year 2025-26, a \$89.4 million improvement from the \$525.2 million balance contained in the December 2025 Five-Year Update described above. Application of this additional fund balance would decrease the projected shortfall in the fiscal year 2025-26 and 2026-27 budget to \$877 million (from \$936.6 million). The February 2026 Six-Month Report notes that risks to this projection remain from economic conditions, tax administration choices, and potential changes affecting federal revenue.] *[Under review]* See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – [_____].”

[On March 31, 2026, the Mayor’s Office, Controller’s Office and Board of Supervisors Budget and Legislative Analyst’s Office issued the Budget Outlook Update (March Five-Year Update) (the “March 2026 Budget Outlook Update”). Compared to the December 2025 Five-Year Update, smaller shortfalls are projected in fiscal year 2026-27 through 2029-30. Despite this improvement, the projected deficit for the upcoming budget is large by historical standards and will require significant actions to balance the budget by the June 1, 2026 deadline. In addition, the March 2026 Budget Outlook Update continues to show a significant structural deficit growing to over \$1 billion during the forecast period. The General Fund shortfall for fiscal year 2026-27 is forecast to be \$168.5 million, or \$127.8 million less than the \$296.3 million projection in the December 2025 Five-Year Plan Update. For fiscal year 2025-26 and 2026-27, the report projects a \$642.8 million General Fund shortfall, or \$293.8 million less than the \$936.6 million shortfall projected in the December 2025 Five-Year Plan Update. The estimated revenue impact of funding changes from H.R.1 is unchanged from the [December 2025 Five-Year Plan Update][prior projection] *[Confirm]* at a two-year total of \$306.3 million, representing just under half of the total \$642.8 million shortfall. Long term structural shortfalls remain, growing to \$1.088 billion by fiscal year 2029-30, which is \$79.9 million less than the December 2025 Five-Year Plan Update. The March 2026 Budget Outlook Update notes that heightened levels of uncertainty exist that could materially affect this forecast in coming years, most notably the economic and fiscal effects of federal policy changes which could constrain federal and state funding to local governments and drive changes to inflation, labor markets, and consumer sentiment that affect the national and local economies.] *[Under Review]* See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – May 2025 Nine-Month Report.” See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – [_____].”

[On February 19, 2026, the Controller’s Office issued its most recent report on the status of the City economy through January 2026. The report highlights improvement in labor market conditions, with gains occurring in the Leisure and Hospitality, Retail, and Government sectors, though job growth was mostly seasonal at the end of 2025. The city’s unemployment rate continued its upward path, in line with state and national trends. Our seasonally-adjusted rate for December was 4.3%. Despite this, economic indicators in San Francisco point to continued economic recovery and growth. Housing remains a bright spot and, apartment asking rents, while not yet recovered to 2019 levels in inflation-adjusted dollars, continue to be among the fastest-growing in the country, and housing price growth is outpacing the State. Downtown activity has also continued to trend up during 2025, whether measured by visitor or employee foot traffic, or downtown transit ridership on MUNI and BART.] *[Under review]* See APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports – Controller’s Report on the Status of the City Economy.”

[Mayors Budget and Controller Revenue Letter to come – June 2026]

[Significant capital investments are proposed in the City’s most recently adopted 10-year capital plan for fiscal years 2026-2035, which sets forth approximately \$52.1 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 \$7.6 billion in capital needs, including enhancements, are

deferred from the capital plan's 10-year horizon.] *[To be updated]* See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds.”

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” and “ – Budgetary Risks.”

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 – “ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

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.] *[Delete – stale?]*

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 estimated 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 Program ("ESIP"). The 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 of earthquakes to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City mandated the retrofit of nearly 5,000 soft-story buildings (i.e., generally, structures with structural weakness due to large openings in their perimeter walls and due to a lack of interior partition walls at the ground level) housing over 111,000 residents by September 2021. As of [____], 2026, [____]% of these soft-story buildings have been brought into compliance. Currently, the City is implementing a façade ordinance requiring owners of 5-story or higher buildings to submit inspection reports every 10 years. The first set of inspections focus on pre-1910 buildings. Inspection reports for more recent buildings will be phased in over the next four years. Future tasks will address the seismic vulnerability of older nonductile concrete and concrete tilt-up buildings, which are at high risk of severe damage or collapse in an earthquake. This retrofit program is currently in development.

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 indicates 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 estimated 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 estimated 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. Additionally, the Port Commission, together with the U.S. Army Corps of Engineers, have developed a draft plan to fortify the Port's Seawall from sea level rise, which estimates the total cost of that project at \$13.5 billion. 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, evaluated 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 identified and summarized 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, then-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. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. The City was the first jurisdiction to test this Statewide program. 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 *Fifth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2023 (“NCA5”), which assessed the variability of climate impacts across individual regions of the United States, found that the City is vulnerable to impacts from sea level rise, with flooding potentially exacerbated by storm surges, extreme precipitation and high tides. Sea levels are anticipated to continue to rise due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting. The NCA5 utilizes a projected flood risk from 3 feet of sea level rise in the San Francisco Bay Area, consistent with an Intermediate scenario in the year 2100. Coastal areas, including the City, are vulnerable to floods impacting private development and public infrastructure, as well as roads, utilities, and emergency services.

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 showed 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 indicated 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 stated 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 argued that without a far-sighted, nine-county response, the region’s economic and transportation systems could be undermined along with the environment. For example, 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 partnered with the US Army Corps of Engineers to develop a plan to fortify the Port’s Seawall from sea level rise. A draft plan estimates the total cost of that project at \$13.5 billion; and, subject to US Army Corps of Engineers and Congressional approval, 65% of the cost would be eligible for federal funding. The City is developing a financing strategy to provide the remaining funds, including using funding from the November 2018 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 suggested 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 claimed 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 San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. Following litigation regarding defendants’ removal of the case to federal court, the City’s case was

remanded to and coordinated with similar municipal lawsuits and the State of California's lawsuit in San Francisco Superior Court in 2024. In June 2024, the San Francisco City Attorney filed the current Second Amended Complaint seeking abatement funds, damages, and other remedies. The Superior Court has since held that personal jurisdiction is appropriate over non-resident defendants sued in the City's case and denied an "anti-SLAPP" motion to strike by Chevron. [The appellate courts denied the non-resident defendants' personal jurisdiction writs and upheld the denial of the anti-SLAPP motion. The defendants have filed demurrers and motions to strike, which the Superior Court has set for hearings in November 2025.] *[To be updated]* While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

In 2020, the City adopted, and the Federal Emergency Management Agency approved, the City's Hazards and Climate Resilience Plan ("HCR"), a combined hazard mitigation and climate adaptation plan, which sets forth a roadmap for the City to address the impacts of natural hazards and climate change on its assets and citizens, and proposes over 90 strategies to reduce risks and adapt to climate change impacts. The HCR is intended to complement the City's CAP (defined below) and is updated every five years to include the latest understanding of natural hazards and climate change impacts, local risks, and the actions the City will take to improve the resilience of its buildings, communities, and infrastructure. The 2025 update to the HCR was adopted by the Board of Supervisors on July 22, 2025 and approved by the Mayor on August 1, 2025.

In September 2021, the City adopted a set of emissions reduction targets for the coming decades: achieve net-zero greenhouse gas emissions generated by the City by 2040 and reduce emissions associated with consumption of all goods and services in the City (regardless of where emissions originate) 80% by 2050. In December 2021, the Mayor released the City's Climate Action Plan (the "CAP") detailing the actions needed to accomplish these targets, developed through a multi-agency and stakeholder process led by the San Francisco Department of Environment (the "Department of Environment"). The Department of Environment contracted with the UC Berkeley's Center for Law, Energy & the Environment (the "CLEE") to assess options for funding the equitable implementation of the CAP. CLEE released its report entitled "Funding San Francisco Climate Action" in November 2022 (the "CLEE Report").

The CAP is a roadmap of goals, strategies and actions to achieve emission reductions across six sectors: energy supply, building operations, transportation and land use, housing, responsible production and consumption, and healthy ecosystems. Key strategies include, but are not limited to, provision of 100% carbon-free energy, decarbonization of buildings, and increases in the public transit, active transportation, and vehicle electrification networks. The CAP estimated the cost of each of its strategies to range from \$1 million to \$500 million, but does not include specific cost estimates for each of the individual actions within these strategies. However, independent analyses conclude that significant investments will be required to realize CAP goals. Based on these independent analyses, the CLEE Report presented a rough estimate of CAP costs based on an assumption that the highest-cost strategies have an average high cost of \$5 billion (this assumption is purely for scoping purposes and costs could be much higher in the most capital-intensive sectors, like public transit). The CLEE Report estimated that implementing the CAP across its six identified sectors could cost in the aggregate anywhere between a low of \$2.291 billion to a high of \$21.914 billion to be funded from a variety of sources, including a significant portion by the City.

CAP implementation would require a diverse mix of revenue streams (including the City's General Fund revenues) across several decades to support significant capital investment. In many cases, these build on existing revenue strategies in use by the City – such as the issuance of general obligation bonds and revenue bonds and refuse collection fees that pay for recycling programs – to drive specific emissions-reducing actions. In other cases, CAP implementation will require development of new revenue-generation mechanisms, drawing on the resources of residents and businesses, federal and state governments, and private and philanthropic partners. In addition, the CAP includes a number of policy, regulatory, and planning actions that are key enabling actions that will impose little or no cost to the City, but nonetheless remain high priorities for aggressive emissions reduction. While the City's climate initiative and the implementation of the CAP is a

policy goal, the City cannot give any assurance that financial resources will be available in amounts needed to fund all of the initiatives, or whether the City will achieve its policy goals.

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 which required a response action to mitigate the consequences.

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, managing risk, improving cyber security event detection and remediation, and facilitating 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

The spread of COVID-19 and actions to contain its spread had significant adverse health and financial impacts throughout the world, including the City. While COVID-19 case rates have significantly declined, vaccination rates have increased, relevant emergency orders have been lifted, and the national and local economy has been improving, the impact and secondary effects of the COVID-19 pandemic continue and are uncertain in many respects. The COVID-19 pandemic has had and may continue to have material adverse impacts on the City’s economy and certain aspects of the City’s financial condition. 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. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Material City Financial Challenges,” “– Periodic Financial Reporting; Recent Reports,” and “– City Budget – Fiscal Cliff Reserve.”

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 courts' 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” and “– Constitutional and Statutory Limitations on Taxes and Expenditures – Article XIII B of the California Constitution.”

Changes in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City’s Board of Supervisors will not enact legislation that will amend the laws or the Constitution of the State or the Charter, respectively, in a manner that could result in a reduction of the City’s revenue. See, for example, Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Constitutional and Statutory Limitations on Taxes and Expenditures – Articles XIIC and XIID of the California Constitution.”

Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. Under the City’s Charter, the voters of the City can restrict or revise the powers of the City through the approval of a Charter amendment. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City.

State of California Financial Condition

[Approximately 13% of general fund revenues appropriated in the City’s FY26 & FY27 Original Budget for fiscal years 2025-26 and 2026-27 is derived from the State.] *[To be updated]* Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other counties in the State. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO

ORGANIZATION AND FINANCES – Budgetary Risks – Impact of the State of California Budget on Local Finances.”

The State has recently been experiencing budgetary challenges, and the City cannot predict the extent of the budgetary problems the State may encounter in this or in any future fiscal years, nor is it clear what measures could be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the outcome of any elections impacting fiscal matters, the outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors over which the City has no control.

Impact of Federal Government on Local Finances

The City’s finances may be adversely impacted by fiscal matters at the federal level. The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City’s assets are also invested in securities of the United States government. Federal policies on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such changes can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in near-term and future federal funding. For example, changes to or termination or replacement of the Affordable Care Act, could increase costs to the City, and the City’s financial condition may also be impacted by the withholding of federal grants or other funds flowing to “sanctuary jurisdictions.” Since January 20, 2025, the new federal administration has issued a number of Executive Orders and agency directives to eliminate, reduce, or condition federal funding based on the President’s immigration, LGBTQ+, energy, and DEI/DEIA program policy preferences, among others. Several federal agencies have terminated, frozen, or conditioned grants and funding that City departments rely on for ongoing programming. In some cases, federal agencies have denied the City reimbursement of costs expended prior to those terminations. Litigation has been brought challenging certain actions by the federal administration. Notwithstanding, the threat to the City’s federal funding remains ongoing. The passage of House Resolution 1 (Public Law 119-21) has introduced additional risk to federal level funding received by the City. The City cannot predict the outcome of current or future federal executive orders, administrative actions, budgets or legislation and the ultimate impact that such matters will have on the City’s finances and operations. There can be no assurances that the current Presidential administration will not adopt new federal policies, or revise existing policies, or otherwise takes action, in a manner that materially adversely impacts the City’s finances and operations. The City also cannot predict the impact of an extended continuation of the any impasse in the U.S. Congress and shutdown of the federal government. See Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Periodic Financial Reporting; Recent Reports” and “– Budgetary Risks – Impact of Federal Government on Local Finances.” See also Appendix A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – General Fund Revenues,” “– Other City Tax Revenues” and “– Investment of City Funds.”

Other Events

Seismic events, wildfires, drought, tsunamis, storms, 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 finances and/or ability to provide municipal services. Geopolitical instability in Iran and Ukraine has fueled volatility in global energy markets and disrupted supply chains. A continuation of such trends could materially affect the City’s finances and operations.

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 on 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 in numerous deaths and over \$16 billion in property damage), the Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres), and the CZU Lightning Complex fires which burned across San Mateo and Santa Cruz County, California in mid-2020 (covering over 85,000 acres). Spurred by findings that certain of 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 shutoffs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. Parts of the City have experienced several blackout days as a result of PG&E's wildfire prevention strategy. Future shutoffs are expected to continue and it is uncertain what effects future PG&E shutoffs will have on the local economy.

Since 2017, California has 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.

In December 2022 and January 2023, the San Francisco Bay Area experienced heavy winter storms. According to the National Weather Service for the San Francisco Bay Area, on December 31, 2022, downtown San Francisco received 5.45 inches of rain, which is the second wettest day in the area since records began in 1849 (with the daily record being 5.54 inches on November 5, 1994). The rains caused widespread flooding, road closures and mudslides throughout the region.

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

[Discussion to be updated based on final structure]

Series 2026A-1 Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel to the City, based upon an analysis of existing laws, regulations, rulings and court decisions, and

assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026A-1 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Co-Bond Counsel are of the further opinion that interest on the 2026A-1 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Co-Bond Counsel observe that interest on the 2026A-1 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Co-Bond Counsel express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026A-1 Bonds. A complete copy of the proposed forms of opinion of Co-Bond Counsel are set forth in Appendix F hereto.

To the extent the issue price of any maturity of the 2026A-1 Bonds is less than the amount to be paid at maturity of such 2026A-1 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026A-1 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2026A-1 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2026A-1 Bonds is the first price at which a substantial amount of such maturity of the 2026A-1 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2026A-1 Bonds accrues daily over the term to maturity of such 2026A-1 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2026A-1 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2026A-1 Bonds. Beneficial Owners of the 2026A-1 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2026A-1 Bonds in the original offering to the public at the first price at which a substantial amount of such 2026A-1 Bonds is sold to the public.

2026A-1 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium 2026A-1 Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium 2026A-1 Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium 2026A-1 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium 2026A-1 Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2026A-1 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026A-1 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2026A-1 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026A-1 Bonds. The opinions of Co-Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Co-Bond Counsel’s attention after the date of issuance of the 2026A-1 Bonds may adversely affect the value of, or the tax status of interest on, the 2026A-1 Bonds. Accordingly, the opinions of Co-Bond Counsel are not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Co-Bond Counsel are of the opinion that interest on the 2026A-1 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2026A-1 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel express no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026A-1 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026A-1 Bonds. Prospective purchasers of the 2026A-1 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel express no opinion.

The opinions of Co-Bond Counsel are based on current legal authority, cover certain matters not directly addressed by such authorities, and represent Co-Bond Counsel's judgment as to the proper treatment of the 2026A-1 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Co-Bond Counsel's engagement with respect to the 2026A-1 Bonds ends with the issuance of the 2026A-1 Bonds, and, unless separately engaged, Co-Bond Counsel are not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the 2026A-1 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2026A-1 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the 2026A-1 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the 2026A-1 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 Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2026A-1 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026A-1 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 a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Series 2026A-2 Bonds

In the opinion of Co-Bond Counsel, interest on the Series 2026A-2 Bonds is exempt from State of California personal income taxes. Co-Bond Counsel observe that interest on the 2026A-2 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Co-Bond Counsel express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the 2026A-2 Bonds. A complete copy of the proposed forms of opinion of Co-Bond Counsel are set forth in Appendix F hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the 2026A-2 Bonds that acquire their 2026A-2 Bonds in the initial offering. 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 IRS with respect to any of the U.S. federal income 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 2026A-2 Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the 2026A-2 Bonds under state, 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 2026A-2 Bonds pursuant to this offering for the issue price that is applicable to such 2026A-2 Bonds (i.e., the price at which a substantial amount of the 2026A-2 Bonds are sold to the public) and who will hold their 2026A-2 Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the 2026A-2 Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a 2026A-2 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). If a partnership holds 2026A-2 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 2026A-2 Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the 2026A-2 Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the 2026A-2 Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the 2026A-2 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the 2026A-2 Bonds is less than the amount to be paid at maturity of such 2026A-2 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026A-2 Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of 2026A-2 Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

2026A-2 Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a 2026A-2 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2026A-2 Bond.

Sale or Other Taxable Disposition of the 2026A-2 Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City) or other disposition of a 2026A-2 Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a 2026A-2 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 2026A-2 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 2026A-2 Bond (generally, the purchase price paid by the U.S. Holder for the 2026A-2 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 2026A-2 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 2026A-2 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 2026A-2 Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the 2026A-2 Bonds. If the City defeases any 2026A-2 Bond, the 2026A-2 Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the 2026A-2 Bond.

Information Reporting and Backup Withholding. Payments on the 2026A-2 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 2026A-2 Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the 2026A-2 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026A-2 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.

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. Under current guidance, 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 on the 2026A-2 Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." 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 2026A-2 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 2026A-2 Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

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 Orrick, Herrington & Sutcliffe LLP, San Francisco, California, and Amira Jackmon, Attorney at Law, Berkeley, 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 [Underwriters] [initial purchaser or purchasers] 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 LLP, 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.

[Certain legal matters will be passed upon for the Underwriters by their counsel [____], [City], [State].]

PROFESSIONALS INVOLVED IN THE OFFERING

Fieldman, Rolapp & Associates, Inc., Irvine, California, served as the Municipal Advisor (the "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 [and Underwriters' 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 RELATING TO THE BONDS

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 purchaser or purchasers of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.] For information regarding certain litigation and other related matters concerning the City and its operations, see Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES."

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 2025-26 which is due not later than March 27, 2027 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") of the Municipal Securities Rulemaking Board. The notices of enumerated events

will be filed by the City with the MSRB. 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 [Underwriters] [initial purchaser or purchasers] of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

[As of May 6, 2021, the City was 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.] *[Eliminate based on timing for mailing POS]*

For fiscal year 2021-22, although the City’s Annual Comprehensive Financial Report was posted on EMMA, it was not linked to all of the CUSIP numbers for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2022A and 2022B. The City has taken action to link such Annual Comprehensive Financial Report to the applicable CUSIP numbers.

The City may, from time to time, but is not obligated to, post its Annual Comprehensive Financial Report and other financial information on the City’s investor information website located at <https://www.sf.gov/controllers-office-public-finance>. *[Under review]*

RATINGS

Moody’s Ratings (“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.

[UNDERWRITING]

[The City has entered into a purchase contract with [____], on behalf of itself, [____] and [____] (collectively, the “Underwriters”) pursuant to which the Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at the purchase price of \$_____ (being the principal amount of the Bonds, plus net original issue premium of \$_____, and less an Underwriters’ discount of \$_____). The Underwriters are obligated under the purchase contract to purchase all of the Bonds if any are purchased. The Bonds may be offered and sold by the Underwriters to certain dealers and others at yields lower or prices higher than the public offering yields or prices indicated on the inside cover page[s] hereof, and such public offering yields or prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective

affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.]

[SALE OF THE BONDS]

[The Bonds are scheduled to be sold at competitive bid on [____], 2026*, as provided in an Official Notice of Sale, dated [____], 2026* (the “Official Notice of Sale”). The Official Notice of Sale provides that all the 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 initial purchaser or purchasers of the Bonds will represent to the City that the Bonds have been reoffered to the public at the prices or yields to be stated on the inside cover page[s] hereof.]

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 [Underwriters] [initial purchaser or purchasers] 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: _____
Greg Wagner
Controller

* Preliminary, subject to change.

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO

ORGANIZATION AND FINANCES

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY AND COUNTY OF SAN FRANCISCO
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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 GENERAL OBLIGATION BONDS (HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024) SERIES 2026A-1	\$ _____ TAXABLE GENERAL OBLIGATION BONDS (HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024) SERIES 2026A-2
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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 Bonds by (i) Resolution No. 259-25, adopted by the Board of Supervisors of the City on May 20, 2025, and duly approved by the Mayor of the City on May 23, 2025, and (ii) Resolution No. [____-26], adopted by the Board of Supervisors of the City on [June 3], 2026 and duly approved by the Mayor of the City on [____], 2026 (together, 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 Section 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 2025-26 Fiscal Year (which is due not later than March 27, 2027), 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.

SECTION 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Date: [July] __, 2026

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
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:

\$[PAR AMOUNT A-1] TAX-EXEMPT GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024), SERIES 2026A-1

\$[PAR AMOUNT A-2] TAXABLE GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN FRANCISCO, 2024), SERIES 2026A-2

Date of Issuance: [July] __, 2026

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 [July] __, 2026. 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. The information presented on each website is **not** incorporated by references as part of this Official Statement.

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 OPINIONS OF CO-BOND COUNSEL

\$(Par Amount)
TAX-EXEMPT
CITY AND COUNTY OF SAN
FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-1

\$(Par Amount)
TAXABLE
CITY AND COUNTY OF SAN
FRANCISCO
GENERAL OBLIGATION BONDS
(HEALTHY, SAFE AND VIBRANT SAN
FRANCISCO, 2024)
SERIES 2026A-2

PURCHASE CONTRACT

[Pricing Date]

City and County of San Francisco
 1 Dr. Carlton B. Goodlett Place, Room 338
 San Francisco, California 94102

Ladies and Gentlemen:

The undersigned [[Representative] (the “Representative”), on its own behalf and as representative of [UWFIRM1] and [UWFIRM2] (together with the Representative, the “Underwriter[s]”), offer[s] to enter into the following agreement with the City and County of San Francisco (the “City”). Upon the acceptance of this offer by the City, this Purchase Contract will be binding upon the City and the Underwriter[s]. This offer is made subject to the acceptance of this Purchase Contract by the City on or before 5:00 P.M. California time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter[s] upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the City at any time prior to the acceptance of this Purchase Contract by the City. If the Underwriter[s] withdraw this offer, or the Underwriter[s]’ obligation to purchase the general obligation bonds captioned above (the “Bonds”) is otherwise terminated pursuant to Section 8(c) hereof, then and in such case the City shall be without any further obligation to the Underwriter[s], including the payment of any costs set forth under Section 10(b) hereof, and the City shall be free to sell the Bonds to any other party.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Resolutions (as hereinafter defined).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriter[s] hereby jointly and severally agree to purchase from the City, and the City agrees to sell and deliver to the Underwriter[s], all (but not less than all) of the \$[Total Par] aggregate principal amount of Bonds.

The Bonds shall be dated the date of delivery thereof and shall have the maturities, subject to the right of prior prepayment, and bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The purchase price for the Bonds shall be \$[Purchase Price], calculated as the aggregate principal amount of the Bonds in the amount of \$[Total Par], [plus

premium in the amount of \$[Premium], less an aggregate Underwriter[s]' discount in the amount of \$[UW'sDiscount].

Interest with respect to the Bonds will be [exempt from federal income taxation and] exempt from State of California personal income taxes, all as further described in the Official Statement, dated the date hereof, and relating to the Bonds (as amended and supplemented, the "Official Statement").

Section 2. Official Statement. The City ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated Pricing Date (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the offering and sale of the Bonds by the Underwriter[s] prior to the availability of the Official Statement. The City represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings and other terms of the Bonds depending on such matters.

The City shall provide the Underwriter[s], within 7 business days after the date hereof (but in any event at least 2 business days prior to the Closing Date (as defined herein)) with a reasonable number of copies of the Official Statement in the form of the Preliminary Official Statement with such changes thereto as have been approved by the Representative (which approval shall not be unreasonably withheld), as requested by the Representative, for distribution. The City authorizes and approves the distribution by the Underwriter[s] of the Official Statement in connection with the offering and sale of the Bonds. The City authorizes the Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date (as defined herein), the Official Statement with Municipal Securities Rulemaking Board Rule G-32 (the "MSRB"), or its designees. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. The Bonds and City Documents. The Bonds shall be as described in and shall be issued and secured under the provisions of the following resolutions (collectively, the "Resolutions"):

- (a) Resolution No. 259-25, adopted by the Board on May 20, 2025, and signed by the Mayor on May 23, 2025, providing for the issuance of not-to-exceed \$390,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F; and
- (b) Resolution No. [Reso No.], adopted by the Board on [Reso Adpt Date], and signed by the Mayor on [Reso Sign Date], providing for the sale of not-to-exceed \$195,000,000 aggregate principal amount of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A.

Section 4. Description of the Bonds. The Bonds shall be payable, and shall be subject to prepayment prior to their respective stated maturities, as provided in the Resolutions and as described in the Official Statement. The Bonds are secured by *ad valorem* taxes that the Board of Supervisors of the City has the power and is obligated, and under the Resolutions has covenanted, to levy without limitation as to rate or amount upon all property subject to taxation by the City (except certain property which is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due.

Section 5. Purpose of the Bonds. The Bonds are being issued for the purpose of providing funds to (a) to finance certain authorized projects (as further described below), and (b) pay costs of issuance of the Bonds as provided in the Resolutions.

This Purchase Contract and the Continuing Disclosure Certificate are sometimes referred to in this Purchase Contract as the “City Documents.”

Section 6. City Representations, Covenants and Agreements. The City represents and covenants and agrees with each of the Underwriter[s] that as of the date hereof:

(a) The City has full legal right, power and authority to enter into the City Documents, to approve the Resolutions, and to observe, perform and consummate the covenants, agreements and transactions contemplated by the City Documents and the Resolutions; by all necessary official action of the City, the City has duly adopted the Resolutions prior to or concurrently with the acceptance hereof and has approved the Preliminary Official Statement and the Official Statement; the Resolutions are in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the City has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations contained in, the Resolutions and the City Documents; the City has duly authorized and approved the execution and delivery of the Official Statement; and the City is in compliance in all material respects with the obligations in connection with the execution and delivery of the Bonds on its part contained in the Resolutions and the City Documents.

(b) As of the date thereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company (“DTC”) and its book-entry only system) did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(c) From the date of delivery of the Official Statement (as hereinafter defined) up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12), the Official Statement (except for information regarding DTC and its book-entry only system) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date (as hereinafter defined), unless the Underwriter[s] notify the City to the contrary on or prior to such date.

(d) If the Official Statement is supplemented or amended pursuant to Section 4(e), at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date or the end of the underwriting period, as the case may be, the Official Statement as so supplemented or amended (except for information regarding DTC and its book-entry only system) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) If between the date of delivery of the Official Statement and the date that is twenty-five days after the end of the underwriting period (i) any event occurs or any fact or condition becomes known to the City that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative thereof, and (ii) if in the reasonable opinion of the City or the Representative such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld.

(f) The City is not in material violation of, or in material breach of or in material default under, any applicable constitutional provision, charter provision, law or administrative regulation or order of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the City is a party or to which the City or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument; and the execution and delivery of the City Documents, the adoption of the Resolutions and compliance with the provisions of the City Documents and the Resolutions will not conflict with or constitute a material breach of or material default under any constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is subject, or by which it or any of its properties is bound, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as permitted by the City Documents and the Resolutions.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, with service of process having been accomplished, or to the best knowledge of the City after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City, (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or the

payment of the principal and interest with respect to the Bonds, or the application of the proceeds of the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the Resolutions, or the City Documents, or contesting the powers of the City or any authority for the execution and delivery of the Bonds, the approval of the Resolutions or the execution and delivery by the City of the City Documents or the Official Statement; (iv) which would likely result in any material adverse change relating to the business, operations or financial condition of the City or the City's ability to levy and collect the *ad valorem* property taxes securing the Bonds, or otherwise satisfy its payment obligations with respect to the Bonds; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) The City will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the City in cooperation with the Representative as may be reasonably requested (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) The City Documents, when executed or adopted by the City, and the Bonds, when duly authenticated and delivered, will be legal, valid and binding obligations of the City enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, other laws affecting creditors' rights generally, and to limitations on remedies against cities and counties under California law.

(j) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of, its respective obligations under City Documents and the Resolutions have been duly obtained or when required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds.

(k) The financial statements of the City for the fiscal year ended June 30, 2023, set forth as an Appendix to the Official Statement fairly present the financial position of the City as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth in the Official Statement, were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

(l) The City has never defaulted in the payment of principal or interest with respect to any of its general obligation bonds.

(m) The City will undertake, pursuant to the Resolutions and a Continuing Disclosure Certificate to provide certain annual financial information and notices of the occurrence of certain events, if material, pursuant to paragraph (b)(5) of Rule 15c2-12. An accurate description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The City has been and is in compliance with its continuing disclosure obligations under Rule 15c2-12, as described in the Official Statement.

(n) Between the date hereof and the Closing Date, the City will not supplement or amend the City Documents, the Resolutions or the Official Statement in any respect that is material to the obligations of the City under this Purchase Contract without the prior written consent of the Representative, which consent shall not be unreasonably withheld.

Section 7. Underwriter[s]' Representations, Covenants and Agreements. Each of the Underwriter[s] represents and covenants and agrees with the City that:

(a) The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriter[s]. Any authority, discretion or other power conferred upon the Underwriter[s] by this Purchase Contract may be exercised jointly by all of the Underwriter[s] or by the Representative on their behalf.

(b) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such Resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

(c) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

Section 8. Offering. It shall be a condition to the City's obligations to sell and to deliver the Bonds to the Underwriter[s] and to the Underwriter[s]' obligations to purchase and to accept delivery of the Bonds that the entire \$[Total Par] principal amount of the Bonds shall be issued, sold and delivered by or at the direction of the City and purchased, accepted and paid for by the Underwriter[s] at the Closing. On or prior to the Closing, the Representative will provide the City with information regarding the reoffering prices and yields on the Bonds, in such form as the City may reasonably request.

The Underwriter[s] agree to make a bona fide public offering of all the Bonds, at prices not in excess of the initial public offering prices as set forth in the Official Statement. The Underwriter[s] may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement. Each of the Underwriter[s] will provide, consistent with the requirements of MSRB, for the delivery of a copy of the Official Statement to each customer who purchases a Bond during the underwriting period. Each of the Underwriter[s] further agree that it will comply with applicable laws and regulations, including without limitation Rule 15c2-12, in connection with the offering and sale of the Bonds.

Section 9. [Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriter[s], agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, substantially in the form attached hereto as **Exhibit D**, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Co-Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) The City will treat the first price at which 10% of each maturity of the Bonds (the “**10% test**”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). Schedule I attached hereto sets forth the maturities of the Bonds for which the 10% test has been satisfied as of the date of this Purchase Contract (the “**10% Test Maturities**”) and the prices at which the Underwriter[s] have sold such 10% Test Maturities to the public. All of the maturities shown on Schedule I are 10% Test Maturities.

(c) The Representative confirms that:

(i) any agreement among Underwriter[s], any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among Underwriter[s] or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it,

whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(d) The City acknowledges that, in making the representations set forth in this subsection, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among Underwriter[s] and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(e) The Underwriter[s] acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “*public*” means any person other than an underwriter or a related party,

(ii) “*underwriter*” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “*sale date*” means the date of execution of this Purchase Contract by all parties.]

Section 10. Closing. At 8:30 a.m., California time, on the [Closing Date], or at such other time as shall have been mutually agreed upon by the City and the Representative (the “Closing Date” or the “Closing”), the City will deliver or cause to be delivered to the account of the Representative (through DTC) the Bonds duly executed on behalf of the City, together with the other certificates, opinions and documents set forth in Section 8(d); and the Representative will accept such delivery (through DTC) and pay by wire transfer the purchase price of the Bonds set forth in Section 1.

Payment for the delivery of the Bonds shall be coordinated at the offices of Orrick Herrington & Sutcliffe LLP, in San Francisco, California, or at such other place as may be mutually agreed upon by the City and the Underwriter[s]. Such payment and delivery is called the “Closing.” The Representative shall order CUSIP identification numbers and the City shall cause such CUSIP identification numbers to be printed on the Bonds, but neither the failure to print any such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Contract. Physical delivery of the Bonds shall be made to the City Treasurer, as agent for DTC under the Fast Automated Securities Transfer System, or as otherwise instructed by the Underwriter[s], and will be in printed form, will be prepared and delivered in registered form and will be registered in the name of Cede & Co., as nominee of DTC. The Bonds will be made available to the Representative for checking not less than 2 business days prior to the Closing.

Section 11. Closing Conditions. The Underwriter[s] have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of the obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the Closing, and the Underwriter[s]’ obligations under this Purchase Contract are and shall also be subject to the following conditions:

(a) the representations and warranties of the City herein shall be true, complete and correct on the date thereof and on and as of the Closing Date, as if made on the Closing Date;

(b) at the time of the Closing, the City Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative;

(c) (1) the Underwriter[s] shall have the right to cancel their obligation to purchase the Bonds by written notification from the Representative to the City if at any time after the date of this Purchase Contract and prior to the Closing:

(i) any event shall have occurred or any fact or condition shall have become known which, in the sole reasonable judgment of the Underwriter[s] following consultation with the City, Co-Bond Counsel and Disclosure Counsel (both as hereinafter defined), either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect; or

(ii) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission (SEC) which in the reasonable opinion of the Underwriter[s] has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Resolutions under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies; or

(iii) any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter[s].

(iv) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(2) The Underwriter[s] shall have the further right to cancel their obligation to purchase the Bonds by written notification from the Representative to the City if at any time after the date of this Purchase Contract and prior to the Closing any of the following occurs and in the reasonable judgment of the Representative would have the effect of materially adversely affecting, directly or indirectly, the market price or marketability of the Bonds, the ability of the Underwriter[s] to enforce contracts for the Bonds or the sale at the contemplated offering price by the Underwriter[s] of the Bonds:

(i) there shall have occurred any materially adverse change in the affairs or financial condition of the City, except for changes which the Official Statement discloses are expected to occur;

(ii) there shall have occurred or any notice shall have been given of any, downgrading, suspension, withdrawal, or negative change in credit watch status by Moody's Investors Service, S&P Global Ratings and Fitch Ratings or any other national rating service to any of the City's obligations (including the ratings to be accorded the Bonds);

(iii) any proceeding shall have been commenced or be threatened in writing by the SEC against the City;

(iv) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the California legislature or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to the California legislature or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived pursuant to the Resolutions which may have the purpose or effect, directly or indirectly, of affecting the tax status of the City, its property or income, its securities (including the Bonds) or any tax exemption granted or authorized by State of California legislation or, in the reasonable judgment of the Representative, materially and adversely affecting the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(v) the declaration of war or engagement in, or escalation of, military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(vi) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange or the establishment of minimum prices on such national securities exchanges, or the establishment of material restrictions (not in force as the date hereof) upon trading securities generally by any governmental authority or any national securities exchange or a material disruption in commercial banking or securities settlement or clearances services shall have occurred; or

(vii) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the SEC, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect;

(vii) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter[s];

(viii) the purchase of and payment for the Bonds by the Underwriter[s], or the resale of the Bonds by the Underwriter[s], on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

(d) at or prior to the Closing, the Underwriter[s] shall have received each of the following documents:

(1) the Official Statement, together with any supplements or amendments thereto in the event the Official Statement has been supplemented or amended, with the Official Statement and each supplement or amendment (if any) signed on behalf of the City by its authorized officer;

(2) copies of the adopted Resolutions, certified by the Clerk of the Board of Supervisors as having been duly enacted by the Board of Supervisors of the City and as being in full force and effect;

(3) a certificate of the City executed by its authorized officer(s), substantially in the form attached hereto as Exhibit B;

(4) an opinion of the City Attorney of the City addressed solely to the City substantially in the form attached hereto as Exhibit C;

(5) unqualified opinions of Orrick Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law (“Co-Bond Counsel”), in substantially the form set forth in Appendix F to the Official Statement;

(6) supplemental opinions of Co-Bond Counsel, addressed to the City and the Underwriter[s], dated the Closing Date and substantially in the form attached hereto as Exhibit D;

(7) Negative Assurance Letters from Hawkins Delafield & Wood LLP and Stradling, Yocca, Carlson & Rauth, Co-Disclosure Counsel, addressed and in form and substance acceptable to the City and the City Attorney, with a reliance letter to the Representative;

(8) [a letter of [Underwriter[s]’ Counsel] (“Underwriter[s]’ Counsel”), dated the Closing Date and addressed to the Underwriter[s] in form and substance acceptable to the Underwriter[s];]

(9) evidence of required filings with the California Debt and Investment Advisory Commission;

(10) evidence satisfactory to the Representative that Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services and Fitch, Inc. have assigned ratings to the Bonds set forth in the Preliminary Official Statement;

(11) the Continuing Disclosure Certificate duly executed by the City; and

(12) such additional legal opinions, certificates, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date, of the City’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract shall be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Representative and Underwriter[s]’ Counsel (provided that the letter described in subsection (d)(9) above shall be deemed satisfactory for purposes of this paragraph). If the City is unable to satisfy the conditions to the obligations of the Underwriter[s] to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriter[s] to purchase, to accept delivery of and to pay for the Bonds are terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter[s] nor the City shall be under further obligations hereunder, except that the respective obligations of the City and the Underwriter[s] set forth in Section 10 of this Purchase Contract shall continue in full force and effect.

Section 12. Expenses.

(a) Except for those expenses assigned to the Underwriter[s] pursuant to Section 10(b) hereof, the Underwriter[s] shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City’s obligations under this

Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Co-Bond Counsel, Disclosure Counsel and Fieldman, Rolapp & Associates, Inc., Irvine, California (the "Municipal Advisor"); (ii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the City in connection with the transactions contemplated herein; (iii) the costs of preparing and printing the Bonds; (iv) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 4(e) of this Purchase Contract); and (v) any fees charged by investment rating agencies for the rating of the Bonds. The City shall pay for expenses incurred on behalf of its employees which are directly related to the offering of the Bonds, including, but not limited to, meals, transportation, and lodging of those employees.

(b) The Underwriter[s] shall pay (from the expense component of the underwriting discount) all expenses incurred by the Underwriter[s] in connection with the offering and distribution of the Bonds, including but not limited to: (i) all advertising expenses in connection with the offering of the Bonds; (ii) the costs of printing the Blue Sky memorandum used by the Underwriter[s], (iii) all out-of-pocket disbursements and expenses incurred by the Underwriter[s] in connection with the offering and distribution of the Bonds, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriter[s] in connection with the offering and distribution of the Bonds, including the fees and disbursements of Underwriter[s]' Counsel and the fees for a continuing disclosure compliance review. The Underwriter[s] are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriter[s], the City agrees to reimburse the Underwriter[s] (by way of paying the expense component of the underwriting discount) for such fees.

Section 13. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City at the address set forth above and any notice or other communication to be given to the Underwriter[s] under this Purchase Contract may be given by delivering the same in writing to the Representative:

[REPRESENTATIVE]
[REPRESENTATIVE NOTICE ADDRESS]

Section 14. Parties in Interest. This Purchase Contract is made solely for the benefit of the City and the Underwriter[s] (including the successors or assigns of the Underwriter[s]), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Contract. All of the representations, warranties and agreements of the City contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter[s]; (ii) delivery of and payment for the Bonds, pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

Section 15. Mandatory City Contracting Provisions. The provisions set forth in Exhibit A, attached hereto, are incorporated herein by this reference.

Section 16. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 17. Counterparts. This Purchase Contract may be executed by facsimile transmission and in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 18. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Purchase Contract shall be in the City and County of San Francisco.

Section 19. Arm's Length Transaction. The City acknowledges that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length, commercial transaction between the City and the Underwriter[s], (ii) in connection with such transaction and the discussions, undertakings and procedures leading thereto, each Underwriter is acting solely as a principal and not as a municipal advisor, financial advisor, agent or fiduciary of the City and may have financial and other interests that differ from those of the City, irrespective of whether any Underwriter has provided other services or is currently providing other services to the City on other matters; and (iii) the City has consulted with its own legal and financial advisors in connection with the offering of the Bonds.

Section 20. Entire Agreement. This Purchase Contract is the sole agreement of the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written. This Purchase Contract may only be amended by a writing executed by the authorized representatives of the parties.

Section 21. Headings. The section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 22. This Purchase Contract shall become effective upon execution of the acceptance of this Purchase Contract by the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

[REPRESENTATIVE], [UWFIRM1] AND
[UWFIRM2]

By: [REPRESENTATIVE], as Representative

By: _____
Authorized Officer

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Authorized Officer

ACCEPTED at __ p.m. Pacific Time this ____th day of [Pricing Month], 2026

APPROVED AS TO FORM:

DAVID CHIU,
CITY ATTORNEY

By: _____
Deputy City Attorney

SCHEDULE I

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(June 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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REDEMPTION PROVISIONS

Optional Redemption of the Bonds

The Bonds maturing on or before June 15, 20__ will not be subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 15, 20__ will be subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date, on or after June 15, 20__, at the redemption price equal to the principal amount of the Bonds redeemed, together with accrued interest to the date fixed for redemption (the “Redemption Date”), without premium.

Mandatory Redemption

The 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

EXHIBIT A

CITY CONTRACTING REQUIREMENTS

Each underwriter shall comply with the following provisions of this Purchase Contract as if set forth in the text thereof. Capitalized terms used but not defined in this exhibit shall have the meanings given in the Purchase Contract.

1. *MacBride Principles—Northern Ireland.* The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By entering into this Agreement, the Underwriter confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

2. *Tropical Hardwood and Virgin Redwood Ban.* Pursuant to San Francisco Environment Code Section 804(b), the City urges the Underwriter not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

3. *Alcohol and Drug-Free Workplace.* The City reserves the right to deny access to, or require the Underwriter to remove from, City facilities personnel of the Underwriter who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

4. *Compliance with Americans with Disabilities Act.* The Underwriter shall provide the services specified in this Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

5. *Sunshine Ordinance.* If the California Public Records Act, (California Government Code § 7920.000 et seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67), apply to this Agreement, the Underwriter acknowledges that this Agreement and all records related to its formation, the Underwriter's performance under this Agreement, and the City's payment may be subject to the California Public Records Act, (California Government Code § 7920.000 et seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state, or local law.

6. *Limitations on Contributions.* By executing this Agreement, the Underwriter acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of the Underwriter's board of directors; the Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in the Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Underwriter. The Underwriter certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

7. *Requiring Minimum Compensation for Covered Employees.* If San Francisco Labor and Employment Code Article 111 applies to this Agreement, the Underwriter shall pay covered employees no less than the minimum compensation required by Article 111, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. The Underwriter is subject to the enforcement and penalty provisions in Article 111. Information about and the text of Article 111 is available on the web at <http://sfgov.org/olse/mco>. The Underwriter is required to comply with all of the applicable provisions of Article 111, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, the Underwriter certifies that it complies with Article 111.

8. *Requiring Health Benefits for Covered Employees.* If San Francisco Labor and Employment Code Article 121 applies to this Agreement, the Underwriter shall comply with the requirements of Article 121. For each Covered Employee, the Underwriter shall provide the appropriate health benefit set forth in Section 121.3 of the HCAO. If the Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of the Article 121, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. The Underwriter is subject to the enforcement and penalty provisions in Article 121. Any subcontract entered into by the Underwriter shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

9. *Prohibition on Political Activity with City Funds.* In performing under this Agreement, the Underwriter shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to

participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Underwriter is subject to the enforcement and penalty provisions in Chapter 12G.

10. *Nondisclosure of Private, Proprietary or Confidential Information.* If this Agreement requires the City to disclose “Private Information” to the Underwriter within the meaning of San Francisco Administrative Code Chapter 12M, the Underwriter shall use such information consistent with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the services provided under this Agreement. The Underwriter is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Agreement, the Underwriter may have access to the City’s proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Underwriter, such information must be held by the Underwriter in confidence and used only in performing this Agreement. The Underwriter shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

11. *First Source Hiring Program.* The Underwriter must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and the Underwriter is subject to the enforcement and penalty provisions in Chapter 83.

12. *Submitting False Claims; Monetary Penalties.* The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant:

(a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

13. *Conflict of Interest.* By entering into this Agreement, the Underwriter certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City’s Charter; Article III, Chapter 2 of City’s Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

14. *Food Service Waste Reduction Requirements.* The Underwriter shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

15. *Distribution of Beverages and Water.* The Underwriter agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement. The Underwriter agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

16. *Laws Incorporated by Reference.* The full text of the laws listed in this Exhibit C, including enforcement and penalty provisions, are incorporated into this Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit C are available at http://www.amlegal.com/codes/client/san-francisco_ca/.

EXHIBIT B

FORM OF CERTIFICATE OF THE CITY

§ CITY AND COUNTY OF SAN FRANCISCO GENERAL OBLIGATION BONDS SERIES 2026

The undersigned Mayor, Controller and Treasurer, respectively, of the City and County of San Francisco (“the City”), acting in their official capacities, hereby certify as follows in connection with the issuance, sale and delivery of the general obligation bonds captioned above (the “Bonds”):

1. The City is a chartered city and county duly organized and validly existing under its Charter and the Constitution of the State of California (the “State”), with full right, power and authority to (a) manage, control, hold and convey property for the use and benefit of the City, and (b) enter into and perform all of the transactions contemplated by the Resolutions (defined below), the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) executed by the City and the Purchase Contract, dated Pricing Date (the “Purchase Contract”), executed by the City and [REPRESENTATIVE], on its own behalf and as representative of [UWFIRM1] and [UWFIRM2] The Resolutions, the Continuing Disclosure Certificate and the Purchase Contract are sometimes referred to in this Certificate as the “City Documents.” Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Purchase Contract.

2. The representations and warranties of the City contained in the Purchase Contract are true, complete and correct as of the Closing Date as if made on such Closing Date.

3. The City has duly authorized the execution and delivery of the City Documents and the Official Statement, has duly executed and delivered the City Documents and the Official Statement, and is authorized to perform the obligations on its part to be performed under the City Documents; and each of the City Documents constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms.

4. The City is not in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, note, ordinance, resolution, agreement or other instrument to which the City is party or otherwise subject, which breach or default would in any way materially and adversely affect the City Documents or the performance of any of the City’s obligations thereunder. No event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default. The execution and delivery by the City of the City Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject; nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge, encumbrance or security interest of any nature whatsoever upon any of the revenues, property or assets of the City, except as expressly provided or permitted by the Resolutions.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands.

Dated: [Closing Date].

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Daniel Lurie
Mayor

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Greg Wagner
Controller

CITY AND COUNTY OF SAN FRANCISCO

By: _____
José Cisneros
Treasurer

EXHIBIT C

FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

[Closing Date]

City and County of San Francisco
San Francisco, California

[Representative]
[Representative Address]

Re: City and County of San Francisco Tax-Exempt General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 and Taxable General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-2

Ladies and Gentlemen:

We have acted as co-bond counsel in connection with the issuance and delivery by the City and County of San Francisco (the “City”) of the above-caption bonds (collectively, the “Bonds”), issued pursuant to the Constitution and laws of the State of California; Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the California Government Code; the City Charter; (b) Ordinance No. 186-24, finally passed by the Board on July 23, 2024, and signed by the Mayor on July 25, 2024 and Resolution No. 259-25, adopted by the Board on May 20, 2025, and signed by the Mayor on May 23, 2025, providing for the issuance of not-to-exceed \$390,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2025F; and Resolution No. [Reso No.], adopted by the Board on [Reso Adpt Date], and signed by the Mayor on [Reso Sign Date], providing for the sale of not-to-exceed \$195,000,000 aggregate principal amount of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A. (together, the “Resolutions”).

We have examined the Resolutions, the Official Statement relating to the Bonds, dated [Pricing Date] (the “Official Statement”), and such other certified proceedings, certificates and other papers as we deem necessary to render this opinion. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The delivery of the Official Statement has been duly authorized and approved by the City.

2. The statements set forth in the Official Statement under the captions “THE BONDS,” “SECURITY FOR THE BONDS – General,” and “TAX MATTERS,” insofar as such statements expressly purport to summarize certain provisions of the Bonds and our opinion concerning the Bonds, are accurate in all material respects.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended.

4. The Purchase Contract dated as of [Pricing Date], between the City and [[REPRESENTATIVE], on its own behalf and as representative of][UWFIRM1][and [UWFIRM2]], has been duly authorized, executed and delivered by the City and is enforceable against the City, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles.

We express no view herein with respect to the laws of any jurisdiction other than the State of California and the Federal law of the United States of America (other than tax laws, as to which no view is expressed).

We are furnishing this letter in our capacity as co-bond counsel to, and at the request of, the City, and not as counsel to any other address hereof. This letter is for its benefit as such and is not to be used, circulated, published, quoted or otherwise referred to or relied upon by any person other than the City without our prior written consent. This letter is not intended to, and may not, be relied upon by owners of the Bonds.

This opinion is given as of the date hereof, is based upon the laws in effect on the date hereof and is subject to any change in such laws, including judicial and administrative interpretations thereof, which may occur or be reported subsequent to the date hereof. The only opinions rendered hereby shall be those expressly stated as such herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

EXHIBIT D

FORM OF ISSUE PRICE CERTIFICATE

This certificate is being delivered by [Underwriter], the underwriter (the “Underwriter”) in connection with the issuance of the City and County of San Francisco Tax-Exempt General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A-1 (the “Bonds”). The Underwriter hereby certifies and represents that:

1. ***Reasonably Expected Initial Offering Price.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.
2. ***Pricing Wire or Equivalent Communication.*** A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
3. ***Defined Terms.***
 - (a) *Issuer* means the City and County of San Francisco.
 - (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date].
 - (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick Herrington & Sutcliffe LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from

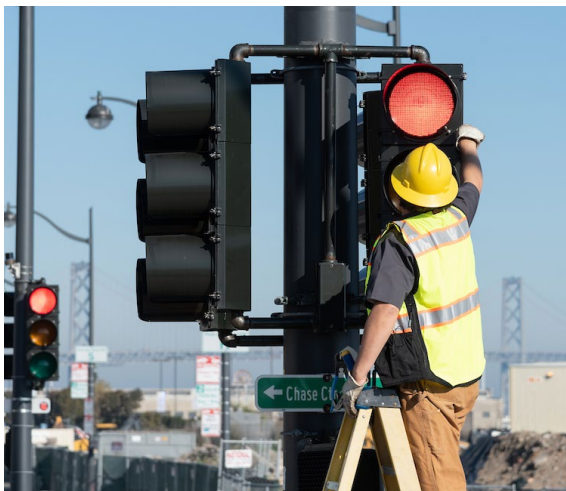
gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [Closing Date]



2024 Healthy, Safe and Vibrant San Francisco

GENERAL OBLIGATION BOND

2024 Healthy, Safe and Vibrant San Francisco Bond

Issuance Summary

	Public Health	Homelessness	Street Safety	Public Spaces	TOTAL
Total Authorization	\$205.1M	\$50.0M	\$63.9M	\$71.0M	\$390.0M
1 st Issuance (Series 2025F)*	\$62.1M	-	\$19.6M	\$0.9M	\$82.6M
Proposed 2 nd Issuance*	\$96.8M	-	\$23.5M	\$69.4M	\$189.7M
Future Issuance(s)	\$46.2M	\$50.0M	\$20.8M	-	\$117.0M

*Reflects **project** budgets (excluding financing and oversight costs)

2024 Healthy, Safe and Vibrant San Francisco Bond

Proposed Second Issuance, Series 2026A

Public Health (\$96.8M)	Chinatown Public Health Center	\$45.6M
	City Clinic	\$4.1M
	ZSFG Bldg 3 Seismic Upgrades	\$20.0M
	ZSFG & LHH Critical Repairs	\$27.1M
Street Safety (\$23.5M)	11 th St Safety Improvement	\$1.7M
	5 th St Streetscape	\$2.0M
	Mission Street Repavement	\$19.8M
Public Spaces (\$69.4M)	Powell Street	\$21.8M
	Harvey Milk Plaza	\$23.8M
	Hallidie Plaza	\$8.9M
	Embarcadero	\$13.9M
	McLaren Park	\$1.0M
TOTAL:		\$189.7M

2024 Healthy, Safe and Vibrant San Francisco Bond

Proposed Second Issuance, Series 2026A

Current Plan of Finance

- Not to exceed par amount of \$195M
- Expected term of 20 years
- True interest cost (tax-exempt) of 4.86%
- Average annual debt service of \$15.07M

Debt Limits

- Issuance is within with 3% Charter limit on GO debt
 - Would raise GO debt ratio from approximately 0.75% to 0.80% of NAV
- Consistent with Capital Plan FY2006 tax rate constraint policy

Projects Funded

- Community Health Centers
- ZSFG Seismic Improvements
- ZSFG and Laguna Honda Critical Repair Projects
- Public Spaces & Active Recreation
- Street Safety Improvement Projects

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

Estimated Sources:	Series 2026A
Not-to-Exceed Par Amount	\$195,000,000
Estimated Par	\$192,145,000
Reserve for Market Uncertainty	2,855,000
Total Sources	\$195,000,000
Estimated Uses:	
Project Fund Deposit	
Project Fund	\$189,733,872
CSA Audit Fee	379,468
Total Project Fund Deposits	\$190,113,340
Delivery Date Expenses	
Cost of Issuance	\$878,790
CGOBOC Fee	192,145
Underwriter's Discount	960,725
Total Delivery Date Expenses	\$2,031,660
Reserve for Market Uncertainty	\$2,855,000
Total Uses	\$195,000,000

2024 Healthy, Safe and Vibrant San Francisco Bond

Proposed Second Issuance, Series 2026A

Tentative Financing Schedule	
April 14	Board of Supervisors Introduction of Supplemental Appropriation
May 5	Board of Supervisors Introduction of Sale Resolution
May 11	Capital Planning Committee
May 20	Board of Supervisors Budget & Finance Committee
June 2	Board of Supervisors Consideration of Sale Resolution 1 st Reading of Supplemental Appropriation
June 9	Board of Supervisors 2 nd Reading of Supplemental Appropriation
July 2026	Tentative Bond Issuance and Closing

Public Health

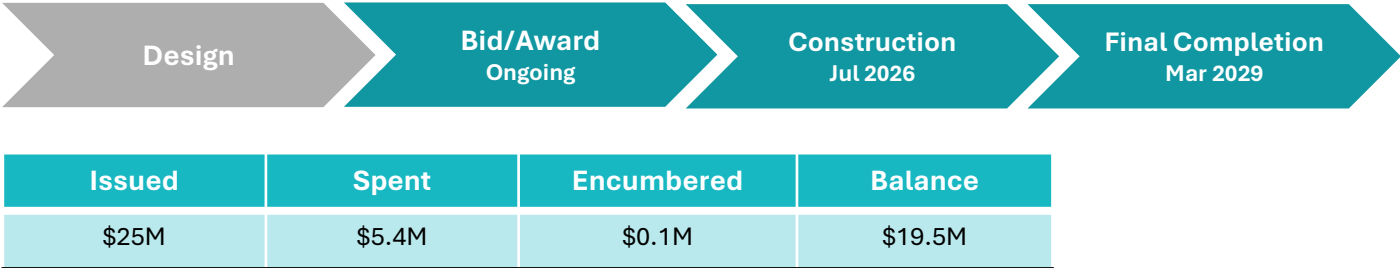
Isabel Ochoa
San Francisco Department of Public Health

Public Health - Community Health Centers

Chinatown Public Health Center



- Project will seismically retrofit, modernize, and expand CPHC and will co-locate Chinatown Child Development Center
- Project **further DPH goals to move services into seismically safe buildings, co-locate services, and modernize health care settings**— progress toward these goals began with investments from the 2016 Public Health and Safety Bond
- **We are requesting the remaining \$45.6M in the 2nd issuance which will fund construction**



Source	Amount
2024 Vibrant SF GO Bond	\$70.6M*
Behavioral Health Services Act (BHSA)	\$5M
Total Funding	\$75.6M

*Total reflects project budget (excludes financing and oversight costs)

Public Health - Community Health Centers

City Clinic

- Project will relocate City Clinic into 1660 Mission St where the clinic will have fully accessible patient care areas, modern clinic space, and an expanded lab
- This will further DPH goals of **co-locating public health services and moving staff and services into modern, accessible facilities**
- Work is underway with DPW to contract with a design/build contractor
- **We are requesting \$4.1M in the 2nd issuance** which will fund City Clinic’s share of the 1660 Mission St acquisition cost



Source	Amount
2024 Vibrant SF GO Bond	\$27.7M*

*Bond amount reflects project budget (excludes financing and oversight costs)



Public Health – Seismic Safety and Resilience

ZSFG Building 3 Seismic Retrofit



- Project will **seismically retrofit and modernize** ZSFG's Building 3 with MEP upgrades to relocate staff from seismically unsafe buildings
- Project **further DPH goals to provide a seismically upgraded space for hospital functions** which began with investments from the 2016 Public Health and Safety Bond
- **We are requesting \$20M in the 2nd issuance** which will fund continued design, permitting, and bid/award



Source	Amount
2024 Vibrant SF GO Bond	\$39.6M*

*Total reflects project budget (excluding financing and oversight costs)

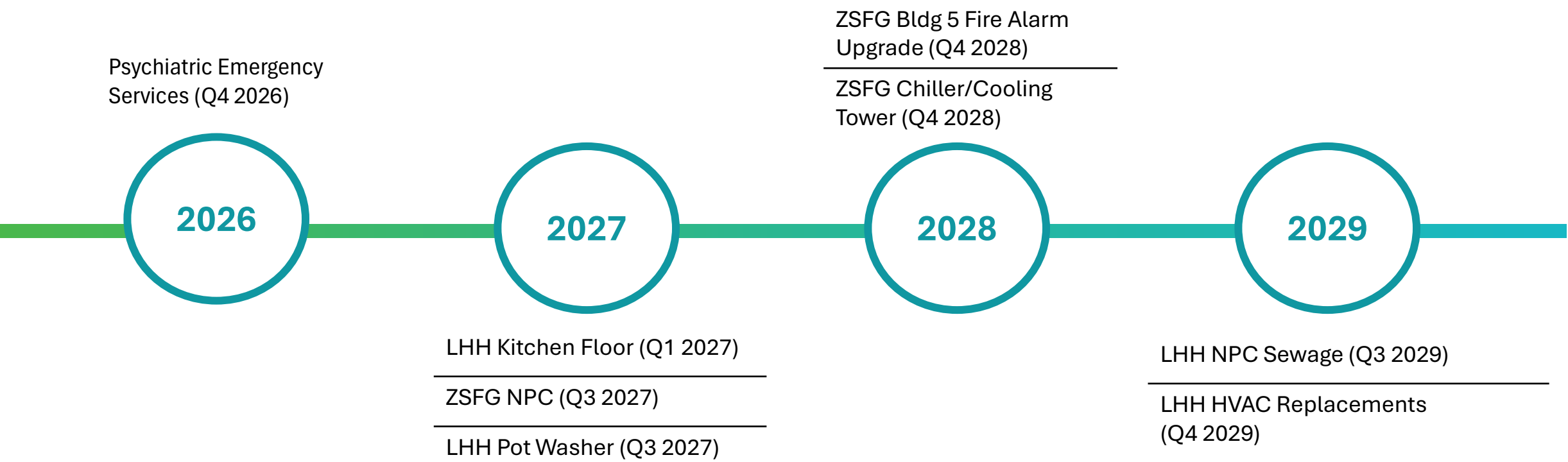
Issued	Spent	Encumbered	Balance
\$2.97M	\$1.9M	\$0.3M	\$0.77M

Public Health – Critical Repairs & Renovations

Project	Current Phase	Total Bond Funding*	1 st Issuance	2 nd Issuance	Spent	Encumbered
LHH NPC 5 Sewage Containment	Feasibility Study	\$5.50M	\$0.25M	\$5.25M	-	-
ZSFG Bldg 5 Fire Alarm Upgrade Phase 3	Design	\$7.85M	\$1.02M	\$6.83M	-	\$0.02M
LHH HVAC Replacements	Assessment	\$10.49M	\$1.27M	\$5.30M	-	\$0.04M
ZSFG Chiller & Cooling Tower	Construction	\$9.79M	-	\$9.79M	-	-
LHH Kitchen Floor	Permitting	\$12.4M	\$12.4M	-	-	-
LHH Pot Washer	Design	\$2.68M	\$2.68M	-	-	-
ZSFG NPC 5 (emergency sewage containment)	Assessment	\$0.5M	\$0.5M	-	\$0.1M	\$0.09M
NPC 4 (non-structural seismic safety)	Construction	\$1.48M	\$1.48M	-	-	\$0.02M
ZSFG Psychiatric Emergency Services	Construction	\$12.5M	\$12.5M	-	\$0.68M	\$2.06M
Contingency		\$1.98	\$1.98	-	-	-
Total:		\$65.17M	\$34.08M	\$27.17M	\$0.55M	\$1.02M

*Bond amounts reflect project budgets (excluding financing and oversight costs)

Public Health – Critical Repairs & Renovations



Street Safety

**Bruce Robertson, Deputy Director of Financial Management & Administration
San Francisco Public Works**

Street Safety

Traffic Signal Upgrades – Contract 35



- Implement signal and related pedestrian improvements at 17 intersections. Could include pedestrian countdown signals (PCS), accessible pedestrian signals (APS), and updated or new curb ramps.
- Will improve safety for pedestrians, cyclists, and motorists, with a focus on the Street Safety High Injury Network.
- Milestones:
 - Contract to be Issued – Spring 2026
 - Construct: Spring 2027 – Spring 2028

Source	Amount
2024 Vibrant SF GO Bond*	\$12.2M
Prop L Sales Tax	\$4.0M
Total Funding	\$16.2M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
1st	\$12.2M	\$12.2M	\$0.0M	\$0.0M	\$12.2M

Street Safety

Howard Streetscape Project



Source	Amount
2024 Vibrant SF GO Bond*	\$3.9M
Other	\$54.3M
Total Funding	\$58.2M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

- Project will change the roadway configuration and implement improvements to pedestrian safety, bicycle safety, loading and parking and the public realm, along with utility upgrades.
- Project will improve safety for all users; make biking, walking and riding transit in SoMa more comfortable; reflect the cultural diversity and vibrancy in SoMa; and enhance the public realm and landscape.
- Milestones:
 - Design complete w/ NEPA certification in Jan 2026
 - Construction scheduled for Fall 2027 – Spring 2031

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
Future	\$3.9M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

Street Safety

5th Street Safety Improvement Project



- 5th Street between Market Street and Townsend Street is part of the Street Safety High Injury Network. Project will upgrade existing bicycle and pedestrian quick build safety investments with streetscape and other improvements.
- Project could include traffic signal upgrades, ADA curb ramp upgrades, bulb-outs, raised crosswalks, and widened sidewalks for pedestrian safety.
- Milestones:
 - Planning/Design: through Fall 2028
 - Construct: Summer 2029 – Fall 2030

Source	Amount
2024 Vibrant SF GO Bond*	\$9.1M
Local Sources (General Fund and Sales Tax)	\$4.9M
Total Funding	\$14.0M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
2nd ^	\$2.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Future	\$7.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Total	\$9.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M

^ Proceeds from the 2nd Issuance will be used to complete planning/design

Street Resurfacing Program

Mission Street Pavement Renovation in the Mission District



- The Project will pave **30 blocks** in the Mission District. The project also includes **ADA curb ramp upgrades**, new bus pads and other agencies plan to join the project for sewer replacement work and extended sidewalk work.
- Milestones:
 - Contract to be Issued – Fall 2026
 - Construction Summer 2027 – Summer 2030

Source	Amount
2024 Vibrant SF GO Bond	\$19.8M*

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
2nd	\$19.8M	\$0.0M	\$0.0M	\$0.0M	\$19.8M

Street Safety

11th Street Safety Improvement Project



- 11th Street between Market Street and Bryant Street is part of the Street Safety High Injury Network. Project will upgrade existing bicycle and pedestrian quick build safety investments with streetscape and other improvements.
- Project could include traffic signal upgrades, new parking protected bike lanes, ADA curb ramp upgrades, and bulb-outs for pedestrian safety.
- Milestones:
 - Planning/Design: through Fall 2028
 - Construct: Summer 2029 – Fall 2030

Source	Amount
2024 Vibrant SF GO Bond*	\$10.8M
State and Local Sources	\$8.0M
Total Funding	\$18.8M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
2nd ^	\$1.7M	\$0.0M	\$0.0M	\$0.0M	\$1.7M
Future	\$9.1M	\$0.0M	\$0.0M	\$0.0M	\$9.1M
Total	\$10.8M	\$0.0M	\$0.0M	\$0.0M	\$10.8M

^ Proceeds from the 2nd Issuance will be used to complete planning/design

Public Spaces

**Bruce Robertson, Deputy Director of Financial Management & Administration
San Francisco Public Works**

**Stacy Bradley, Director of Capital and Planning
San Francisco Recreation and Parks**

Street Safety

Central Embarcadero Safety Project



- SFMTA, SFPW and Port will implement waterfront travel and promenade safety fixes, make it easier for people to access multimodal transit options, and bring other roadway investments to The Embarcadero, from Broadway to Brannan Streets.
- Will improve safety, mobility, connectivity, and accessibility for everyone using The Embarcadero.
- Milestones:
 - Port Final Legislative Approval, October 2025
 - Currently in design
 - Construct: Spring 2027 – Winter 2028 (Dec 2028)

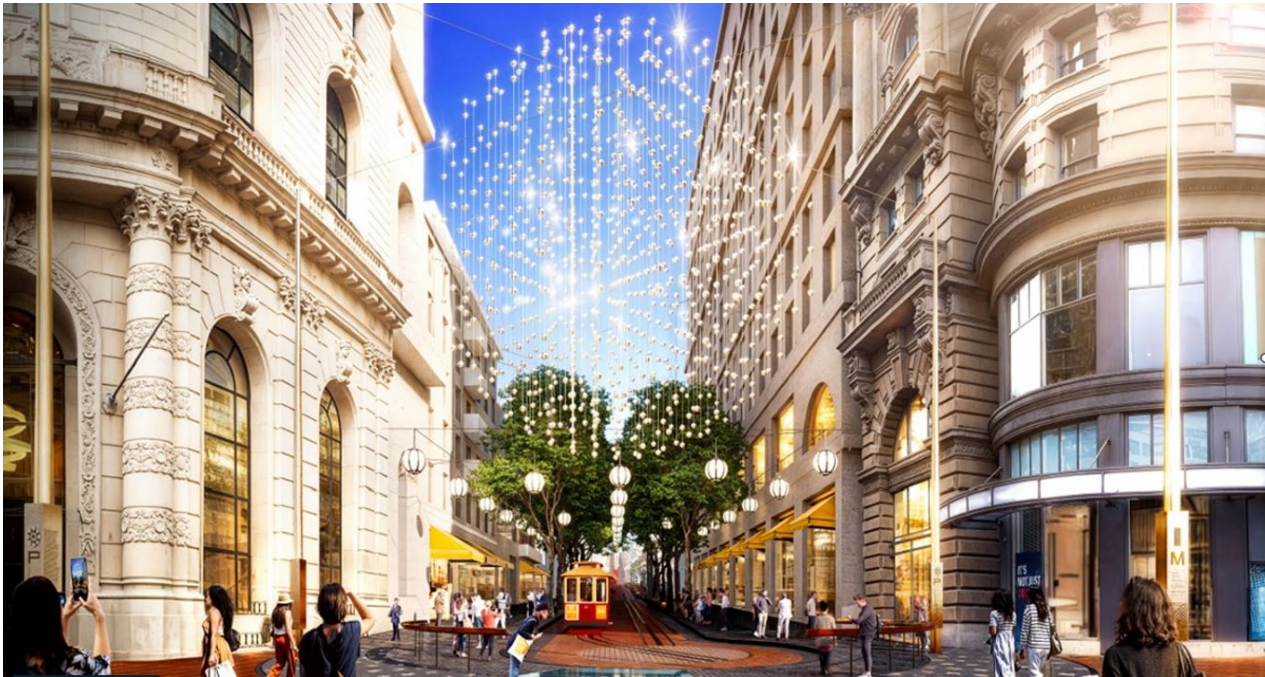
Source	Amount
2024 Vibrant SF GO Bond*	\$7.4M
Other Sources (Prop AA, SR2B)	\$7.0M
Total Funding	\$14.4M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
1st	\$7.4M	\$7.4M	\$0.0M	\$0.0M	\$7.4M

Public Spaces

Powell Street Improvement Project



- The project also includes **new sidewalks, bulb-outs, lighting, roadway improvements, utility improvements, and landscaping.**
- Project includes pedestrian improvements to 3 blocks of Powell between Market and Geary (Union Square)
- Will revitalize and create safer and cleaner right-of-way for all users

Milestones:

- Contract to be issued - Summer 2026
- Construction Summer 2026 – Winter 2027 (Dec 2027)

Source	Amount
2024 Vibrant SF GO Bond	\$21.8M
Prop L	\$4.0M
Private Funding	\$14.5M
Total Funding*	\$40.3M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
2nd	\$21.8M	\$0.0M	\$0.0M	\$0.0M	\$21.8M

Public Spaces

Hallidie Plaza Accessibility Improvement Project



The project aims to **improve access** into the plaza from surrounding streets and transit while creating a **safe, welcoming, and lively public space**. The design should remain flexible to support different activities, be easy to maintain, and respect the plaza’s original character. Overall, it aims to strengthen the plaza’s role as an important **gateway to the city**.

Project Highlights Include:

- Removal of the Market Street elevator
- Construction of a large-scale pedestrian ramp connecting Street Level to Plaza Level
- Construction of a smaller, secondary pedestrian ramp connecting Plaza Level to Powell Bart Station/Muni entrance
- Landscaping and pedestrian lighting improvements

Milestones:

- Contract to be issued- Spring 2027
- Construction Fall 2027- Spring 2028

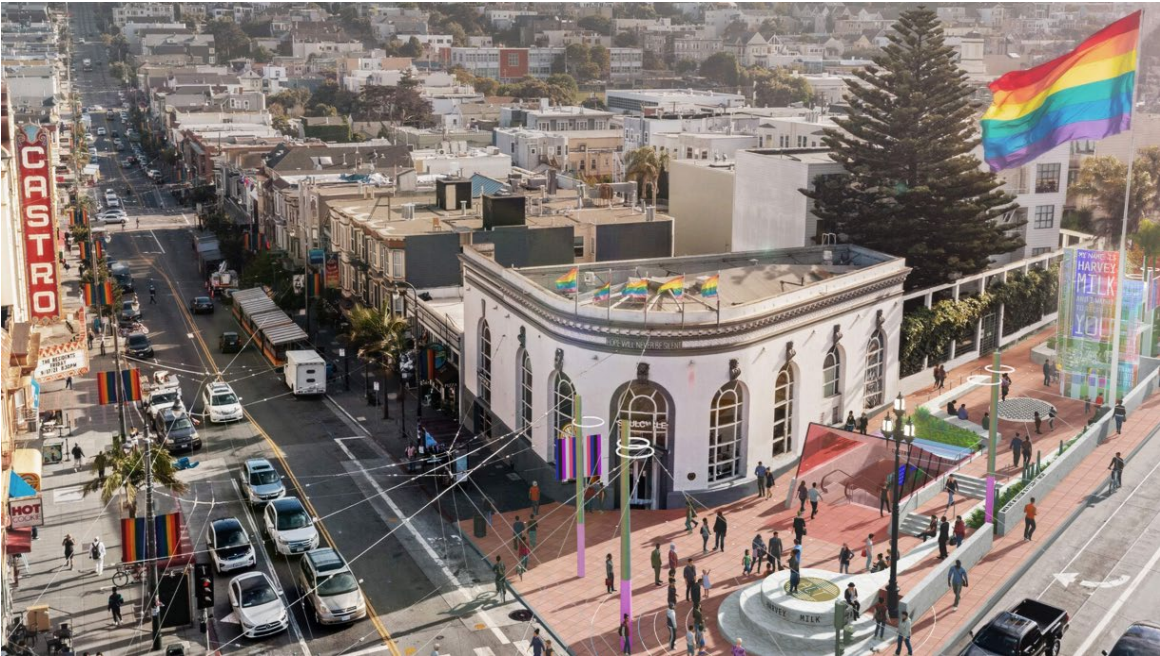
Source	Amount
2024 Vibrant SF GO Bond	\$8.9M
Other City funds, General Fund	\$200K
Private Partnership Funding	\$0.0M
Total Funding*	\$9.1M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
2nd	\$8.9M	\$0.0M	\$0.0M	\$0.0M	\$8.9M

Public Spaces

Harvey Milk Plaza Project



The improvements at Harvey Milk Plaza will revitalize an iconic gateway to the Castro neighborhood, improving safety, security, and accessibility at the main Castro Station entrance, improving universal access throughout the plaza, and integrating memorial display fixtures, artwork, and sculptural landscape elements into the plaza landscape and hardscape.

Project Highlights Include:

- Regrading, repaving, and re-landscaping Harvey Milk Plaza
- Improve Muni station access with new canopy, stairs, and concourse gallery
- Create an integrated memorial gallery with exhibits and art elements honoring Harvey Milk and the LGBTQ+ community
- Enhanced accessibility, safety, and security through improved grading, lighting, and streetscape design

Milestones:

- Advertisement: Summer 2026
- Construction: Winter 2026 (Dec 2026) – Winter 2028 (Dec 2028)

Issuance	Bond Funding	Issued	Spent	Encumbered	Balance
1st	\$868K	\$868K	\$473K	\$286K	\$109K
2nd	\$23.9M	\$0.0M	\$0.0M	\$0.0M	\$23.9M

Source	Amount
2024 Vibrant SF GO Bond*	\$24.8M
Other City, State, and Federal Funds	\$2.9M
Private Partnership Funding	\$0.0M
Total Funding	\$27.7M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Public Spaces

Embarcadero Plaza & Sue Bierman Park Renovation



This project will transform Embarcadero Plaza and Sue Bierman Park into a vibrant, 5-acre waterfront park in the heart of San Francisco.

Through a collaborative public-private partnership and extensive community engagement, the design will reflect the needs of residents, businesses, and visitors while supporting downtown’s economic recovery.

Project Scope includes:

- New multi-purpose space for large gatherings
- Increased accessibility and connectivity through engaging pathways with landscaping and stormwater features
- Seating, picnic areas, and site amenities to create a welcoming community hub

Milestones:

- Concept Design Approval: Summer 2026
- Construction Start: Dec 2026/January 2027

Source	Amount
2024 Vibrant SF GO Bond	\$14M
Other City funds – Downtown Park funds, Transit Center CBD, General Fund, etc.	\$4M
Private Partnership Funding	\$22M
Total Funding*	\$40M

Bond Funding	Issued	Spent	Encumbered	Balance
\$14M	\$0M	\$0M	\$0M	\$0M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

Public Spaces

John McLaren Park, Jerry Garcia Amphitheater



Source	Amount
2024 Vibrant SF GO Bond	\$1M
Other City funds, 2020 H&R GO Bond	\$300K
Private Partnership Funding	\$0M
Total Funding*	\$1.3M

*Issuance totals reflect project budgets (exclude financing and oversight costs)

To ensure that San Francisco continues to be a vibrant, welcoming place for residents and visitors, City investment in the public realm drives activation, foot traffic, and additional economic activity. **Investments at Jerry Garcia Amphitheater support recreational and permit programming, allowing more diverse producers and more ticketed events; increasing access and safety around facilities; and promoting geographical diversity of active recreational spaces across the City.**

Project Scope Includes:

- New lighting in the restroom, paving, and replaced bench seating to enhance safety and guest comfort
- Accessible connections to green room and adjacent program area to increase inclusivity and provide additional programming options
- Electrical upgrades at the stage to ease the burden on producers and increase the active use portfolio for the stage

Milestones:

- Concept Approved: August 2025
- Design Start: Fall 2026
- Construction Start: early 2028

Bond Funding	Issued	Spent	Encumbered	Balance
\$1M	\$0M	\$0M	\$0M	\$1M



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors

FROM: Anna Van Degna, Director of the Office of Public Finance
Vishal Trivedi, Office of Public Finance
Keith Sevigny, Office of Public Finance

DATE: May 5, 2026

SUBJECT: Resolution Authorizing the Issuance and Sale of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A in an amount not to exceed \$195,000,000

Ordinance Appropriating \$195,000,000 of the General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A

Recommended Action

We respectfully request that the Board of Supervisors (the "Board") consider for review and adoption a resolution approving the sale of general obligation bonds for the 2024 Healthy, Safe and Vibrant San Francisco bond program in an amount not to exceed \$195,000,000, and related supporting documents.

In connection with this request, a supplemental appropriation ordinance to appropriate the proceeds was introduced at the Board of Supervisors meeting on April 14, 2026. We request that the items be heard at the scheduled Budget and Finance Committee meeting on May 20, 2026.

Background

In November 2024, voters approved Proposition B (2024 Healthy, Safe and Vibrant SF Bond Authorization) ("2024 Proposition B"), which authorized the issuance of up to \$390,000,000 in general obligation bonds to finance the acquisition or improvement of temporary shelters, particularly for families; facilities that deliver healthcare services, including preventive care and behavioral health services, such as the Chinatown Public Health Center; critical repairs, renovations, and seismic upgrades at Zuckerberg San Francisco General Hospital and Trauma Center and Laguna Honda Hospital; and pedestrian and street safety improvements, streetscape enhancements, and other public space improvements. In October 2025, the first series of bonds was issued under 2024

Proposition B in the amount of \$83,635,000. The proposed issuance would be the second issuance under this authorization.

Financing Parameters

The proposed legislation would approve the issuance and sale of General Obligation Bonds, Series 2026A (the "Series 2026A Bonds") authorized under 2024 Proposition B.

Table 1 below outlines the sources and uses for the Series 2026A Bonds, based on an estimate provided by Fieldman, Rolapp & Associates, a municipal advisory firm registered with the Municipal Securities Rulemaking Board (MSRB). The information below is intended to advise the Board regarding the proposed financing in accordance with Section 5852.1 of the California Government Code.

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

<u>Estimated Sources:</u>	Series 2026A
<u>Not-to-Exceed Par Amount</u>	\$195,000,000
Estimated Par	\$192,145,000
Reserve for Market Uncertainty	2,855,000
Total Sources	\$195,000,000
<u>Estimated Uses:</u>	
<u>Project Fund Deposit</u>	
Project Fund	\$189,733,872
CSA Audit Fee	379,468
Total Project Fund Deposits	\$190,113,340
<u>Delivery Date Expenses</u>	
Cost of Issuance	\$878,790
CGOBOC Fee	192,145
Underwriter's Discount	960,725
Total Delivery Date Expenses	\$2,031,660
Reserve for Market Uncertainty	\$2,855,000
Total Uses	\$195,000,000

Source: Fieldman, Rolapp & Associates, Inc.

Based upon an estimated tax-exempt true interest cost of 4.86%, the Office of Public Finance estimates that this would result in an average annual debt service cost for the Series 2026A Bonds of about \$15,070,000. The anticipated par amount of \$192,145,000 is estimated to generate about \$109,220,000 in interest payments, resulting in approximately \$301,365,000 in total debt service over the anticipated 20-year term of the bonds.

The planned bond issuance will fund approximately \$49.6 million for Public Health Center projects, \$20 million for seismic improvements at Zuckerberg San Francisco General Hospital (ZSFG), \$27.2 million for critical repairs and renovations at Laguna Honda Hospital (LHH) and ZSFG, \$23.5 million for Pedestrian and Streetscape enhancements, and \$69.4 million for public realm and recreation projects.

Detailed descriptions of the projects to be financed with proceeds of the Series 2026A Bonds are included in the Bond Accountability Report to be prepared by Department of Public Health, Department of Public Works, San Francisco Municipal Transportation Agency, and San Francisco Recreation and Parks. In addition, a portion of the bond proceeds will be used to pay certain expenses incurred in connection with the issuance and delivery of the bonds, and the periodic oversight and review of the projects by City Services Auditor ("CSA Audit") and the Citizens' General Obligation Bond Oversight Committee ("CBOB").

Property Tax Impact

Repayment of annual debt service on the Series 2026A Bonds will be funded by an increase in annual property taxes, the rate of which is estimated to average \$0.00421 per \$100 of assessed value or \$4.21 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average additional property taxes to the City of approximately \$24.97 per year if the proposed amount of \$192,145,000 of Series 2026A Bonds are sold.

Debt Limit

The City Charter imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. That limit is 3.00% of the assessed value of property in the City. For purposes of this provision of the Charter, the City calculates its debt limit based on total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's general obligation debt limit for fiscal year 2025-26 is approximately \$10.74 billion, based on a net assessed valuation of approximately \$357.8 billion. As of April 1, 2026, the City had \$2.67 billion of general obligation bonds outstanding, which equals approximately 0.75% of the net assessed valuation for fiscal year 2025-26. If all the City's voter-authorized and unissued general obligation bonds were issued, the total debt burden would be 1.08% of the net assessed value of property in the City. If the Board approves the issuance of the Series 2026A Bonds and they are issued, the debt ratio would increase by approximately 0.05%, to 0.80% — within the 3.00% legal debt limit.

Capital Plan

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

Additional Information

The appropriation ordinance was introduced at the Board meeting on Tuesday, April 14, 2026. The resolution will be introduced at the Board meeting on Tuesday, May 5, 2026. The forms of the related financing documents — including the Bond Purchase Contract, Official Notice of Sale, Notice of Intention to Sell, Preliminary Official Statement, Appendix A, Continuing Disclosure Certificate and related

documents — will also be submitted at that time.

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

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

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

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

A *Preliminary Official Statement* is distributed to prospective bidders prior to the sale of the Series 2026A Bonds. Within seven days of the public offering, the *Final Official Statement* (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the Series 2026A Bonds.

Prior to the distribution of the Preliminary and Final Official Statements, the documents will be thoroughly and critically reviewed by City staff (in consultation with the City's professional advisors, including the City's co-disclosure counsel) to provide the most current financial and other material information available.

Board members have a responsibility under federal securities laws to ensure that staff are aware of relevant information that Board members may uniquely have by virtue of their capacity as board members that would have a material bearing on the capacity of the City to repay the bonds. Board members cannot approve a Preliminary Official Statement if they are aware that it contains material misstatements or omissions. The Board of Supervisors and the Mayor, in adopting and approving the resolution, approve and authorize the use and distribution of the Official Statement by the municipal

advisor with respect to the Series 2026A Bonds. For purposes of the Securities Exchange Act of 1934, the Controller certifies, on behalf of the City, that the Preliminary and Final Official Statements are final as of their dates.

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

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

Financing Timeline

Milestones

Board of Supervisors (“BoS”) Introduction of Appropriation
Board of Supervisors (“BoS”) Introduction of Resolution
Capital Planning Committee Hearing of Resolution
Budget & Finance Committee Hearing
BoS Consideration of Resolution and First Reading of Ordinance
BoS Second Reading of Ordinance
Estimated Sale & Closing

Dates*

April 14, 2026
May 5, 2026
May 11, 2026
May 20, 2026
June 2, 2026
June 9, 2026
July 2026

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

Your consideration of this matter is greatly appreciated. From the Controller’s Office, please contact Anna Van Degna (anna.vandegna@sfgov.org), Bridget Katz (bridget.katz@sfgov.org), Vishal Trivedi (vishal.trivedi@sfgov.org), or Keith Sevigny (keith.sevigny@sfgov.org) if you have any questions.

OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Dexter Darmali, Legislative & Ethics Secretary
RE: Sale of General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A -
Not to Exceed \$195,000,000
DATE: May 5, 2026

Resolution authorizing the issuance and sale of not to exceed \$195,000,000 aggregate principal amount of one or more series of City and County of San Francisco General Obligation Bonds (Healthy, Safe and Vibrant San Francisco, 2024), Series 2026A ("Bonds") on a tax-exempt or taxable basis; prescribing the form and terms of such Bonds and any subseries designation; providing for the appointment of depositories and other agents for such Bonds; providing for the establishment of accounts and/or subaccounts related to such Bonds; authorizing the sale of such Bonds by competitive or negotiated sale or private placement; approving the forms of the Official Notice of Sale and Notice of Intention to Sell Bonds and directing the publication of the Notice of Intention to Sell Bonds; approving the form of the Purchase Contract; approving the form of the Preliminary Official Statement and the execution of one or more Official Statements relating to the sale of such Bonds; approving the form of the Continuing Disclosure Certificate; authorizing and approving modifications to such documents; ratifying certain actions previously taken, as defined herein; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale, and delivery of such Bonds, as defined herein.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org