

File No. 200291

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: April 16, 2020

Board of Supervisors Meeting:

Date: _____

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- Draft Second Supplement to Fiscal Agent AGRMT
- Draft Preliminary Official Statement
- Draft Continuing Disclosure Certification
- Controller's Memo – March 16, 2020
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- _____

Prepared by: John Carroll

Date: April 10, 2020

Prepared by: John Carroll

Date: _____

1 [Authorizing the Issuance of Special Tax Bonds - Community Facilities District No. 2014-1
2 (Transbay Transit Center) - Not to Exceed \$90,000,000]

3 **Resolution authorizing the issuance and sale of one or more series of Special Tax**
4 **Bonds for City and County of San Francisco Community Facilities District No. 2014-1**
5 **(Transbay Transit Center) in the aggregate principal amount not to exceed \$90,000,000**
6 **approving related documents, including an Official Statement, Second Supplement to**
7 **Fiscal Agent Agreement, Bond Purchase Agreement and Continuing Disclosure**
8 **Undertaking, and determining other matters in connection therewith, as defined herein.**
9

10 WHEREAS, On September 23, 2009, this Board of Supervisors considered and
11 adopted "Local Goals and Policies for Community Facilities Districts and Special Tax Districts"
12 ("Goals and Policies"), which Goals and Policies, among other things, relate to the formation
13 of community facilities districts under the Mello-Roos Community Facilities Act of 1982, as
14 amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with
15 Section 53311) of the California Government Code ("Mello-Roos Act"); and

16 WHEREAS, On September 23, 2014, the Board of Supervisors considered and
17 adopted Resolution No. 350-14, entitled "Resolution of formation of City and County of San
18 Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining
19 other matters in connection therewith" ("Resolution of Formation"), which Resolution of
20 Formation ordered the formation of the "City and County of San Francisco Community
21 Facilities District No. 2014-1 (Transbay Transit Center)" ("CFD") and the "City and County of
22 San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (Future
23 Annexation Area)" ("Future Annexation Area"), authorized the levy of special taxes upon the
24 land within the CFD and authorized the issuance of bonds and other debt (as defined in the
25 Mello-Roos Act) secured by said special taxes for the purpose of financing certain public

1 improvements (“Facilities”), all as described in those proceedings and all pursuant to the
2 Mello-Roos Act; and

3 WHEREAS, In the Resolution of Formation, this Board of Supervisors resolved that
4 parcels within the Future Annexation Area shall be annexed to the CFD only with the
5 unanimous approval (each, a “Unanimous Approval”) of the owner or owners of each parcel or
6 parcels at the time that parcel or those parcels are annexed, without any requirement for
7 further public hearings or additional proceedings; and

8 WHEREAS, Pursuant to Resolution No. 2-15, which was approved by the Board of
9 Supervisors on January 13, 2015, and signed by the Mayor on January 20, 2015 (“Original
10 Resolution of Issuance”), the Board of Supervisors authorized the issuance of up
11 to \$1,400,000,000 of bonded indebtedness and other debt on behalf of the CFD; and

12 WHEREAS, In the Original Resolution of Issuance, the Board of Supervisors approved
13 the form of a fiscal agent agreement and directed the Director of the Office of Public Finance
14 (“Director”) to return to the Board of Supervisors with a recommendation as to the method for
15 selling one or more series of the bonds, whether competitive or negotiated, and for approval
16 of all related sales documentation; and

17 WHEREAS, Pursuant to Resolution No. 247-17, which was approved by the Board of
18 Supervisors on June 13, 2017, and signed by the Mayor on June 22, 2017 (“First
19 Supplemental Resolution of Issuance”), and a Fiscal Agent Agreement, dated as of
20 November 1, 2017 (“Master Fiscal Agent Agreement”), by and between the City and Zions
21 Bancorporation, National Association (formerly known as Zions Bank, a Division of ZB,
22 National Association) (“Fiscal Agent”), the Board of Supervisors previously issued the
23 following special tax bonds on behalf of the CFD (“2017 Bonds”): City and County of San
24 Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax
25 Bonds, Series 2017A (Federally Taxable) and City and County of San Francisco Community

1 Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017B
2 (Federally Taxable - Green Bonds); and

3 WHEREAS, Under the Original Resolution of Issuance as supplemented by Resolution
4 No. 419-18 ("Second Supplemental Resolution of Issuance"), and the Master Fiscal Agent
5 Agreement, as supplemented by a First Supplement to Fiscal Agent Agreement, dated as of
6 February 1, 2019 ("First Supplement to Fiscal Agent Agreement"), the Board of Supervisors
7 subsequently issued the following special tax bonds on behalf of the CFD ("2019 Bonds"): City
8 and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit
9 Center) Special Tax Bonds, Series 2019A (Federally Taxable), and City and County of San
10 Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax
11 Bonds, Series 2019B (Federally Taxable - Green Bonds); and

12 WHEREAS, This Board of Supervisors now wishes to further supplement the original
13 Resolution of Issuance to provide for the issuance of one or more additional series of special
14 tax bonds on a parity basis with the 2017 Bonds and the 2019 Bonds to finance a portion of
15 the Facilities and related costs and expenses; and

16 WHEREAS, There has been submitted to this Board of Supervisors a form of a Second
17 Supplement to the Fiscal Agent Agreement between the City and the Fiscal Agent ("Second
18 Supplement"; together with the Master Fiscal Agent Agreement and the First Supplement,
19 "Fiscal Agent Agreement"), which supplements the Master Fiscal Agent Agreement for the
20 purposes of issuing one or more additional series of special tax bonds, and this Board of
21 Supervisors has reviewed the Second Supplement and found it to be in proper order; and

22 WHEREAS, There has also been submitted to this Board of Supervisors a form of
23 preliminary Official Statement in connection with the marketing of such bonds and this Board
24 of Supervisors has reviewed the preliminary Official Statement to assure disclosure of all
25 material facts relating to such bonds; and

1 WHEREAS, The Board of Supervisors has obtained and disclosed in the staff report for
2 this matter the information required to be disclosed by Government Code, Section 5852.1;
3 and

4 WHEREAS, All conditions, things and acts required to exist, to have happened and to
5 have been performed precedent to and in the issuance of the special tax bonds and the levy
6 of the special taxes as contemplated by this Resolution and the documents referred to herein
7 exist, have happened and have been performed in due time, form and manner as required by
8 the laws of the State of California, including the Mello-Roos Act; now, therefore, be it

9 RESOLVED, That the foregoing recitals are true and correct; and, be it

10 FURTHER RESOLVED, That pursuant to the Mello-Roos Act, this Resolution and the
11 Fiscal Agent Agreement, one or more series of special tax bonds, in an aggregate principal
12 amount not to exceed \$90,000,000, are hereby authorized to be issued (collectively, "Bonds");
13 and, be it

14 FURTHER RESOLVED, That this Board of Supervisors hereby finds that the issuance
15 of the Bonds is in compliance with the Mello-Roos Act and applicable provisions of the Goals
16 and Policies; more specifically, this Board of Supervisors hereby makes the following
17 determinations:

18 (i) The rate and method of apportionment of special taxes for the District is in
19 compliance with the Goals and Policies.

20 (ii) Section 53345.8 of the Mello-Roos Act requires, with certain exceptions, that
21 the value of the real property subject to special taxes levied in the CFD must be at least
22 three times the principal amount of the Bonds and the principal amount of all other
23 bonds that will be outstanding following issuance of the Bonds that are secured by a
24 special tax levied pursuant to the Mello-Roos Act on property within the CFD or a
25 special assessment levied on property within the CFD, and this Board of Supervisors

1 hereby determines that the assessed value of the property within the CFD is at least
2 three times (i) the maximum initial principal amount of the Bonds authorized by this
3 Resolution and (ii) the outstanding principal amount of all other outstanding bonds that
4 are secured by a special tax or special assessment levied on property within the CFD;
5 and, be it

6 FURTHER RESOLVED, That the Board of Supervisors hereby approves the form of
7 the Second Supplement, in substantially the form on file with the Clerk of the Board of
8 Supervisors; each of the Mayor, the Controller and the Director of the Office of Public
9 Finance, or such other official of the City as may be designated by such officials (each, an
10 "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Clerk
11 of the Board of Supervisors is hereby authorized and directed to attest to, the Second
12 Supplement in substantially the form on file with the Clerk of the Board of Supervisors,
13 together with such additions or changes as are approved by such Authorized Officer upon
14 consultation with the City Attorney and the City's bond counsel, including such additions or
15 changes as are necessary or advisable to permit the timely issuance, sale and delivery of the
16 Bonds; the approval of such additions or changes shall be conclusively evidenced by the
17 execution and delivery by an Authorized Officer of the Second Supplement; the proceeds of
18 the Bonds shall be used as set forth in the Fiscal Agent Agreement; the terms and provisions
19 of the Second Supplement, as executed, are incorporated herein by this reference as if fully
20 set forth herein; and, be it

21 FURTHER RESOLVED, That this Board of Supervisors hereby approves the Official
22 Statement prepared in connection with the Bonds in the form on file with the Clerk of the
23 Board of Supervisors, together with any changes therein or additions thereto deemed
24 advisable by an Authorized Officer after consultation with the City's disclosure counsel; the
25 Board hereby approves and authorizes the distribution by the Underwriter (defined below) of

1 the Bonds of the preliminary Official Statement to prospective purchasers of the Bonds, and
2 authorizes and directs an Authorized Officer on behalf of the City to deem the preliminary
3 Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934
4 ("Rule") prior to its distribution to prospective purchasers of the Bonds; the execution of the
5 final Official Statement, which shall include then current financial information regarding the
6 CFD and such other changes and additions thereto deemed advisable by an Authorized
7 Officer and such information permitted to be excluded from the preliminary Official Statement
8 pursuant to the Rule, shall be conclusive evidence of the approval of the Official Statement by
9 the City; and, be it

10 FURTHER RESOLVED, That this Board of Supervisors hereby approves the form of
11 the continuing disclosure undertaking ("Continuing Disclosure Undertaking") with respect to
12 the Bonds in the form thereof attached to the Official Statement on file with the Clerk of the
13 Board of Supervisors; an Authorized Officer is hereby authorized and directed to complete
14 and execute the Continuing Disclosure Undertaking on behalf of the City with such changes,
15 additions or deletions as may be approved by the Authorized Officer in consultation with the
16 City's disclosure counsel; and, be it

17 FURTHER RESOLVED, That the form of the Bond Purchase Agreement ("Purchase
18 Contract") providing for the sale of the Bonds by the City to Stifel, Nicolaus & Company,
19 Incorporated, Citigroup Global Markets Inc., Stinson Securities, LLC and any other investment
20 banking firms identified by the Director of the Office of Public Finance, as underwriters
21 (collectively, "Underwriter"), on file with the Clerk of the Board is hereby approved and each of
22 the Authorized Officers is hereby authorized to execute the Purchase Contract in the form so
23 approved, with such additions thereto and changes therein as are necessary to conform the
24 Purchase Contract to the dates, amounts and interest rates applicable to the Bonds as of the
25 sale date or as are approved by an Authorized Officer upon consultation with the City Attorney

1 and the City's bond counsel; provided that the interest rate borne by each series of Bonds
2 shall not exceed the maximum rate permitted by law and the maximum amount of
3 Underwriter's discount on the sale of each series of Bonds may not exceed 1.0% of the par
4 amount of such series of Bonds; approval of such additions and changes shall be conclusively
5 evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer;
6 this Board of Supervisors hereby finds that sale of the Bonds to the Underwriter at a
7 negotiated sale pursuant to the Purchase Contract will result in a lower overall cost than
8 would be achieved by selling the Bonds utilizing competitive bidding; and, be it

9 FURTHER RESOLVED, That the Bonds shall be prepared, executed and delivered to
10 the Fiscal Agent for authentication, all in accordance with the terms of the Fiscal Agent
11 Agreement and the Purchase Contract; the Fiscal Agent, an Authorized Officer and other
12 responsible officers of the City are hereby authorized and directed to take such actions as are
13 required to cause the delivery of the Bonds upon receipt of the purchase price thereof; and,
14 be it

15 FURTHER RESOLVED, That the Director of the Office of Public Finance is hereby
16 authorized to determine, after consultation with the City's bond counsel, municipal advisors
17 and the Underwriter, (i) the name of the Bonds, (ii) whether all or a portion of one or more
18 series of Bonds shall be designated as "green bonds," (iii) the final principal amount of each
19 series of the Bonds and (iv) whether each series of the Bonds will be issued as tax-exempt or
20 taxable bonds; and, be it

21 FURTHER RESOLVED, That the Director of the Office of Public Finance is hereby
22 directed, from time to time in her discretion, to cause to be recorded one or more consolidated
23 maps of the CFD reflecting all prior modifications, amendments, and annexations pursuant to
24 Section 3113.5 of the Streets & Highways Code; and, be it
25

1 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
2 the City (including, but not limited to, the Authorized Officers) with respect to the
3 establishment of the CFD, the annexation of properties to the CFD, the levy of the special tax
4 and the issuance of the Bonds are hereby approved, confirmed and ratified, and the
5 appropriate officers of the City are hereby authorized and directed to do any and all things and
6 take any and all actions and execute any and all certificates, agreements and other
7 documents, which they, or any of them, may deem necessary or advisable in order to
8 accomplish the purposes of this Resolution and consummate the lawful issuance and delivery
9 of the Bonds in accordance with this Resolution, any determination authorized by this
10 Resolution, and any certificate, agreement, and other document described in the documents
11 herein approved. All actions to be taken by an Authorized Officer, as defined herein, may be
12 taken by such Authorized Officer or any designee, with the same force and effect as if taken
13 by the Authorized Officer; and, be it

14 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

15
16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18
19 By: _____
20 Mark D. Blake
21 Deputy City Attorney
22 n:\financ\as2020\1300516\01435878.docx

**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)**

BOND PURCHASE AGREEMENT

_____, 2020

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 336
San Francisco, California 94102

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the “Representative”), on behalf of itself, Citigroup Global Markets Inc. and Stinson Securities, LLC (collectively, the “Underwriters”), hereby offers to enter into this agreement (this “Purchase Agreement”) with the City and County of San Francisco (the “City”) in connection with the sale by the City on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District”) of the Bonds (defined below). This offer is made subject to the acceptance by the City and execution and delivery of this Purchase Agreement on or before 11:59 p.m., California time, on the date hereof and, if not so accepted by the City, will be subject to withdrawal by the Underwriters upon written notice (by e-mail or otherwise) from the Underwriters delivered to the City at any time prior to the acceptance of this Purchase Agreement by the City. If the Underwriters withdraw this offer, or the Underwriters’ obligation to purchase the Bonds (defined below) is otherwise terminated pursuant to Section 10 hereof, then the City shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 12(a) hereof, and the City shall be free to sell the Bonds to any other party. Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth in the Official Statement (defined below) or in the Fiscal Agent Agreement (defined below).

The Underwriters represent and warrant that this Purchase Agreement, assuming due and legal execution and delivery thereof by, and validity against, the City, when executed by the Underwriters, will be a legal, valid and binding obligation of the Underwriters enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally.

The City acknowledges and agrees that (a) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length, commercial transaction between the City and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended), financial advisor, fiscal consultant or fiduciary of the City and the District; (b) the Underwriters have not assumed any advisory or fiduciary responsibility to the City or the District with respect to the Purchase Agreement, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter, or any affiliate of an Underwriter, has provided other services or is currently providing other services to the City or the District on other matters); (c) the Underwriters have financial and other interests that differ from those of the City or the District; and (d) the City and the District have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate.

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 Agreement, the Underwriters hereby agree to purchase from the City, and the City agrees to sell and deliver on behalf of the District to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the “Bonds”).

Section 2. The purchase price for the Bonds shall be \$_____ (calculated as the aggregate principal amount of the Bonds in the amount of \$_____, less underwriters' discount in the amount of \$_____).

The Bonds will be dated their date of delivery and will mature, subject to prior redemption, on September 1 in each year, in the amounts as set forth in Schedule I attached hereto. The Bonds will bear interest at the interest rates set forth in Schedule I. Interest shall be payable on each March 1 and September 1, commencing September 1, 2020 until maturity or earlier redemption.

Interest on the Bonds will be exempt from State of California (the “State”) personal income taxes, all as further described in the Official Statement, dated the date hereof, and relating to the Bonds, as further defined below.

Section 3. Preliminary Official Statement and Official Statement. The City ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Bonds, dated _____, 2020 (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 Underwriters 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 date, delivery date, ratings and other terms of the

Bonds permitted to be excluded from the Preliminary Official Statement by Rule 15c2-12 (the “Excluded Information”). The City shall provide the Underwriters, within seven business days from the date hereof (but in any event at least three business days prior to the Closing Date (as defined herein)) whichever occurs first), of the Official Statement, dated the date hereof in the form of the Preliminary Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12 and any supplements to such Official Statement as have been approved by the City and the Underwriters (which approval shall not be unreasonably withheld), in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board (the “MSRB”). The City authorizes and approves the distribution by the Underwriters 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, the Official Statement with the MSRB, or its designees in accordance with MSRB Rule G-32. 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 4. Authorization of the Bonds. The Bonds will be issued by the City on behalf of the District pursuant to the provisions of a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of _____, 2020 (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the “Act”) and Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented by Resolution No. 247-17 and Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, and by Resolution No. ____ adopted by the Board of Supervisors on _____, 2020 and signed by the Mayor on _____, 2020 (collectively, the “Resolution”).

Section 5. The Bonds. The proceeds of the Bonds are expected to be used to fund or reimburse a portion of the planning, design, engineering and construction of various capital improvements. In addition, the Bonds are being issued to (i) fund a contribution to a debt service reserve fund securing the Bonds and certain outstanding Parity Bonds; (ii) capitalize a portion of the interest on the Bonds; and (iii) fund costs of issuance.

Section 6. City Representations, Covenants and Agreements. The City represents and covenants and agrees with the Underwriters that as of the date hereof:

- (a) The City has full legal right, power and authority to enter into the Fiscal Agent Agreement, this Purchase Agreement and the Continuing

Disclosure Certificate (as hereinafter defined) (the Fiscal Agent Agreement, this Purchase Agreement and the Continuing Disclosure Certificate are collectively referred to herein as the "City Documents") and to observe and perform the covenants and agreements in the City Documents; by all necessary official action of the City, the City has duly adopted the City Resolution prior to or concurrently with the acceptance hereof; the City Resolution and the resolutions and ordinance listed on Exhibit F (together with the City Resolution, the "Resolutions and Ordinance") are in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the City has recorded the notice of special tax lien (the "Notice of Special Tax Lien") on the real property records of the City which established a continuing lien on the land within the District securing the payment of the Special Tax; the City has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations contained in, the City Documents; the City has duly authorized and approved the delivery of the Preliminary Official Statement and 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 Fiscal Agent Agreement.

(b) The District is a community facilities district duly organized and validly existing under the laws of the State.

(c) As of the date thereof and as of the date hereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry-only system, information under the caption "UNDERWRITING," and the Excluded Information) did not and does 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 light of the circumstances under which they were made, not misleading.

(d) From the date of delivery of the Official Statement 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 and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption "UNDERWRITING" and the CUSIP numbers) 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 Agreement, the end of the underwriting period shall be deemed to be the Closing Date, unless the Underwriters shall have notified the City to the contrary on or prior to such date.

(e) If the Official Statement is supplemented or amended, 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 and information provided by the Underwriters for inclusion therein, including without limitation the information under the caption "UNDERWRITING" and the CUSIP numbers, prices and yields on the Bonds) 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 light of the circumstances under which they were made, not misleading.

(f) If between the date of delivery of the Official Statement and the date that is 25 days after the end of the underwriting period (i) any event shall occur or any fact or condition shall become known to the City that 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 Underwriters thereof; and (ii) if in the reasonable opinion of the City or the Underwriters 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 Underwriters, which approval shall not be unreasonably withheld.

(g) 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 court 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 which violation, breach or default would have a material adverse effect on the City's financial condition or its ability to collect and pledge the Special Tax, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a violation, breach or default under any such instrument; and the execution and delivery of the City Documents, and compliance with the provisions of the City Documents will not materially conflict with or constitute a material breach of or material default under any applicable constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the City is subject, or by which it or any of its properties is bound which conflict, breach or default would have a material adverse effect on the City's financial condition or its ability to collect and pledge the Special Tax.

(h) 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 Attorney after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City Attorney, (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 levy or collection of Special Tax Revenues pledged under the Fiscal Agent Agreement, the issuance of any of the Bonds or the City Documents, or the payment of the principal of and interest on the Bonds, or the application of the proceeds of the Bonds; (iii) in any way contesting or affecting the validity of the Bonds, the City Documents, the District, the Resolutions or Ordinance, the tax-exempt status of the interest on the Bonds, as applicable, or contesting the powers of the City or any authority for the execution and delivery of the Bonds, the approval of the City Documents or the execution and delivery by the City of the City Documents, the delivery of the Preliminary Official Statement or the execution and delivery of the Official Statement; (iv) which would likely result in any material adverse change relating to the financial condition of the City; 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.

(i) 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 Underwriters 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 Underwriters, 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.

(j) The City Documents when executed or adopted by the City, 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.

(k) 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 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.

(l) The City will undertake, pursuant to the Fiscal Agent Agreement and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, 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.

(m) Except as described in the Official Statement, the City has complied with all previous continuing disclosure undertakings required pursuant to Rule 15c2-12 for the past five years.

(n) Between the date hereof and the Closing Date, the City will not supplement or amend the City Documents, the Resolutions and the Ordinance or the Official Statement in any respect that is material to the obligations of the City under this Purchase Agreement without the prior written consent of the Underwriters, which consent shall not be unreasonably withheld.

(o) The Bonds will be paid from Special Tax Revenues (as defined in the Fiscal Agent Agreement) received by the City and moneys held in certain funds and accounts established under the Fiscal Agent Agreement.

(p) The Special Taxes have been duly and lawfully authorized and may lawfully be levied in accordance with the Amended and Restated Rate and Method of Apportionment of the Special Tax relating to the District (the "Rate and Method") and the Resolutions and Ordinance, and, when levied, will constitute a valid and legally binding continuing lien on the property on which they are levied.

Section 7. Underwriters' Representations, Covenants and Agreements.

The representations, covenants and agreements of the Underwriters attached hereto as Exhibit A are incorporated by reference as though fully set forth herein. The Underwriters further represent and covenant and agree with the City that:

(a) The Underwriters have been duly authorized to enter into this Purchase Agreement and to act hereunder.

(b) The Underwriters are not in material violation of, or in material breach of or in material default under, any applicable law, regulation, order or agreement to which such Underwriters are a party or by which such Underwriters are bound, which violation or breach would have a material adverse effect on such Underwriters' ability to execute, deliver and perform this Purchase Agreement.

Section 8. Offering. It shall be a condition to the City's obligations to sell and to deliver the Bonds on behalf of the District to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Bonds that the entire \$190,965,000 aggregate principal amount of the Bonds shall be executed, issued and delivered by or at the direction of the City and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Underwriters 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 Underwriters agree, subject to the terms and conditions hereof, to make a *bona fide* public offering of all the Bonds initially at prices not in excess of the initial public offering prices as set forth in Schedule I hereto. The Underwriters reserve the right to change the public offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters 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 set forth in Schedule I hereto.

The Underwriters 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. The Underwriters further agree that they 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. Closing. At 8:30 a.m., California time, on _____, 2020, or at such other time as shall have been mutually agreed upon by the City and the Underwriters (the “Closing Date” or the “Closing”), the City will deliver or cause to be delivered to the account of the Underwriters, under the Fast Automated Securities Transfer System of DTC, the Bonds, in the form of a separate single fully registered bond for each series of Bonds, maturity date and interest rate of the Bonds duly executed by the City and authenticated by the Fiscal Agent, together with the opinions and documents set forth in Section 9 hereof. The Underwriters will, subject to the terms and conditions hereof, accept delivery of the Bonds and pay the purchase price of the Bonds as set forth in Section 2 hereof by wire transfer in immediately available funds on the Closing Date. The Bonds shall be made available to the Fiscal Agent not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Fiscal Agent in the name of Cede & Co., as the nominee of DTC.

Payment for the delivery of the Bonds shall be coordinated at the offices of Jones Hall, APLC, in San Francisco, California, or at such other place as shall have been mutually agreed upon by the City and the Underwriters. The Underwriters 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 Underwriters to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement.

Section 10. Closing Conditions. The obligation of the Underwriters under this Purchase Agreement is subject to the performance by the City of its obligations hereunder and are also subject to the following conditions:

(a) the representations 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 and Ordinance 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 Underwriters; and

(c) at or prior to the Closing, the Underwriters shall have received each of the following documents:

(i) the Official Statement, together with any supplements or amendments thereto if 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;

(ii) the Fiscal Agent Agreement, signed on behalf of the City and the Fiscal Agent by their respective authorized officers;

(iii) a conformed map of the proposed boundaries of the District, recorded in the real property records of the City;

(iv) certified copies of the Resolutions and Ordinance;

(v) a conformed copy of Notice of Special Tax Lien, recorded in the real property records of the City;

(vi) a certificate of the City dated the Closing Date and executed by its authorized officer(s), substantially in the form attached hereto as Exhibit B;

(vii) an opinion of the City Attorney ("Issuer Counsel"), addressed solely to the City and the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit C;

(viii) unqualified opinions of Jones Hall, APLC ("Bond Counsel"), dated the Closing Date and in substantially the form set forth in Appendix D to the Official Statement;

(ix) a supplemental opinion of Bond Counsel, addressed to the City and the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit D;

(x) an opinion of Norton Rose Fulbright US LLP ("Disclosure Counsel"), addressed to the City and the Underwriters, dated the Closing Date and in substantially the form attached hereto as Exhibit E;

(xi) an opinion of Stradling Yocca Carlson & Rauth, Underwriters' Counsel ("Underwriters' Counsel"), addressed to the Underwriters, dated the Closing Date, in form and substance acceptable to the Underwriters;

(xii) evidence of required filings with the California Debt and Investment Advisory Commission;

(xiii) an opinion of counsel to the Fiscal Agent, addressed to the City and the Underwriters, dated the Closing Date and in form and substance acceptable to the City and the Underwriters;

(xiv) a certificate of the Fiscal Agent, dated the Closing Date, to the effect that: (A) it is a national banking association duly organized and existing under the laws of the United States of America; (B) it has full corporate trust powers and authority to serve as Fiscal Agent under the Fiscal Agent Agreement; (C) it acknowledges and accepts its obligations under the Fiscal Agent Agreement and it has duly authorized, executed and delivered the Fiscal Agent Agreement and that such acceptance and execution and delivery is in full compliance with, and does not conflict with, any applicable law or governmental regulation currently in effect, and does not conflict with or violate any contract to which it is a party or any administrative or judicial decision by which it is bound; and (D) it has duly authenticated the Bonds in accordance with the terms of the Fiscal Agent Agreement;

(xv) the certificate of the City required by Section 3.06 of the Fiscal Agent Agreement in connection with the issuance of Parity Bonds (as defined in the Fiscal Agent Agreement), in substantially the form and substance of Exhibit G;

(xvi) evidence satisfactory to the Underwriters that Fitch Ratings has assigned ratings of "___" to the Bonds;

(xvii) the Continuing Disclosure Certificate duly executed by the City;

(xviii) a certificate from Goodwin Consulting Group, Inc. ("Special Tax Consultant") to the effect that (i) the Special Tax if applied in accordance with the terms as set forth in the rate and method of apportionment of special taxes (the "Special Tax Formula"), will annually yield sufficient revenue to make timely payments of debt service on the Bonds, provided that information and other data supplied by the City, the Co-Municipal Advisors, the Underwriters or by any of their agents, which has been relied upon by the Special Tax Consultant is true and correct, (ii) the net Special Taxes, if collected in the maximum amounts permitted pursuant to the Special Tax Formula on the Closing Date, would generate

at least 110% of the maximum debt service payable with respect to the Bonds payable from such Special Tax during each fiscal year, based on a debt service schedule supplied by the Underwriters and relied upon by the Special Tax Consultant, (iii) the information supplied by the Special Tax Consultant for use in the Official Statement is true and correct as of the date of the Official Statement and as of the Closing Date, and (iv) the description of the Special Tax Formula contained in the Official Statement is correctly presented in all material respects;

(xix) for each property that has annexed into the District since its formation, (A) a Unanimous Approval executed by the owner of the property, (B) an amendment to the Notice of Special Tax Lien recorded in the real property records of the City, and (C) a resolution of the Board of Supervisors confirming the annexation;

(xx) for each Taxable Parcel as of the Closing Date, an executed Tax Commencement Authorization; and

(xxi) such additional legal opinions, Bonds, instruments or other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Agreement and as of the Closing Date, of the City's representations 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.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriters nor the City shall be under further obligations hereunder, except that the respective obligations of the City and the Underwriters set forth in Section 11 of this Purchase Agreement shall continue in full force and effect.

Section 11. Termination. The Underwriters shall have the right to cancel its obligation to purchase the Bonds by written notification from the Underwriters to the City if at any time after the date of this Purchase Agreement and prior to the Closing:

(a) any event shall have occurred or any fact or condition shall have become known which, in the reasonable judgment of the Underwriters upon consultation with the City, Bond Counsel and Disclosure Counsel (both as hereinafter defined), either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement; or (ii) 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 and, in either such event, the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(b) 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 which in the reasonable opinion of the Underwriters has the effect of requiring the Bonds to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Fiscal Agent Agreement under the Trust Indenture Act of 1939, as amended; or

(c) any of the following occurs and is continuing as of the Closing Date which, in the reasonable judgment of the Underwriters (set forth in a written notice from the Underwriters to the City terminating the obligation of the Underwriters to accept delivery of and make payment for the Bonds), has a material adverse effect on the marketability or market price of the Bonds, at the initial offering prices set forth in the Schedule I attached hereto, or the Underwriters' ability to process and settle transactions:

(i) reserved; or

(ii) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been enacted by the California legislature, or a decision shall have been rendered by a court of the State of California, in each case which may have the purpose or effect of subjecting interest on the Bonds to State income tax; or

(iii) (A) The declaration of war by the United States of America, any major new outbreak or escalation of armed hostilities, an act of terrorism or any other major national calamity or crisis, (B) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations; or

(iv) the declaration of a general banking moratorium by any federal, New York or State of California authorities; or

(v) a general suspension of trading or other material restrictions on the New York Stock Exchange or other national securities exchange not in effect as of the date hereof; or

(vi) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Securities and Exchange Commission, 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; or

(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, Underwriters; or

(viii) the ratings on the Bonds or bonds on parity with the Bonds, is reduced or withdrawn or placed on credit watch with negative outlook by any one or more of the rating agencies rating the Bonds or bonds on parity with the Bonds;

(ix) litigation of the type identified in Section 6(h) hereof; or

(x) a material disruption in municipal bond market securities settlement, payment or clearance services affecting the Bonds.

Section 12. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 12(b) hereof, the Underwriters 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 Agreement and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Issuer's Counsel, Bond Counsel, and Disclosure Counsel; (ii) the fees and disbursements of Backstrom McCarley Berry & Co., LLC, San Francisco, California and Public Financial Management Inc., San Francisco, California (the "Co-Financial Advisors"); (iii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the City in connection with the transactions contemplated herein; (iv) the costs of preparing and printing the Bonds; (v) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 6(e) hereof); and (vi) any fees charged by investment rating agencies for the rating of the Bonds.

(b) The Underwriters shall pay all expenses incurred by the Underwriters 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 Underwriters; (iii) all out of pocket disbursements and expenses incurred by the Underwriters 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 Underwriters in connection

with the offering and distribution of the Bonds, including the fees and disbursements of Underwriters' Counsel.

Section 13. Notices. Any notice or other communication to be given to the City under this Purchase Agreement 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 Underwriters under this Purchase Agreement may be given by delivering the same in writing to the Representative: Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Eileen Gallagher, Managing Director.

Section 14. Parties in Interest. This Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Agreement. All of the representations and agreements of the City contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Bonds, pursuant to this Purchase Agreement; and (c) any termination of this Purchase Agreement.

Section 15. Invalid or Unenforceable Provisions. If any provision of this Purchase Agreement 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 Agreement.

Section 16. Counterparts. This Purchase Agreement 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 Agreement by signing any such counterpart.

Section 17. Governing Law; Venue. This Purchase Agreement shall be governed by and interpreted under the laws of the State of California. Venue for all litigation and other disputes relative arising from or related to this Purchase Agreement shall be in the City.

Section 18. City Contracting Requirements. The provisions for the City Contracting Requirements attached hereto as Exhibit A are hereby incorporated herein by reference as though fully set forth herein.

Section 19. Entire Agreement. This Purchase Agreement 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 Agreement may only be amended by a writing executed by the authorized representatives of the parties.

Section 20. Headings. The section headings in this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

Section 21. Effectiveness. This Purchase Agreement shall become effective upon execution of the acceptance of this Purchase Agreement by the City and shall be valid and enforceable as of the time of such acceptance.

[Remainder of page intentionally left blank.]

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By _____
Eileen Gallagher
Managing Director

CITY AND COUNTY OF SAN FRANCISCO

By _____
Anna Van Degna
Director, Controller's Office of Public Finance

APPROVED AS TO FORM:

Dennis J. Herrera
City Attorney

By _____
Mark D. Blake, Deputy City Attorney

[Signature Page to City and County of San Francisco Community Facilities District No. 2014-1
(Transbay Transit Center) Bond Purchase Agreement]

SCHEDULE I

Maturity Schedule

\$ _____
**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)**

Serial Bonds \$ _____

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				

\$ _____ % Term Bonds due September 1, 20__ – Yield: _____% Price: _____%

\$ _____ % Term Bonds due September 1, 20__ – Yield: _____% Price: _____%

Redemption Provisions

Optional Redemption. The Bonds maturing on or after September 1, 20__ are subject to redemption prior to their stated maturities, on any date on and after September 1, 20__, in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following tables:

Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (<u>September 1</u>)	Principal Amount <u>Subject to Redemption</u>
---	--

* Maturity.

Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (<u>September 1</u>)	Principal Amount <u>Subject to Redemption</u>
---	--

* Maturity.

Provided, however, if some but not all of the Term Bonds have been redeemed pursuant to optional redemption or Redemption from Special Tax Prepayments, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among such Sinking Fund Payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund shall be used to redeem 2020B Bonds on the next Interest Payment Date for which notice of redemption can timely be given, among series and maturities as provided in the Fiscal Agent Agreement, at a redemption price (expressed as a percentage of the principal amount of the 2020B Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[UPDATE]	
Any Interest Payment Date on or before March 1, 2028	103%
On September 1, 2028 and March 1, 2029	102
On September 1, 2029 and March 1, 2030	101
On September 1, 2030 and any Interest Payment Date thereafter	100

EXHIBIT A

UNDERWRITERS' REPRESENTATIONS, COVENANTS AND AGREEMENTS AND CITY CONTRACTING REQUIREMENTS

Section 1. Underwriters' Representations, Covenants and Agreements.

Each Underwriter, on its own behalf and not on behalf of any other Underwriter, represents and covenants and agrees with the City that:

(a) 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.

(b) It shall comply with Chapter 12B of the San Francisco Administrative Code, entitled "Nondiscrimination in Contracts," which is incorporated herein by this reference.

(c) It represents and warrants to the City that the Underwriter has been duly authorized to enter into this Purchase Agreement and to act hereunder by and on behalf of it.

Section 2. City Contracting Requirement. Additionally, each Underwriter represents and covenants and agrees, as applicable that:

(a) ***Underwriter Shall Not Discriminate.*** In the performance of this Purchase Agreement, the Underwriter agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, weight, height, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or associated with members of such protected classes, or in retaliation for opposition to discrimination against such classes against any employee of, any City and/or City employee working with, or applicant for employment with such Underwriter in any of such Underwriter's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services or membership in all business, social or other establishments or organizations operated by such Underwriter.

(b) ***Subcontracts.*** The Underwriter shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and shall require all subcontractors to comply with such provisions. The Underwriter's failure to comply with the obligations in this subsection shall constitute a material breach of this Purchase Agreement.

(c) **Non-Discrimination in Benefits.** The Underwriter does not as of the date of this Purchase Agreement and will not during the term of this Purchase Agreement, in any of its operations in San Francisco, California, or on real property owned by San Francisco, California, or where the work is being performed for the City and/or City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** The Underwriter shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form HRC 12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Exhibit A by reference and made a part of this Purchase Agreement as though fully set forth herein. The Underwriter shall comply fully with and be bound by all of the provisions that apply to this Purchase Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Underwriter understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Purchase Agreement may be assessed against such Underwriter and/or deducted from any payments due such Underwriter; provided, however that such damages shall not be set off against the payment of rental or other contract related to the Bonds, certificates of participation or other debt obligation of the City or the City.

(f) **Drug-Free Workplace Policy.** The Underwriter acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City or District premises. The Underwriter agrees that any violation of this prohibition by such Underwriter, its employees, agents or assigns will be deemed a material breach of this Purchase Agreement.

(g) **Compliance With Americans with Disabilities Act.** Without limiting any other provisions of this Purchase Agreement the Underwriter shall provide the services specified in this Purchase Agreement in a manner that complies with the Americans with Disabilities Act (“ADA”) Title 24, and any and

all other applicable federal, state and local disability rights legislation. The Underwriter agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Agreement and further agrees that any violation of this prohibition on the part of such Underwriter, its employees, agents or assigns shall constitute a material breach of this Purchase Agreement.

(h) **Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(i) **Prohibition on Political Activity With City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, an Underwriter may not participate in, support or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Purchase Agreement. The Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriter violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City and/or City contract for a period of two years.

(j) **MacBride Principles—Northern Ireland.** The City and the District urge companies doing business in Northern Ireland to move towards resolving employment inequities, and encourage such companies to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and the District urge San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) **Tropical Hardwood and Virgin Redwood Ban.** The City and the District urge companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) **Repeal of Administrative Code Provisions.** To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Exhibit A, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or

referenced herein, shall no longer apply to this Purchase Agreement or the Underwriter.

(m) **Limitations on Contributions.** Through execution of this Purchase Agreement, the Underwriter acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with 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, or for a grant, loan or loan guarantee, from making any campaign contribution to (i) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves; (ii) a candidate for the office held by such individual; or (iii) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Underwriter acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Underwriter further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of such Underwriter's board of directors; such Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20% in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Additionally, the Underwriter acknowledges that such Underwriter must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

(n) **Requiring Minimum Compensation for Covered Employees.** The Underwriter agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Underwriter's obligations under the MCO is set forth in this Exhibit A. The Underwriter is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Exhibit A. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Underwriter agrees to all of the following:

(i) The MCO requires the Underwriter to pay such Underwriter's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The

minimum wage rate may change from year to year and such Underwriter is obligated to keep informed of the then current requirements. Any subcontract entered into by an Underwriter shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. It is the Underwriter's obligation to ensure that any subcontractors of any tier under this Purchase Agreement comply with the requirements of the MCO. If any subcontractor under this Purchase Agreement fails to comply, the City may pursue any of the remedies set forth in this Exhibit A against such Underwriter. Nothing in this Exhibit A shall be deemed to grant any Underwriter the right to subcontract.

(ii) No Underwriter shall take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(iii) The Underwriter shall maintain employee and payroll records as required by the MCO. If such Underwriter fails to do so, it shall be presumed that such Underwriter paid no more than the minimum wage required under State law.

(iv) The City is authorized to inspect the Underwriter's job sites and conduct interviews with employees and conduct audits of such Underwriter.

(v) The Underwriter's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Purchase Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if such Underwriter fails to comply with these requirements. The Underwriter agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for such Underwriter's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) The Underwriter understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Purchase Agreement for violating the MCO, such Underwriter fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure

within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(vii) The Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(viii) If an Underwriter is exempt from the MCO when this Purchase Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but such Underwriter later enters into an agreement or agreements that cause such Underwriter to exceed that amount in a fiscal year, such Underwriter shall thereafter be required to comply with the MCO under this Purchase Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and this department to exceed \$25,000 in the fiscal year.

(o) **Requiring Health Benefits for Covered Employees.** The Underwriter agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (“HCAO”), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Purchase Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Exhibit A and not defined in this Purchase Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Underwriter shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If such Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if an Underwriter is a small business as defined in Section 12Q.3 (e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) An Underwriter’s failure to comply with the HCAO shall constitute a material breach of this Purchase Agreement. The City shall notify such Underwriter if such a breach has occurred. If, within 30 days after receiving City’s written notice of a breach of this Purchase Agreement for violating the HCAO, such Underwriter fails to cure such

breach or, if such breach cannot reasonably be cured within such period of 30 days, such Underwriter fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City or the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5 (f) (1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City or the City.

(iv) Any subcontract entered into by an Underwriter shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Exhibit A. Such Underwriter shall notify City's Office of Contract Administration when it enters into such a subcontract and shall certify to the Office of Contract Administration that it has notified the subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on subcontractor through the subcontract. The Underwriter shall be responsible for its subcontractors' compliance with this Chapter. If a subcontractor fails to comply, the City may pursue the remedies set forth in this Exhibit A against the applicable Underwriter based on the subcontractor's failure to comply, provided that the City or the City has first provided such Underwriter with notice and an opportunity to obtain a cure of the violation.

(v) No Underwriter shall discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the City with regard to such Underwriter's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(vi) The Underwriter represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Underwriter shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the applicable contract.

(viii) The Underwriter shall keep itself informed of the current requirements of the HCAO.

(ix) The Underwriter shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on subcontractors and subtenants, as applicable.

(x) The Underwriter shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) The Underwriter shall allow the City to inspect such Underwriter's job sites and have access to such Underwriter's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Underwriter to ascertain its compliance with HCAO. The Underwriter agrees to cooperate with the City when it conducts such audits.

(xiii) If an Underwriter is exempt from the HCAO when this Purchase Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but such Underwriter later enters into an agreement or agreements that cause such Underwriter's aggregate amount of all agreements with the City or the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between such Underwriter and the District or the City to be equal to or greater than \$75,000 in the fiscal year.

(p) ***Prohibition on Political Activity With City or City Funds.*** In accordance with San Francisco Administrative Code Chapter 12.G, no Underwriter may participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Purchase Agreement. The Underwriter agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. If the Underwriter violates the provisions of this Exhibit A, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit such Underwriter from bidding on or receiving any new City contract for a period of two years. The Controller will not consider an Underwriter's use of profit as a violation of this Exhibit A.

(q) ***Protection of Private Information.*** The Underwriter has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Underwriter agrees that any failure of such Underwriter to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Purchase Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Purchase Agreement, bring a false claim action against

such Underwriter pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar such Underwriter.

(r) **Conflicts of Interest.** Through its execution of this Purchase Agreement, the Underwriter acknowledges that it is familiar with the provisions of Section 15.103 of the City Charter, Article III, Chapter 2 of the City's Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Purchase Agreement.

As to Exhibit A of this Purchase Agreement:

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Eileen Gallagher, Managing Director

CITIGROUP GLOBAL MARKETS INC., as
Underwriter

By _____
[]

STINSON SECURITIES, LLC, as Underwriter

By _____
[]

EXHIBIT B

FORM OF CERTIFICATE OF THE CITY

The undersigned _____, _____ and _____, 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 of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the "District's") \$_____ aggregate principal amount of Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the "Bonds"):

1. The persons named below are now, and at all times from and after _____, 20____, have been duly appointed and qualified officers of the City holding the offices of the City set forth opposite their respective names, and each of the undersigned certifies that the signature affixed following the other of the undersigned's name and office is the genuine signature of such person.

2. The representations of the City contained in the Bond Purchase Agreement, dated _____, 2020 (the "Purchase Agreement"), between Stifel, Nicolaus & Co. Incorporated, as the underwriter of the Bonds, and the City, are true, complete and correct as of the date hereof as if made on the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands.

Dated: _____, 2020.

Name

Office

Signature

EXHIBIT C

FORM OF OPINION OF ISSUER COUNSEL

[LETTERHEAD OF CITY ATTORNEY]

[Closing Date]

City and County of San Francisco
San Francisco, California

Stifel, Nicolaus & Co. Incorporated,
as Representative
San Francisco, California

Re: \$_____ San Francisco Community Facilities District No. 2014-1
(Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally
Taxable – Green Bonds)

Ladies and Gentlemen:

In connection with the issuance of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District’s”) \$_____ San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the “Bonds”), I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, public records and other instruments and have conducted such other investigations of fact and law as I deemed necessary for the purpose of this opinion.

I am of the opinion that:

1. The City and County of San Francisco (the “City”) is a charter city, with full legal right, power and authority to enter into and perform its obligations under: (a) the Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of [As of Date] (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”); (b) the Bond Purchase Agreement, dated [Pricing Date] (the “Purchase Agreement”), by and between Stifel, Nicolaus & Co. Incorporated, as the representative of itself and the underwriters of the Bonds, and the City; and (c) the Continuing Disclosure Certificate, dated _____, 2020 (the “Continuing Disclosure Certificate”) of the City. The Fiscal Agent Agreement,

the Purchase Agreement and the Continuing Disclosure Certificate are collectively referred to herein as the "City Documents."

2. The Resolutions and Ordinance were each duly adopted at a meeting of the Board of Supervisors of the City. The meeting during which each of the Resolutions and Ordinance were adopted was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. The City Documents have been duly authorized, executed and delivered by the City and assuming that such documents are valid and binding upon each of the other respective parties thereto, if any, each is valid and binding upon and enforceable against the City in accordance with its respective terms, except that enforceability may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights in general, by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State of California.

4. The execution and delivery of the City Documents and compliance with the provisions thereof do not and will not conflict with or constitute on the part of the City a breach or default under any existing law, regulation, court order or consent decree to which the City is subject or, to the best of my knowledge after due inquiry, any agreement or instrument to which the City is a party or by which the City is bound.

5. All actions on the part of the City necessary for the making and performance of the City Documents have been duly and effectively taken and no consent, authorization or approval of or filing or registration with, any governmental or regulatory officer or body not already obtained or not obtainable in due course by the City is required for the making and performance of the City Documents.

6. Except as disclosed in the Official Statement, dated [Pricing Date] with respect to the Bonds (the "Official Statement"), no litigation, action, suit or proceeding is known to be pending (with service of process having been accomplished) or threatened (a) restraining or enjoining the execution or delivery of the Bonds or the City Documents, or the collection of the Special Tax Revenues pledged under the Fiscal Agent Agreement; or (b) in any way contesting or affecting the validity of the Resolutions or the Ordinance, the Bonds, the City Documents or any proceedings of the City taken with respect to the foregoing; or (c) which if determined adversely to the City would have a material adverse effect on its operations or finances.

Very truly yours,

By _____

EXHIBIT D

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

[LETTERHEAD OF BOND COUNSEL]

[Closing Date]

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Stinson Securities, LLC
220 Sansome Street, Suite 1330
San Francisco, CA 94104

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

Zions Bancorporation, National Association
550 South Hope Street, Suite 2875
Los Angeles, California 90071

Citigroup Global Markets Inc.
1 Sansome Street, 27th Floor
San Francisco, CA 94104

SUPPLEMENTAL OPINION:

\$_____ San Francisco Community Facilities District No. 2014-1
(Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally
Taxable – Green Bonds)

Ladies and Gentlemen:

We have acted as bond counsel to the City and County of San Francisco (the "City") in connection with the issuance by the City, for and on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the "Community Facilities District"), of the captioned bonds, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. This letter is being delivered in our capacity as bond counsel to the City and not as counsel to any other addressee hereof.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented by Resolution No. 247-17 and Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, and by Resolution No. ____ adopted by the Board of Supervisors on _____ and signed by

the Mayor on _____ (collectively, the “Resolution”) and a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of _____, 2020 (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”). Under the Fiscal Agent Agreement, the City has pledged certain revenues (“Special Tax Revenues”) for the payment of principal, premium (if any) and interest on the Bonds when due.

Capitalized terms not defined here have the meanings given them in the Bond Purchase Agreement, dated [Pricing Date] (the “Purchase Agreement”), by and among Stifel, Nicolaus & Company, Incorporated, Citigroup Global Markets Inc. and Stinson Securities, LLC, together as underwriter (the “Underwriter”) and the City. This letter is being delivered in our capacity as bond counsel to the City and not as counsel to any other addressees hereof.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution and in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The statements contained in the Final Official Statement on the cover page and under the captions “INTRODUCTION,” “THE 2020 BONDS,” “SECURITY FOR THE BONDS” (excluding the subcaption “Rate and Method of Apportionment of Special Taxes”), “TAX MATTERS,” and in Appendices C and D thereto, insofar as such statements expressly summarize certain provisions of the Bonds, the Resolutions, the Fiscal Agent Agreement, and Bond Counsel's opinion concerning certain federal tax matters relating to the Bonds, present a fair and accurate summary thereof.

2. The City has duly and validly executed and delivered the Purchase Agreement, and the Purchase Agreement constitutes the legal, valid and binding obligation of the City, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors' rights in general and to the application of equitable principles if equitable remedies are sought.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Fiscal Agent Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This opinion letter is solely for your benefit in connection with the transaction covered by the first paragraph of this letter and may not be relied upon, used, circulated, quoted or referred to, nor any copies hereof be delivered to, any other person without our prior written approval.

Respectfully submitted,

A Professional Law Corporation

EXHIBIT E

FORM OF OPINION OF DISCLOSURE COUNSEL

[LETTERHEAD OF DISCLOSURE COUNSEL]

Re: \$_____ San Francisco Community Facilities District No. 2014-1
(Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally
Taxable – Green Bonds)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of San Francisco (the “City”) in connection with the \$_____ San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the “Bonds”). The Bonds will be issued by the City on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District”) pursuant to the provisions of a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of _____, 2020 (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent, the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the “Act”), and Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented by Resolution No. 247-17 and Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, and by Resolution No. ____ adopted by the Board of Supervisors on _____ and signed by the Mayor on _____ (collectively, the “Resolution”). The terms and provisions of the Bonds are contained in the Fiscal Agent Agreement and are further described in the Official Statement relating to the Bonds, dated [Pricing Date] (the “Official Statement”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Official Statement.

The Bonds were sold by the City pursuant to that Bond Purchase Agreement, dated [Pricing Date] (the “Bond Purchase Agreement”), by and among Stifel, Nicolaus & Company, Incorporated, as representative (the “Representative”) of itself and on behalf of Citigroup Global Markets Inc. and Stinson Securities, LLC (collectively, the “Underwriters”).

In rendering this opinion, we have reviewed the Fiscal Agent Agreement, the Resolution, such other records, documents, certificates and opinions, and have made such other investigations of law and fact as we have deemed necessary or appropriate.

This opinion is limited to matters governed by the federal securities law of the United States of America, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel to the City, we have rendered certain legal advice and assistance in connection with the preparation of the Preliminary Official Statement relating to the Bonds, dated _____, 2020 (the "Preliminary Official Statement"), and the Official Statement. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in meetings and telephone conferences with, among others, representatives of the City, the City Attorney, Bond Counsel, the Underwriters, Underwriters' Counsel and the City's Co-Municipal Advisors, at which meetings and conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement), no facts have come to the attention of the personnel directly involved in rendering legal advice and assistance in connection with the preparation of the Preliminary Official Statement and the Official Statement that causes them to believe that (a) the Preliminary Official Statement as of its date or as of the date of the Bond Purchase Agreement 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 (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices B and F thereof, as to all of which we express no view, and except for such information as is permitted to be excluded from the Preliminary Official Statement pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, including but not limited to information as to pricing, yield, interest rate, maturity, amortization, redemption provisions, underwriters' compensation and the CUSIP numbers), or (b) the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included therein, and information in Appendices B and F thereof, as to all of which we express no view). In rendering such advice we conducted no independent diligence on the Electronic Municipal Market Access website and express no view regarding the City's or the Authority's compliance with any obligation to provide notice of the events described in part (b)(5)(i)(C) of Rule 15c2-12 or to file annual reports described in part (b)(5)(i)(A) of Rule 15c2-12.

During the period from the date of the Preliminary Official Statement to the date of this opinion, except for our review of the certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered on the date hereof, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the City. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the remarketing relating to the Series Bonds, and we have no obligation to update this opinion.

Respectfully submitted

EXHIBIT F

RESOLUTIONS AND ORDINANCE

1. Resolution No. 141-13, entitled “Resolution adopting amended and restated Local Goals and Policies to provide financial flexibility in connection with the formation of Special Tax Districts, pursuant to Administrative Code, Chapter 43, Article X”, adopted by the Board of Supervisors of the City (the “Board of Supervisors”) on November 26, 2013.
2. City Resolution No. 247-14, entitled “Resolution of Intention to Establish City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith”, adopted by the Board of Supervisors on July 15, 2014.
3. City Resolution No. 246-14 entitled “Resolution of intention to incur bonded indebtedness in an amount not to exceed \$1,400,000,000 for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center); and other matters related thereto”, adopted by the Board of Supervisors on July 15, 2014.
4. City Resolution No. 350-14, entitled “Resolution of formation of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith,” adopted by the Board of Supervisors on September 23, 2014.
5. City Resolution No. 351-14, entitled “Resolution determining necessity to incur bonded indebtedness for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith”, adopted by the Board of Supervisors on September 23, 2014.
6. City Resolution No. 352-14 entitled “Resolution calling special election in City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)”, adopted by the Board of Supervisors on September 23, 2014.
7. City Resolution No. 1-15 entitled “Resolution declaring results of Special Election that was approved by the qualified electors, and directing recording of notice of special tax lien for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith”, adopted by the Board of Supervisors on January 13, 2015.
8. Ordinance No. 1-15 entitled “Ordinance authorizing the levy and collection of special taxes within City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)”, introduced on December 16, 2014 and adopted by the Board of Supervisors on January 13, 2015.

9. Resolution No. 2-15 entitled "Resolution repealing Resolution No. 468-14, and authorizing the issuance and sale of not to exceed \$1,400,000,000 Special Tax Bonds for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and determining other matters in connection therewith," adopted by the Board of Supervisors on January 13, 2015.
10. Resolution No. 830-93, entitled "Resolution of the Board of Supervisors Adopting the Alternate Method of Property Tax Allocation," adopted by the Board of Supervisors on October 12, 1993.
11. Resolution No. 245-17, entitled "Resolution extending the Teeter Plan to special taxes levied for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) adopted by the Board on June 13, 2017 and approved by the Mayor on June 22, 2017.
12. Resolution No. 246-17, entitled "Resolution determining that property located at Assessor's Parcel Block No. 3740, Lot No. 029, and Block No. 3740, Lot Nos. 030-032, is annexed to the City and County of San Francisco Community Facilities District No. 2014.-1 (Transbay Transit Center); and directing the Clerk of the Board of Supervisors to Record Notice of the Annexation," adopted by the Board of Supervisors on June 13, 2017.
13. Resolution No. 165-16, entitled "Resolution determining that certain property in the future annexation area, namely 4 Assessor's Parcel Block No. 3721, Lot No. 019, Block No. 3721, Lot No. 020, and Block 5 No. 3721, Lot No. 029, is annexed to the City and County of San Francisco Community 6 Facilities District No. 2014-1 (Transbay Transit Center)," adopted by the Board of Supervisors on May 3, 2016.

EXHIBIT G

PARITY DEBT CERTIFICATE

PARITY DEBT CERTIFICATE [to be revised]

The undersigned hereby states and certifies:

(i) that I am the duly appointed, qualified and acting Director of the Office of Public Finance of the City and County of San Francisco, a charter city duly organized and existing under the Constitution of the State of California (the “City”) and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) that I am an “Authorized Officer,” as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2017 (the “Master Fiscal Agent Agreement”), as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”);

(iii) that the City, for and on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “CFD”), previously issued the (i) City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017A (Federally Taxable) (the “2017A Bonds”), (ii) City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017B (Federally Taxable - Green Bonds), (iii) City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019A (Federally Taxable) (the “2019A Bonds”), and (iv) City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019B (Federally Taxable – Green Bonds) (collectively, the “outstanding Parity Bonds”) under the Master Fiscal Agent Agreement;

(iv) that, on the date hereof, the City is issuing, for and on behalf of the CFD, the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable - Green Bonds) (the “2020 Bonds”) under the Master Fiscal Agent Agreement, as previously supplemented, and by a Second Supplement to Fiscal Agent Agreement, dated as of _____, 2020, by and between the City and the Fiscal Agent (the “Second Supplement”), and as additional Parity Bonds and Related Parity Bonds (as defined in the Master Fiscal Agent Agreement); and

(v) that the conditions precedent to the issuance of the 2020 Bonds as Parity Bonds set forth in subsections (A) (B), (C), (D) and (E) of Section 3.06 have been satisfied, as follows:

(A) Compliance. The City is in compliance with all covenants set forth in the Master Fiscal Agent Agreement, as supplemented, including by the Second Supplement (the “Fiscal Agent Agreement”), and issuance of the 2020 Bonds will not cause the City to exceed the CFD’s limitation on debt (as defined in the Act).

(B) Same Payment Dates. The Second Supplement provides that interest on the 2020 Bonds will be payable on Interest Payment Dates, and principal of the 2020 Bonds will be payable on September 1 in any year in which principal is payable on the 2020 Bonds.

(C) Separate Funds; Reserve Fund or Reserve Account. The Second Supplement provides for a deposit to the Reserve Fund in an amount necessary such that the amount deposited therein will equal the Reserve Requirement following issuance of the 2020 Bonds.

(D) Value. The CFD Value (\$_____), which is the fiscal year 2019-20 assessed value of Taxable Property in the CFD) shall be at least three (3) times the sum of: (i) \$_____, which is the aggregate principal amount of the Outstanding 2017 Bonds (\$206,930,000), plus (ii) the aggregate principal amount of the 2019 Bonds (\$190,965,000), plus (iii) the aggregate principal amount of the 2020 Bonds (\$_____), plus (iv) the aggregate principal amount of any fixed assessment liens on the parcels in the CFD subject to the levy of Special Taxes (\$0 as of the date hereof), plus (v) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the CFD (the "Other District Bonds") equal to the aggregate outstanding principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the CFD, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year (\$0 as of the date hereof).

(E) Coverage. For each Fiscal Year after issuance of the 2020 Bonds, the maximum amount of the Special Taxes that, based on Taxable Parcels as of the date hereof, may be levied for such Fiscal Year under the Ordinance and the Fiscal Agent Agreement for each respective Fiscal Year, shall be at least 110% of the total Annual Debt Service of the Outstanding 2017 Bonds, 2019 Bonds and 2020 Bonds for each Bond Year that commences in each such Fiscal Year, and the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds shall be not less than the principal amount of the Outstanding 2017 Bonds, 2019 Bonds and 2020 Bonds.

Capitalized terms used herein but not defined herein have the meaning given them in the Fiscal Agent Agreement.

Dated: _____, 2020

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of the City and County of San
Francisco Community Facilities District No.
2014-1 (Transbay Transit Center)

By: _____
Director of the Office of Public Finance

SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Fiscal Agent**

Dated as of _____ 1, 2020

RELATING TO

**\$ _____
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE - GREEN BONDS)**

**SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT
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SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT

THIS SECOND SUPPLEMENT TO FISCAL AGENT AGREEMENT, dated as of _____ 1, 2020 (the "**Second Supplement to Fiscal Agent Agreement**"), by and between the CITY AND COUNTY OF SAN FRANCISCO, a chartered city organized and existing under and by virtue of the Constitution and laws of the State of California (the "**City**") for and on behalf of the "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)" (the "**CFD**"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America with a corporate trust office located in Los Angeles, California, as fiscal agent (the "**Fiscal Agent**");

WITNESSETH:

WHEREAS, the Board of Supervisors of the City (the "**Board of Supervisors**") previously conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "**Act**"), to form the CFD, to authorize the levy of special taxes ("**Special Taxes**") upon the land within the CFD and to issue bonds secured by the Special Taxes for financing certain public improvements ("**Facilities**"), all as described in those proceedings; and

WHEREAS, pursuant to Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015 (the "**Original Resolution of Issuance**"), the Board of Supervisors authorized the issuance of up to \$1,400,000,000 of bonded indebtedness and other debt on behalf of the CFD; and

WHEREAS, under the Original Resolution of Issuance as supplemented by Resolution No. 247-17 (the "**First Supplemental Resolution of Issuance**"), and a Fiscal Agent Agreement, dated as of November 1, 2017 (the "**Master Fiscal Agent Agreement**"; as supplemented, the "**Agreement**"), the City previously issued the following special tax bonds on behalf of the CFD (collectively, the "**2017 Bonds**");

- (i) \$36,095,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017A (Federally Taxable), and
- (ii) \$171,405,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017B (Federally Taxable - Green Bonds); and

WHEREAS, under the Original Resolution of Issuance as supplemented by Resolution No. 419-18 (the "**Second Supplemental Resolution of Issuance**"), and the Master Fiscal Agent Agreement, as supplemented by a First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019 (the "**First Supplement to Fiscal Agent Agreement**"), the City previously issued the following special tax bonds on behalf of the CFD (collectively, the "**2019 Bonds**") as Parity Bonds and Related Parity Bonds:

- (i) \$33,655,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019A (Federally Taxable), and
- (ii) \$157,310,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019B (Federally Taxable - Green Bonds); and

WHEREAS, the City wishes to provide for the issuance of one series of Parity Bonds as Related Parity Bonds (as defined in the Master Fiscal Agent Agreement) on behalf of the CFD under Section 3.06 of the Master Fiscal Agent Agreement for the purpose of paying for the costs of acquiring and constructing the Facilities, which Parity Bonds shall be entitled “City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable - Green Bonds)” (the “**2020B Bonds**”); and

WHEREAS, Proceeds of the 2020B Bonds are expected to be used to finance the following improvements (the “**Transbay Facilities**”): (i) the planning, design, engineering and construction of an extension of the Caltrain rail tracks to the Salesforce Transit Center to accommodate Caltrain and California High Speed Rail, including the train components of the Salesforce Transit Center building and associated systems and (ii) the planning, design, engineering and construction of open space on the roof of the Salesforce Transit Center; and

WHEREAS, under the JCFA, the City is generally obligated to make available approximately 82.6% of the Special Tax Proceeds (as defined in the JCFA) to finance the Transbay Facilities and to cause the deposit of bond proceeds allocable to contribute toward the cost of the Transbay Facilities into the Allocated Bonds Proceeds Account; and

WHEREAS, the City intends the deposit of Proceeds of the 2020B Bonds into the Allocated Bond Proceeds Account to meet its obligation to make available approximately 82.6% of the Special Tax Proceeds to finance the Transbay Facilities; and

WHEREAS, a portion of the Proceeds of the 2020B Bonds deposited into the Allocated Bond Proceeds Account will be used to prepay certain advances (“**Advances**”) made by Wells Fargo Bank, National Association (“**Wells Fargo**”) under a Certificate Purchase Agreement, dated as of January 1, 2017, between the City and Wells Fargo (as supplemented, the “**Purchase Agreement**”), and, as a result, cause the prepayment of a corresponding amount of City and County of San Francisco Lease Revenue Direct Placement Certificates of Participation, Series A (the “**Lease Revenue Certificates**”), which were executed and delivered to finance the Transbay Facilities pursuant to a Trust Agreement, dated as of January 1, 2017 (the “**Lease Trust Agreement**”) between the City and U.S. Bank National Association, as trustee (the “**Lease Trustee**”); and

WHEREAS, under the Purchase Agreement, the Lease Revenue Certificates may be prepaid on any Business Day if the City has given Wells Fargo at least three Business Days’ (as defined in the Purchase Agreement) prior written notice; and

WHEREAS, Section 8.01(B)(v) of the Master Fiscal Agent Agreement provides that the Master Fiscal Agent Agreement and the rights and obligations of the City and of the Owners may be modified or amended at any time by a Supplemental Agreement in connection with the issuance of Parity Bonds, without the consent of any Owners, but with the written consent of the

Fiscal Agent, after the Fiscal Agent has been furnished an opinion of counsel that the amendment is consistent with Section 8.01 of the Master Fiscal Agent Agreement; and

WHEREAS, the Fiscal Agent has received an opinion of counsel that this Second Supplement to Fiscal Agent Agreement, to the extent it amends the Master Fiscal Agent Agreement as described in the preceding Whereas clause, is consistent with Section 8.01 of the Master Fiscal Agent Agreement; and

WHEREAS, on _____, 20____, the Board of Supervisors adopted Resolution No. _____ (the “**Third Supplemental Resolution of Issuance**”); together with the Original Resolution of Issuance, the First Supplemental Resolution of Issuance and the Second Supplemental Resolution of Issuance, the “**Resolution of Issuance**”) authorizing the issuance of the 2020B Bonds for and on behalf of the CFD (which Third Supplemental Resolution of Issuance was signed by the Mayor on _____, 20____); and

WHEREAS, in order to provide for the authentication and delivery of the 2020B Bonds, to establish and declare the terms and conditions upon which the 2020B Bonds are to be issued and to secure the 2020B Bonds by a lien and charge upon the Special Taxes and the respective funds and accounts established under the Master Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the outstanding 2017 Bonds and the outstanding 2019 Bonds, the Board of Supervisors has authorized the execution and delivery of this Second Supplement to Fiscal Agent Agreement; and

WHEREAS, it is in the public interest and for the benefit of the City, the CFD and the persons responsible for the payment of special taxes that the City enter into this Second Supplement to Fiscal Agent Agreement to provide for the issuance of the 2020B Bonds hereunder to finance the acquisition and construction of facilities for the CFD and to provide for the disbursement of Proceeds of the 2020B Bonds, the disposition of the special taxes securing the 2020B Bonds and the administration and payment of the 2020B Bonds; and

WHEREAS, the City has determined that all acts and proceedings required by law and the Master Fiscal Agent Agreement necessary to make the 2020B Bonds, when executed by the City, authenticated and delivered by the Fiscal Agent and duly issued, the valid, binding and legal special obligations of the City, and to constitute this Second Supplement to Fiscal Agent Agreement a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Second Supplement to Fiscal Agent Agreement have been in all respects duly authorized;

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Authorization. Each of the parties represents and warrants that it has full legal authority and is duly empowered to enter into this Second Supplement to Fiscal Agent Agreement and has taken all actions necessary to authorize the execution of this Second Supplement to Fiscal Agent Agreement by the officers and persons signing it.

Section 2. Equal Security. As Parity Bonds issued pursuant to Section 3.06 of the Master Fiscal Agent Agreement, the 2020B Bonds shall be secured by a lien and charge upon the Special Taxes and the respective funds and accounts established under the Master Fiscal Agent Agreement equal to and on a parity with the lien and charge securing the outstanding 2017 Bonds.

In addition, as Related Parity Bonds, the 2020B Bonds shall be secured by a first pledge of all moneys deposited in the Reserve Fund. The moneys in the Reserve Fund (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the 2017 Bonds, the 2019 Bonds, the 2020B Bonds and all Related Parity Bonds as provided in the Agreement and in the Act until all of the 2017 Bonds, the 2019 Bonds, the 2020B Bonds and all related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under Section 9.03.

Section 3. Supplement to Master Fiscal Agent Agreement. In accordance with the provisions of Section 8.01(v) of the Master Fiscal Agent Agreement, the Master Fiscal Agent Agreement is hereby amended by adding a supplement thereto consisting of new articles to be designated as Article XIII, XIV and XV. Such Articles shall read in their entirety as follows:

ARTICLE XIII

DEFINITIONS; AUTHORIZATION AND PURPOSE OF 2020B BONDS; EQUAL SECURITY

Section 13.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 10.01 shall, for all purposes of Articles XIII, XIV and XV and for other purposes of this Agreement, to the extent applicable, have the respective meanings specified in this Section 13.01. All terms used in Articles XIII, XIV and XV and not otherwise defined in this Section 13.01 shall have the respective meanings given to such terms in Section 1.03 of the Agreement.

“**Closing Date**” means the date of initial issuance and delivery of the 2020B Bonds hereunder.

“**Interest Payment Date**” for the 2020B Bonds means March 1 and September 1 of each year, commencing September 1, 2020.

“**Original Purchaser**” and “**Participating Underwriter**” means Stifel, Nicolaus & Company, Incorporated, Citigroup Global Markets Inc. and Stinson Securities, LLC, as the first purchasers of the 2020B Bonds from the City.

“**2017 Bonds**” means the 2017A Bonds and the 2017B Bonds.

“2017A Bonds” means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017A (Federally Taxable).

“2017B Bonds” means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017B (Federally Taxable - Green Bonds).

“2019 Bonds” means the 2019A Bonds and the 2019B Bonds.

“2019A Bonds” means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019A (Federally Taxable).

“2019B Bonds” means the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019B (Federally Taxable - Green Bonds).

“2020B Bonds” means the Bonds so designated and authorized to be issued under Section 14.01 hereof.

“2020B Capitalized Interest Account” means the account within the Bond Fund that is established pursuant to Section 15.02.

“2020B Costs of Issuance Fund” means the fund designated the “2020B Costs of Issuance Fund” which fund is established pursuant to Section 14.03.

2020B Term Bonds” means the 2020B Bonds maturing on September 1, _____, September 1, _____ and September 1, _____.

Section 13.02. Rules of Construction. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to the Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE XIV

ISSUANCE OF 2020B BONDS

Section 14.01. Terms of 2020B Bonds.

(A) **Principal Amount; Designation.** The 2020B Bonds shall be designated the “City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable - Green Bonds),” shall be issued in the aggregate principal amount of _____ Dollars (\$_____) and are hereby authorized to be issued by the City under and subject to the Resolution of Issuance, the Act, other applicable laws of the State of California and the terms of the Agreement.

(B) **Maturity Dates; Interest Rates.** The 2020B Bonds shall be dated the Closing Date, issued in fully registered form without coupons in denominations of \$5,000, and shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum set forth in the following schedule:

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
---	-----------------------------------	--------------------------------

(T)=2020B Term Bond

(C) **Form; Denominations; Authentication.** The 2020B Bonds shall be issued as fully registered Bonds without coupons. The 2020B Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent. The 2020B Bonds shall be issued in the denominations of \$5,000 or any integral multiple in excess thereof.

The 2020B Bonds, the Fiscal Agent’s certificate of authentication and the assignment, to appear thereon, shall be substantially in the form set forth in Exhibit G attached hereto and by

this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution of Issuance and the Act.

(D) CUSIP Identification Numbers. “CUSIP” identification numbers may, at the election of the Original Purchaser of the 2020B Bonds, be imprinted on the 2020B Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2020B Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2020B Bonds. In addition, failure on the part of the City or the Fiscal Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City’s contract with such Owners and shall not impair the effectiveness of any such notice.

(E) Interest. The 2020B Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest on all 2020B Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2020B Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2020B Bond, interest is in default thereon, such 2020B Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the 2020B Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner’s address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2020B Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions shall continue in effect until revoked in writing, or until such 2020B Bonds are transferred to a new Owner. The interest, principal of and any premium on the 2020B Bonds are payable in lawful money of the United States of America, with principal and any premium payable upon surrender of the 2020B Bonds at the Principal Office of the Fiscal Agent. All 2020B Bonds paid by the Fiscal Agent pursuant this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2020B Bonds and issue a certificate of destruction of such Bonds to the City.

Section 14.02. Other Terms of the Bonds. Except as otherwise set forth in this Article XIV, Sections 2.05-2.10 shall govern the 2020B Bonds.

Section 14.03. Redemption of 2020B Bonds.

(A) Optional Redemption. The 2020B Bonds maturing on or after September 1, ____, are subject to redemption prior to their stated maturities, on any date on and after September 1, ____, in whole or in part, at a redemption price equal to

the principal amount of the 2020B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(B) Mandatory Sinking Fund Redemption. The 2020B Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following table:

2020B Bonds Maturing September 1, _____

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount Subject to Redemption</u>
---	---

* Maturity

Provided, however, if some but not all of the 2020B Term Bonds have been redeemed under subsection (A) above or subsection (C) below, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of 2020B Term Bonds so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

(C) Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to Section 15.06(F) shall be used to redeem 2020B Bonds on the next Interest Payment Date for which notice of redemption can timely be given under Section 2.03(D)(i), among series and maturities as provided in Section 2.03(D)(iii), at a redemption price (expressed as a percentage of the principal amount of the 2020B Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:**[confirm]**

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, 2028	103%
On September 1, 2028 and March 1, 2029	102
On September 1, 2029 and March 1, 2030	101
On September 1, 2030 and any Interest Payment Date thereafter	100

(D) Notice to Fiscal Agent. The City shall give the Fiscal Agent written notice of its intention to redeem Bonds under Section 14.03 (A) and (C) not less than forty-five (45) days prior to the applicable redemption date or such lesser number of days as shall be allowed by the Fiscal Agent.

(E) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 14.03, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2020B Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2020B Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2020B Bonds were to be redeemed in accordance with this Agreement. Any 2020B Bonds purchased pursuant to this Section 14.03(E) shall be treated as outstanding 2020B Bonds under this Fiscal Agent Agreement, except to the extent otherwise directed by the Finance Director.

(F) Redemption Procedure by Fiscal Agent. The provisions of Section 2.03(D) shall govern the procedure for redemption of the 2020B Bonds.

(G) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2020B Bonds so called for redemption shall have been deposited in the Bond Fund, such 2020B Bonds so called shall cease to be entitled to any benefit under the Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in the notice of redemption. All 2020B Bonds redeemed by the Fiscal Agent under this Section 14.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled 2020B Bonds in accordance with the Fiscal Agent's retention policy then in effect.

Section 14.04. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed by the City on the Closing Date relating to the 2020B Bonds. Notwithstanding any other provision of the Master Fiscal Agent Agreement or this Second Supplement to Fiscal Agent Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Fiscal Agent shall, at the request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2020B Bonds, and upon receipt of indemnity satisfactory to the Fiscal Agent, or any holder or beneficial owner of the 2020B Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE XV

ISSUE OF 2020B BONDS

Section 15.01. Issuance of 2020B Bonds. Upon the execution and delivery of the Second Supplement to Fiscal Agent Agreement and satisfaction of the requirements for issuance of Parity Bonds under Section 3.06, the City shall execute and deliver the 2020B Bonds in the aggregate principal amount set forth in Section 14.01 to the Fiscal Agent for authentication and delivery to the Original Purchaser thereof upon receipt by the Fiscal Agent of an Officer's Certificate requesting authentication and delivery.

The Authorized Officers of the City are hereby authorized and directed to execute and deliver any and all documents and instruments necessary to cause the issuance of the 2020B Bonds in accordance with the provisions of the Act, the Resolution of Issuance and this Agreement, to authorize the payment of Costs of Issuance and costs of the Project by the Fiscal Agent from the Proceeds of the 2020B Bonds and to do and cause to be done any and all acts and things necessary or convenient for the timely delivery of the 2020B Bonds to the Original Purchaser.

The Fiscal Agent is hereby authorized and directed to authenticate the 2020B Bonds and deliver them to the Original Purchaser, upon receipt of the purchase price for the 2020B Bonds.

Section 15.02. Application of Proceeds of Sale of 2020B Bonds. The Proceeds of the 2020B Bonds received from the Original Purchaser in the amount of \$_____ (which is equal to the principal amount of the 2020B Bonds, less an underwriter's discount of \$_____), shall be paid to the Fiscal Agent, which shall deposit the Proceeds on the Closing Date, as follows:

- (i) \$_____ into the 2020B Costs of Issuance Fund;
- (ii) \$_____ into the Reserve Fund;
- (iii) \$_____ into the Bond Fund maintained and administered by the Fiscal Agent in accordance with Section 4.04 (which shall represent capitalized interest and be deposited into a 2020B Capitalized Interest Account, which is hereby established); and
- (iv) \$_____ into the Allocated Bond Proceeds Account maintained and administered by the Fiscal Agent in accordance with Section 4.07 of the Master Fiscal Agent Agreement. Of this amount, upon receipt of an executed requisition substantially in the form of Exhibit B, the Fiscal Agent will transfer \$_____ to the Lease Trustee on the Closing Date to prepay the principal amount of the Advances and prepay a corresponding principal amount of the Lease Revenue Certificates.

Amounts on deposit in the 2020B Capitalized Interest Account shall be used and withdrawn by the Fiscal Agent solely for the payment of interest on the 2020B Bonds as follows: (A) \$_____ shall be used on September 1, 2020 and (B) the remainder shall

be used on March 1, 2021 and September 1, 2021 to the extent amounts remain in the 2020B Capitalized Interest Account on such dates. When the amount in the 2020B Capitalized Interest Account is fully expended for the payment of interest, the account shall be closed.

Section 15.03. 2020B Costs of Issuance Fund.

(A) Establishment of 2020B Costs of Issuance Fund. The 2020B Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposit shall be made as required by Section 15.02. Moneys in the 2020B Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the 2020B Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance attributable to the issuance of the 2020B Bonds, as set forth in a requisition substantially in the form of Exhibit F hereto, executed by the Finance Director, containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent. Each such requisition shall be sufficient evidence to the Fiscal Agent of the facts stated therein and the Fiscal Agent shall have no duty to confirm the accuracy of such facts.

(C) Investment. Moneys in the 2020B Costs of Issuance Fund shall be invested and deposited by the Fiscal Agent under Section 6.01. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the 2020B Costs of Issuance Fund to be used for the purposes of such fund.

(D) Closing of Fund. The Fiscal Agent shall maintain the 2020B Costs of Issuance Fund for a period of 90 days from the Closing Date and then the Fiscal Agent shall deposit any moneys remaining therein, including any investment earnings thereon, into the 2017A Improvement Account.

Section 15.04. Limitation on Use of 2020B Bond Proceeds. Because the 2020B Bonds have been designated as Green Bonds, Proceeds of the 2020B Bonds in the Allocated Bond Proceeds Account shall be spent only on Project costs at the Salesforce Transit Center. In the event that any moneys in the Allocated Bond Proceeds Account are not spent on Project costs at the Salesforce Transit Center, the City shall, within thirty (30) days after such expenditure, provide written notice of such expenditure to The Climate Bonds Initiative at the following address:

The Climate Bonds Initiative
72 Muswell Hill Place, London, N10 3RR, United Kingdom
Email: info@climatebonds.net
Attn: Rob Fowler, Head of Certification

Section 4. Attachment of Exhibit G. The Master Fiscal Agent Agreement is hereby further amended by attaching thereto and incorporating therein an Exhibit G setting forth the form of the 2020B Bonds, which shall read substantially as set forth in Appendix 1 which is attached hereto and by this reference incorporated herein.

Section 5. Attachment of Exhibit H. The Master Fiscal Agent Agreement is hereby further amended by attaching thereto and incorporating therein an Exhibit H, which shall read substantially as set forth in Appendix 2 which is attached hereto and by this reference incorporated herein.

Section 6. Limitation on Principal Amount of Parity Bonds. Notwithstanding the provisions of Section 5.12 of the Master Fiscal Agent Agreement, following the issuance of the 2020B Bonds, the City will not issue more than \$_____ initial principal amount of Parity Bonds (exclusive of any Refunding Bonds).

Section 7. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 8. Conflict with Act. In the event of a conflict between any provision of this Second Supplement to Fiscal Agent Agreement and any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9. Conclusive Evidence of Regularity. 2020B Bonds issued pursuant to this Second Supplement to Fiscal Agent Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 10. Confirmation of Master Fiscal Agent Agreement; Conflict With Master Fiscal Agent Agreement. All representations, covenants, warranties and other provisions of the Master Fiscal Agent Agreement, unless specifically amended, modified or supplemented by this Second Supplement to Fiscal Agent Agreement, are hereby confirmed as applicable to this Second Supplement to Fiscal Agent Agreement. In the event of any conflict between the provisions of this Second Supplement to Fiscal Agent Agreement and the Master Fiscal Agent Agreement, the provisions of this Second Supplement to Fiscal Agent Agreement shall govern.

Section 11. Counterparts. This Second Supplement to Fiscal Agent Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City and the Fiscal Agent have caused this Second Supplement to Fiscal Agent Agreement to be executed as of the date first written above..

CITY AND COUNTY OF SAN FRANCISCO,
for and on behalf of
City and County of San Francisco Community
Facilities District No. 2014-1 (Transbay Transit
Center)

By _____
Director of the Office of Public Finance

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Officer

APPENDIX 1

**EXHIBIT G
FORM OF 2020B BOND**

No. ____

\$_____

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BOND, SERIES 2020B
(FEDERALLY TAXABLE - GREEN BONDS)**

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

September 1, _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

The City and County of San Francisco (the "City") for and on behalf of the "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center)" (the "CFD"), for value received, hereby promises to pay solely from the Special Tax (as hereinafter defined) to be collected in the CFD or amounts in certain funds and accounts held under the Agreement (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for (unless this Bond is authenticated on or before an Interest Payment Date (as hereinafter defined) and after the close of business on the Record Date (as hereinafter defined) preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to August 15, 2020, in which event it shall bear interest from the Dated Date identified above, payable semiannually on each March 1 and September 1, commencing September 1, 2020 (each an "Interest Payment Date"), at the interest rate set forth above, until the principal amount hereof is paid or made available for payment provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment.

Principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent (defined below) mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal

Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent or such other place as designated by the Fiscal Agent.

This Bond is one of a duly authorized issue of bonds in the aggregate principal amount of \$_____ approved by Resolution No. 2-15 of the Board of Supervisors of the City, as supplemented, including by Resolution No. _____ of the Board of Supervisors of the City (together, the "Resolution"), under the Mello-Roos Community Facilities Act of 1982, as amended, sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of funding certain facilities for the CFD, and is one of the series of bonds designated "City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable - Green Bonds)" (the "Bonds"). The issuance of the Bonds and the terms and conditions thereof are provided for by a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented, including by a Second Supplement to Fiscal Agent Agreement, dated as of _____ 1, 2020 (as supplemented, the "Agreement"), between the City and the Zions Bancorporation, National Association (the "Fiscal Agent") and this reference incorporates the Agreement herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Agreement is authorized under, this Bond is issued under and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act, the Resolution and the Agreement, the principal of and interest on this Bond are payable solely from the annual special tax authorized under the Act to be collected within the CFD (the "Special Tax") and certain funds held under the Agreement. Any tax for the payment hereof shall be limited to the Special Tax, except to the extent that provision for payment has been made by the City, as may be permitted by law. The Bonds are payable from Special Tax Revenues (as defined in the Agreement) on a parity basis with the following outstanding Parity Bonds (as defined in the Agreement):

(i) \$36,095,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017A (Federally Taxable) (the "2017A Bonds"),

(ii) \$171,405,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2017B (Federally Taxable - Green Bonds) (the "2017B Bonds"; together with the 2017A Bonds, the "2017 Bonds"),

(iii) \$33,665,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019A (Federally Taxable) (the "2019A Bonds") and

(iv) \$157,310,000 City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2019B (Federally Taxable - Green Bonds) (the "2019B Bonds"; together with the 2019A Bonds, the "2019 Bonds"),

In addition, the Bonds, the 2017 Bonds and the 2019 Bonds constitute "Related Parity Bonds" under the Agreement and are secured on a parity basis by a first pledge of all moneys deposited in the Reserve Fund.

The Bonds do not constitute obligations of the City for which the City is obligated to levy or pledge, or has levied or pledged, general or special taxation other than described hereinabove. Neither the faith and credit nor the taxing power of the City (except to the limited extent set forth in the Agreement) or the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Optional Redemption. The Bonds maturing on or after September 1, _____, are subject to redemption prior to their stated maturities, on any date on and after September 1, _____, in whole or in part, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Term Bonds Maturing September 1, _____

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount Subject to Redemption</u>
---	---

* Maturity

Term Bonds Maturing September 1, 2049

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount Subject to Redemption</u>
---	---

* Maturity

Provided, however, if some but not all of the Term Bonds have been redeemed as a result of an optional redemption or a mandatory redemption, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the Fiscal Agent to the City.

Redemption From Special Tax Prepayments. The Bonds are also subject to redemption from the proceeds of Special Tax Prepayments and any corresponding transfers from the Reserve Fund pursuant to the Agreement on any Interest Payment Date, among series and maturities so as to maintain substantially the same debt service profile as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, 2028	103%
On September 1, 2028 and March 1, 2029	102
On September 1, 2029 and March 1, 2030	101
On September 1, 2 and any Interest Payment Date thereafter	100

Under the terms of the Agreement, in the event the City pays and discharges the entire indebtedness on all or any portion on the Bonds Outstanding (as such term is defined therein) in one or more of the ways specified therein, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the City under the Agreement with respect to such Bonds shall cease and terminate.

Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement. The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption as further described in the Agreement.

This Bond shall be registered in the name of the owner hereof, as to both principal and interest. Each registration and transfer of registration of this Bond shall be entered by the Fiscal Agent in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

No transfer or exchange hereof shall be valid for any purpose unless made by the registered owner, by execution of the form of assignment endorsed hereon, and authenticated as herein provided, and the principal hereof, interest hereon and any redemption premium shall be payable only to the registered owner or to such owner's order. The Fiscal Agent shall require the registered owner requesting transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange. No transfer or exchange hereof shall be required to be made in the circumstances set forth in the Fiscal Agent Agreement.

The Agreement and the rights and obligations of the City thereunder may be modified or amended as set forth therein. The principal of the Bonds is not subject to acceleration upon a default under the Agreement or any other document.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Fiscal 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 HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, City and County of San Francisco has caused this Bond to be to be signed by the facsimile signature of its Mayor and countersigned by the signature of the Clerk of the Board of Supervisors with the seal of the City imprinted hereon.

[S E A L]

Clerk of the Board of Supervisors

Mayor

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the Agreement which has been authenticated on _____, 20__.

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,
as Fiscal Agent

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____
_____, attorney, to transfer the same on the registration books of the Fiscal Agent, with
full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Fiscal Agent.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

APPENDIX 2

EXHIBIT H

\$ _____
**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE - GREEN BONDS)**

**OFFICER'S CERTIFICATE REQUESTING DISBURSEMENT
FROM 2020B COSTS OF ISSUANCE FUND**

REQUISITION NO. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting Director of the Office of Public Finance of the City and County of San Francisco, a chartered city and county duly organized and existing under the Constitution and the laws of the State of California (the "City"), and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am an "Authorized Officer," as such term is defined in that certain Fiscal Agent Agreement, dated as of November 1, 2017 (the "Master Fiscal Agent Agreement"), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), which agreement has been supplemented, including by the Second Supplement to Fiscal Agent Agreement, dated as of _____ 1, 2020 (the "Second Supplement"; together with the Master Fiscal Agent Agreement as previously supplemented, the "Fiscal Agent Agreement") by and between the City and the Fiscal Agent;

(iii) Under Section 15.03 of the Fiscal Agent Agreement, the undersigned hereby requests and authorizes the Fiscal Agent to disburse from the 2020B Costs of Issuance Fund established under the Fiscal Agent Agreement to each payee designated on Schedule A attached hereto and by this reference incorporated herein, the amount set forth in an invoice submitted by each such payee but no more than the amount set forth opposite such payee, for payment or reimbursement of previous payment of Costs of Issuance (as that term is defined in the Fiscal Agent Agreement) as described on attached Schedule A. Payments shall be made by check or wire transfer in accordance with the payment instructions set forth on Schedule A (or the invoice attached thereto) and the Fiscal Agent shall rely on such payment instructions as though given by the City with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given.

(iv) The disbursements described on the attached Schedule A constitute Costs of Issuance, and are properly chargeable to the 2020B Costs of Issuance Fund.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Director of the Office of Public Finance

SCHEDULE A

PAYEE NAME AND ADDRESS	PURPOSE OF OBLIGATION	AMOUNT

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020**NEW ISSUE - BOOK-ENTRY ONLY****RATING:****Fitch: “_____”****See “RATING” herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the Bonds is exempt from California personal income taxes. Interest on the Bonds is not intended to be exempt from federal income taxation. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$90,000,000*

**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)**

[insert CBI logo]

Dated: Date of Delivery**Due: September 1, as shown on inside cover**

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

The City and County of San Francisco, California (the “City”) on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District”) will be issuing its Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the “2020B Bonds”). The City has not yet determined whether a Series 2020A will be issued. The 2020B Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented, including by the Second Supplement to Fiscal Agent Agreement, dated as of [As of Date] (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”), and will be secured as described herein. The 2020B Bonds are being issued to: (i) fund or reimburse a portion of the planning, design, engineering and construction of various capital improvements, (ii) fund a contribution to a debt service reserve fund securing the 2020B Bonds and certain other bonds described in this Official Statement, (iii) capitalize a portion of the interest on the 2020B Bonds, and (iv) fund costs of issuance, all as further described herein. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The 2020B Bonds will be issued in denominations of \$5,000 or any integral multiple in excess thereof, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the inside front cover hereof. Interest on the 2020B Bonds shall be payable on each March 1 and September 1, commencing September 1, 2020 (each an “Interest Payment Date”) to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date. The 2020B Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2020B Bonds. Individual purchases of the 2020B Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2020B Bonds will be payable by DTC through the DTC participants. See “THE BONDS – Book-Entry System” herein. Purchasers of the 2020B Bonds will not receive physical delivery of the 2020B Bonds purchased by them.

The 2020B Bonds are subject to redemption prior to maturity as described herein. See “THE 2020B BONDS” herein.

The 2020B Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The 2020B Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the 2020B Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the 2020B Bonds.

The 2020B Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel to the City with respect to the issuance of the 2020B Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2020B Bonds will be available for delivery through the facilities of DTC on or about _____, 2020.

Stifel**Citigroup****Stinson Securities, LLC**

Dated: _____, 20____

* Preliminary, subject to change.

98706932.7

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$90,000,000*
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)

Serial Bonds \$ _____

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u> <u>(Base No. 79772E)</u>
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

\$ _____ % Term Bonds due September 1, 20__ – Yield: _____ % Price: _____ % CUSIP No. _____

\$ _____ % Term Bonds due September 1, 20__ – Yield: _____ % Price: _____ % CUSIP No. _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriters, or the Co-Municipal Advisors are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2020B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2020B Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020B Bonds.

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

London N. Breed

BOARD OF SUPERVISORS⁽¹⁾

Norman Yee, *Board President, District 7*

Sandra Lee Fewer, *District 1*

Catherine Stefani, *District 2*

Aaron Peskin, *District 3*

Gordon Mar, *District 4*

Dean Preston, *District 5*

Matt Haney, *District 6*

Rafael Mandelman, *District 8*

Hillary Ronen, *District 9*

Shamann Walton, *District 10*

Ahsha Safai, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Naomi M. Kelly, *City Administrator*

Benjamin Rosenfield, *Controller*

Anna Van Degna, *Director, Controller's Office of Public Finance*

PROFESSIONAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Special Tax Consultant

Goodwin Consulting Group, Inc.
Sacramento, California

Co-Municipal Advisors

Backstrom McCarley Berry & Co., LLC
San Francisco, California

PFM Financial Advisors LLC
San Francisco, California

Fiscal Agent

Zions Bancorporation, National Association
Los Angeles, California

⁽¹⁾ The Board of Supervisors serves as the governing body for the District.

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information set forth herein has been obtained from the City and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the 2020B Bonds. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the City, the Co-Municipal Advisors or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the 2020B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the 2020B Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the District or the City or in any other information contained herein, since the date hereof.

The Underwriters 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.

The 2020B Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The 2020B Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the 2020B Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the 2020B Bonds.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) website.

The City maintains a website with information pertaining to the City. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the 2020B Bonds.

FORWARD LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

[UNDERWRITERS TO PROVIDE IF APPLICABLE]

References herein to the “issuer” under this caption means the City and County of San Francisco, California on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) and references to “Bonds” or “Securities” under this caption mean the 2020B Bonds offered hereby. Neither the issuer nor the underwriters assume any responsibility for this section.

[INSERT LOCATION MAP]

OFFICIAL STATEMENT

\$90,000,000*

**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the City and County of San Francisco (the “City”) of its City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable – Green Bonds) (the “2020B Bonds”). The City has not yet determined whether a Series 2020A will be issued.

Authority for the 2020B Bonds

The 2020B Bonds will be issued by the City on behalf of the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), provisions of a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of [As of Date] (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented by Resolution No. 247-17 and Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, and by Resolution No. ____ adopted by the Board of Supervisors on _____ and signed by the Mayor on _____ (collectively, the “Resolution”).

Use of Proceeds

The 2020B Bonds are being issued to: (i) fund or reimburse a portion of the planning, design, engineering and construction of various capital improvements, (ii) fund a contribution to a debt service reserve fund securing the 2020B Bonds and certain other bonds described in this Official Statement, (iii) capitalize a portion of the interest on the 2020B Bonds, and (iv) fund costs of issuance, all as further described herein. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE FINANCING PLAN” herein.

* Preliminary, subject to change.

The District

The District currently consists of approximately 13.5 gross acres located in downtown San Francisco immediately south of Market Street near the City's new Salesforce Transit Center. See "THE DISTRICT" herein. The Salesforce Transit Center has been designed to be a hub of transit connections serving regional commuters. At the time it established the District, the City also established a larger future annexation area (the "Future Annexation Area") for the District; the Future Annexation Area enables properties to annex into the District with fewer procedural requirements than would otherwise be required under the Act.

Special Taxes

In general, Special Taxes (defined herein) can only be levied on a property within the District if: (i) the property is a "Conditioned Project," which is generally defined in the Rate and Method as a Development Project (as defined herein) that is required to participate in funding Authorized Facilities (as defined in the Rate and Method) through the District because it received a zoning bonus to exceed the height and floor-to-area ratios that would have otherwise been applicable under the City's Planning Code as defined in the Rate and Method; (ii) a Certificate of Occupancy (defined herein) has been issued for the property; and (iii) a Tax Commencement Authorization (defined herein) for the property has been executed by the Director, Controller's Office of Public Finance. See APPENDIX B – "AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" attached hereto. See "THE DISTRICT" herein.

Development Status

The District now includes 8 Conditioned Projects that have received both a Certificate of Occupancy and a Tax Commencement Authorization and are therefore subject to the Special Tax. Such Conditioned Projects are each referred to herein as a "Taxable Building (Subject Property)." See Table 2 herein. In addition to the Taxable Buildings (Subject Properties), there are currently 3 Conditioned Projects in the District and 4 Conditioned Projects in the Future Annexation Area, planned for residential, commercial or mixed use development that may become Taxable Buildings subject to the Special Tax following their completion. There may also be additional projects within the Future Annexation Area or the District that become Conditioned Projects. No assurance can be provided that any particular property will become a Conditioned Project, be annexed into the District, and become a Taxable Building required to pay Special Taxes. See "THE DISTRICT" herein and "SPECIAL RISK FACTORS – Concentration of Property Ownership" herein.

The 2020B Bonds

The 2020B Bonds will be issued in denominations of \$5,000 or any integral multiple in excess thereof, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the inside front cover hereof. Interest on the 2020B Bonds shall be payable on each March 1 and September 1, commencing September 1, 2020 (the "Interest Payment Dates") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date, by check mailed on such Interest Payment Date or by wire transfer to an account in the United States of America made upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2020B Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The 2020B Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2020B Bonds. Individual purchases of the 2020B Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2020B Bonds will be payable by DTC through the DTC participants. See "THE 2020B BONDS –

Book-Entry System” herein. Purchasers of the 2020B Bonds will not receive physical delivery of the 2020B Bonds purchased by them.

“Green Bond” Designation

The City is designating the 2020B Bonds as “Green Bonds” (also known as “Climate Bonds”). The purpose of designating the 2020B Bonds as Green Bonds is to allow investors to invest directly in bonds which finance environmentally beneficial projects (“Green Projects”). The particular capital improvements that the City has defined as “Green Projects” in connection with the 2020B Bonds are part of the development of the Salesforce Transit Center and its related facilities, including the Train Box and Salesforce Park (each as defined herein). *The City will undertake reasonable efforts to ensure that any adjustment of capital expenditures or other actions taken with respect to the 2020B Bonds will not result in revision or withdrawal of the Climate Bonds Initiative (the “CBI”) certification described herein; however, there can be no guarantee that such adjustment or other action or a future revision to the CBI’s criteria for certifying bonds will not result in a withdrawal or revision of the CBI’s certification.* See “THE BONDS – 2020B Bonds Designated as Green Bonds” herein.

Outstanding Parity Bonds and Future Financings

The City is authorized to issue on behalf of the District bonded indebtedness in an aggregate amount not to exceed \$1.4 billion (although Bonds that constitute refunding bonds under the Act will not count against this \$1.4 billion limit). The City has previously issued \$398,465,000 under this authorization, as described below.

On November 9, 2017, the City, on behalf of the District, issued the first series of Bonds issued under the Fiscal Agent Agreement designated as the Special Tax Bonds, Series 2017A (Federally Taxable) (the “2017A Bonds”) and Special Tax Bonds, Series 2017B (Federally Taxable – Green Bonds) (the “2017B Bonds” and, together with the 2017A Bonds, the “2017 Bonds”). On February 26, 2019, the City, on behalf of the District, issued Special Tax Bonds, Series 2019A (Federally Taxable) (the “2019A Bonds”) and Special Tax Bonds, Series 2019B (Federally Taxable – Green Bonds) (the “2019B Bonds” and, together with the 2019A Bonds, the “2019 Bonds”).

Series	Issue Date	Original Par	Outstanding Par⁽¹⁾	Final Maturity
Series 2017A (Federally Taxable)	11/9/2017	\$ 36,095,000	\$ 35,730,000	9/1/2048
Series 2017B (Federally Taxable – Green Bonds)	11/9/2017	171,405,000	169,695,000	9/1/2048
Series 2019A (Federally Taxable)	2/26/2019	33,655,000	33,210,000	9/1/2049
Series 2019B (Federally Taxable – Green Bonds))	2/26/2019	<u>157,310,000</u>	<u>155,210,000</u>	9/1/2049
Subtotal Previously Issued		\$398,465,000	\$393,845,000	
Series 2020B (Federally Taxable – Green Bonds)	2/26/2020	_____	_____	9/1/2050
Total		\$ _____	\$ _____	
Total Bond Authorization		\$1,400,000,000		
Amounts Remaining Under Authorization		\$ _____		

⁽¹⁾ As of January 1, 2020.

The outstanding 2017 Bonds and the 2019 Bonds (“outstanding Parity Bonds”), the 2020B Bonds and any bonds issued in the future on a parity basis with the Parity Bonds and the 2020B Bonds under the Fiscal Agent Agreement are referred to in this Official Statement collectively as the “Bonds.” The Bonds are secured by and payable from Special Tax Revenues under the Fiscal Agent Agreement on a parity basis. See “SECURITY FOR THE BONDS – Parity Bonds” herein.

Security for the Bonds

The Bonds are secured by the pledge of Special Tax Revenues and all moneys deposited in the Bond Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Special Taxes” means the special taxes levied by the Board of Supervisors within the District under the Act, the Ordinance, the Amended and Restated Rate and Method of Apportionment of Special Tax for the District (the “Rate and Method”) and the Fiscal Agent Agreement.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method, less any administrative fees or penalties collected as part of any such prepayment. See “SECURITY FOR THE BONDS – General” herein.

See the section of this Official Statement captioned “SPECIAL RISK FACTORS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the 2020B Bonds.

Reserve Fund

The City, on behalf of the District, established a debt service reserve fund for the 2017 Bonds pursuant to the Fiscal Agent Agreement, designated the “Reserve Fund,” which was initially funded with proceeds of the 2017 Bonds at the Reserve Requirement (defined below). See “SECURITY FOR THE BONDS –Reserve Fund” herein. The 2019 Bonds were issued as Related Parity Bonds under the Fiscal Agent Agreement and a portion of the proceeds of the 2019 Bonds were used to make a deposit to the Reserve Fund. “Related Parity Bonds” are defined as any series of Parity Bonds for which (i) the proceeds are deposited into the Reserve Fund so that the balance therein is equal to the Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the Reserve Fund will act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds. The 2020B Bonds will be issued as “Related Parity Bonds” under the Fiscal Agent Agreement, which means that the Reserve Fund will secure the 2020B Bonds in addition to the outstanding Parity Bonds. The Fiscal Agent Agreement authorizes the City to issue additional Parity Bonds that are Related Parity Bonds. See “SECURITY FOR THE BONDS –Reserve Fund” herein.

Foreclosure Covenant

The City, on behalf of the District, has covenanted for the benefit of the owners of the Bonds that, under certain circumstances described herein, the City will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the District, and will diligently pursue such proceedings to completion. See “SECURITY FOR THE BONDS – The Special Taxes” and “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein.

Teeter Plan

The District is currently on the City's "Teeter Plan." Under the Teeter Plan, the City maintains a tax loss reserve fund for the purpose of paying each taxing agency 100% of the amounts of secured taxes (including the Special Taxes of the District) levied on the tax bill irrespective of any delinquent taxes. See "SECURITY FOR THE BONDS – Teeter Plan" herein.

Limited Obligations

The 2020B Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The 2020B Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the 2020B Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the 2020B Bonds.

Further Information

Brief descriptions of the 2020B Bonds, the security for the Bonds, special risk factors, the District, the City and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the 2020B Bonds, the Fiscal Agent Agreement, resolutions and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the 2020B Bonds, the Fiscal Agent Agreement, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. For definitions of certain capitalized terms used herein and not otherwise defined, and a description of certain terms relating to the 2020B Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" attached hereto.

SALESFORCE TRANSIT CENTER AND RELATED FACILITIES

Transbay Terminal History

The City's former terminal (the "Terminal") was built in 1939 at First and Mission Streets as the terminal for trains crossing the then newly opened Bay Bridge. For the first time, San Francisco was directly linked by rail to the East Bay, Central Contra Costa County and even Sacramento. At the time, trucks and trains used the lower deck of the Bay Bridge, and automobiles operated in both directions on the upper deck.

In its heyday at the end of World War II, the former Terminal's rail system served 26 million passengers annually. Regional commuter buses from the East Bay, Marin County and San Mateo County, local buses within the City and long-distance buses such as Greyhound also used the former Terminal. As automobile usage increased after the war ended and gas rationing was eliminated, the Terminal's use began to steadily decline. In 1958, the lower deck of the Bay Bridge was converted to automobile traffic only and the train tracks crossing the Bay Bridge were dismantled. In 1959, the inter-modal Terminal was converted into a bus-only facility. In 1989, the former Terminal suffered structural damage in the Loma Prieta earthquake that required its replacement. In 1999, San Francisco voters approved a ballot measure to extend the northern terminus of Caltrain, the commuter rail line serving the San Francisco peninsula, from its current location at 4th & King Streets to a new or rebuilt transit station at the site of the former Terminal. In 2001, the Transbay Joint Powers Authority (the "TJPA"), a joint exercise of powers

authority, was created by the City, the Alameda-Contra Costa Transit District, the Peninsula Corridor Joint Powers Board, and Caltrans (*ex officio*) to develop a new regional transit hub to replace the former Terminal. In 2010, the former Terminal was demolished to make way for the construction of the Salesforce Transit Center and its related facilities. A temporary terminal at Howard and Main Streets (the “Temporary Terminal”) served bus passengers during such construction.

Transbay Redevelopment Plan and Transit Center District Plan

After the Loma Prieta earthquake, the Embarcadero Freeway connecting the Bay Bridge to the City’s northeastern waterfront Embarcadero was demolished, creating several blocks of land available for development. In 2003, the State donated to the City and the TJPA approximately 12 acres of developable land in the vicinity of the former Terminal. The sale and development of these parcels helped to finance a portion of the Salesforce Transit Center and its related facilities.

In 2005, the City established the Transbay Redevelopment Area encompassing portions of the area surrounding the Salesforce Transit Center, generally bounded by Mission Street and Folsom Street between Spear Street and Second Street. Tax increment generated and forecast to be generated in this approximately 40 acre Redevelopment Area helped to finance portions of the Salesforce Transit Center and ancillary neighborhood improvements. The Redevelopment Plan specifically laid out development parameters for most of the formerly-State owned parcels that once held the Embarcadero Freeway.

In 2012, the City adopted the Transit Center District Plan (the “TCDP”) to shape growth on the southern side of downtown San Francisco to respond to and support the construction of the Salesforce Transit Center. The TCDP provides policy recommendations to accommodate additional transit-oriented growth, sculpt the downtown skyline, improve streets and open spaces, and expand protection of historic resources. The TCDP encourages development around the Salesforce Transit Center and its related facilities by eliminating density caps and increasing certain height limits, primarily for privately-owned parcels and a small number of formerly-State owned parcels donated to the TJPA in the area.

The District was formed in 2014 to raise funds to finance certain public improvements, including the Salesforce Park and the Train Box, as well as other capital improvements relating to the development of the area around the Salesforce Transit Center. See “THE DISTRICT” herein.

Salesforce Transit Center

General. The Salesforce Transit Center is a six-story modern, regional transportation hub that represents the first phase of the Transbay Program. The facility includes retail space and an innovative rooftop park,, an above-grade bus deck level and space for planned regional and high speed rail. A new off-site bus storage facility and bus ramp connects the Salesforce Transit Center with the San Francisco-Oakland Bay Bridge. The second phase of the Transbay Program is planned to extend the Caltrain rail tracks from their current San Francisco terminus at 4th & King Streets to the Salesforce Transit Center to accommodate both Caltrain and California High Speed Rail (the “Downtown Rail Extension”)

Train Box. The core and shell of the two below-grade levels of the Salesforce Transit Center, collectively referred to as the “Train Box,” were built to accommodate the planned Downtown Rail Extension. The bottom level will have three passenger platforms to accommodate six train tracks for Caltrain and California High Speed Rail. The lower concourse is one level below grade and will serve as the passenger connection between the Salesforce Transit Center building ground floor and the train platforms. Space will be provided in the concourse for retail, ticketing and bike storage.

Salesforce Park. The Salesforce Transit Center’s roof is a 5.4 acre 1,400-foot long public elevated park (the “Salesforce Park”) that includes, an outdoor amphitheater, gardens, trails, open grass areas, and children’s play space, as well as a restaurant and cafe. The Salesforce Park serves as a “green roof” or “living” roof for the Salesforce Transit Center. It provides shade to much of the ground-level sidewalk when the sun is strongest and provides biological habitat for flora and fauna and public open space for transit passengers, neighborhood residents, and employees. It also acts as insulation for interior spaces, moderating heat build-up in warm weather and retaining heat during cooler weather. Unlike asphalt paving or dark colored roofing surfaces, planting on the green roof cools the surrounding environment and improves air quality by acting as a carbon sink. As a biological organism itself, the park helps to capture and filter the exhaust in the area and helps to improve the air quality of the neighborhood. In July 2019, a new privately-owned and operated gondola opened that provides access to Salesforce Park from the plaza in front of Salesforce Tower.

Status of the Salesforce Transit Center. The Salesforce Transit Center’s grand opening was August 12, 2018. In September 2018, the Salesforce Transit Center was temporarily closed as crews repaired two fissured beams, conducted a thorough facility-wide review, cooperated with an independent review and recommissioned the facility to reopen to the public in July 2019. The City has no indication that there is a regional settling or subsidence issue that contributed to the fissures.

Director of Public Works Indictment

[On January 28, 2020 the City’s former Director of Public Works Mohammad Nuru was indicted on federal criminal charges of public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation officials. The allegations contained in the complaint involve various schemes, including an attempt by Mr. Nuru and Mr. Nick Bovis, a local restaurateur who was also indicted by the federal government, to bribe an Airport Commissioner to influence the award of lease of space at the San Francisco International Airport, Mr. Nuru using his official position to benefit a developer of a mixed-use project in San Francisco in exchange for personal gifts and benefits; Mr. Nuru attempting to use his former position as the chair of the Transbay Joint Powers Authority to secure a lease for Mr. Bovis in the Transbay Transit Center, in exchange for personal benefits provided by the restaurateur; Mr. Nuru providing Mr. Bovis with inside information on City projects regarding contracts for portable bathroom trailers and small container-like housing units for use by the homeless, so that Mr. Bovis could win the contracts for those projects; and Mr. Nuru obtaining free and discounted labor and construction equipment from contractors to help him build a personal vacation home while those contractors were also engaging in business with the City. Mr. Nuru resigned from employment with the City two weeks after his arrest. On February 4, 2020, City Attorney Dennis Herrera and Controller Ben Rosenfield announced a joint investigation that was underway, stemming from federal criminal charges filed against Mr. Nuru and Mr. Bovis.

The City Attorney’s Office, in conjunction with the Controller’s Office, is seeking to identify officials, employees and contractors involved in these schemes or other related conduct, and to identify contracts, grants, gifts, and other government decisions possibly tainted by conflicts of interest and other legal or policy violations. The Controller’s Office, in conjunction with the City Attorney’s Office, has put into place interim controls to review Public Works contracts for red flags and process failures. The Controller’s Office is also working with the City Attorney’s Office to identify whether stop payments, cancellations or other terminations are justified on any open contracts, purchase orders or bids. Also, the Controller, in coordination with the City Attorney’s Office, intends to produce periodic public reports setting forth assessments of patterns and practices to help prevent fraud and corruption and recommendations about best practices, including possible changes in City law and policy.

On March 10, 2020, the City Attorney transmitted to the Mayor its preliminary report of investigations of alleged misconduct by the City’s Director of Building Inspections (“DBI”). The allegations involve violations of the City Campaign and Conduct Code and DBI’s Code of Professional Conduct by the Director by (i) providing intentional and preferential treatment to certain permit expeditors, (ii) accepting gifts and dinners in violation of DBI’s professional code of conduct, and (iii) otherwise violating City laws and policies by abusing his position to seek position for his son and son’s girlfriend. The Mayor has placed the Director of Building Inspection on administrative leave as this investigation is ongoing.

The Controller anticipates the first report will be available in March. The City Attorney is an independent elected official; Mr. Herrera’s current term ends in early January, 2024. The Controller is appointed to a 10-year term, appointed by the Mayor and confirmed by the Board of Supervisors; Mr. Rosenfield’s current term ends in 2028. In addition to the joint investigation by the City Attorney’s Office and the Controller’s Office, the City’s Board of Supervisors has initiated a series of public hearings before its Government Audit and Oversight Committee to examine issues raised by the federal complaints. That committee will consider the Controller’s periodic reports. The full Board of Supervisors is considering retaining additional independent services relating to the matters that were the subject of the federal indictment. The City can give no assurance regarding when the City’s investigation will be completed or what the outcome will be.]

THE FINANCING PLAN

The proceeds of the 2020B Bonds are expected to be used to finance or reimburse a portion of the costs of the planning, design, engineering and construction of the Train Box and Salesforce Park. In addition, the 2020B Bonds are being issued to (i) fund a contribution to the Reserve Fund, (ii) capitalize a portion of the interest on the 2020B Bonds, and (iii) pay costs of issuance, all as further described herein.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds are set forth below:

<u>Sources of Funds</u>	
Principal Amount of 2020B Bonds	\$
Original Issue Discount	
Total Sources	\$
<u>Uses of Funds</u>	
Deposit to Allocated Bond Proceeds Account	
Deposit to Reserve Fund ⁽¹⁾	
Deposit to Bond Fund ⁽²⁾	
Deposit to 2020B Costs of Issuance Fund ⁽³⁾	
Total Uses	\$

⁽¹⁾ The deposits into the Reserve Fund will cause the balance in the Reserve Fund to equal the Reserve Requirement as of the date of issuance of the 2020B Bonds. The 2020B Bonds constitute Related Parity Bonds and will be secured by the Reserve Fund on a parity basis with the outstanding Parity Bonds.

⁽²⁾ Represents capitalized interest deposited into the 2020B Capitalized Interest Account, as applicable. Capitalized interest is funded for a portion of the interest on the 2020B Bonds for the September 1, 2020 interest payment.

⁽³⁾ Includes Underwriters’ discount, fees and expenses for Bond Counsel, Disclosure Counsel, Co-Municipal Advisors, the Special Tax Consultant, the Fiscal Agent and its counsel, costs of printing the Official Statement, rating agency fees, and other costs of issuance of the 2020B Bonds.

THE 2020B BONDS

Description of the 2020B Bonds

The Bonds will be issued as fully registered bonds, in denominations of \$5,000 or any integral multiple in excess thereof within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons. The 2020B Bonds will mature on September 1 in the principal amounts and years as shown on the inside cover page hereof.

The 2020B Bonds will bear interest at the rates set forth on the inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2020B Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States of America made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions shall continue in effect until revoked in writing, or until such Bonds are transferred to a new Owner. "Record Date" means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day. The interest, principal of and any premium on the Bonds are payable in lawful money of the United States of America, with principal and any premium payable upon surrender of the Bonds at the Principal Office of the Fiscal Agent. All Bonds paid by the Fiscal Agent pursuant this Section shall be canceled by the Fiscal Agent.

Redemption*

Optional Redemption. The 2020B Bonds maturing on or after September 1, 20__ are subject to redemption prior to their stated maturities, on any date on and after September 1, 20__, in whole or in part, at a redemption price equal to the principal amount of the 2020B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following tables:

* Preliminary, subject to change.

2020B Bonds Maturing September 1, 20

Sinking Fund
Redemption Date
(September 1)

Principal Amount
Subject to Redemption

* Maturity.

2020B Bonds Maturing September 1, 20

Sinking Fund
Redemption Date
(September 1)

Principal Amount
Subject to Redemption

* Maturity.

Provided, however, if some but not all of the Term Bonds have been redeemed pursuant to optional redemption or Redemption from Special Tax Prepayments, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated among such Sinking Fund Payments on a *pro rata* basis in integral multiples of \$5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund shall be used to redeem 2020B Bonds on the next Interest Payment Date for which notice of redemption can timely be given, among series and maturities as provided in the Fiscal Agent Agreement, at a redemption price (expressed as a percentage of the principal amount of the 2020B Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Date</u>	[UPDATE TO COME]	<u>Redemption Price</u>
Any Interest Payment Date on or before March 1, 2028		103%
On September 1, 2028 and March 1, 2029		102
On September 1, 2029 and March 1, 2030		101
On September 1, 2030 and any Interest Payment Date thereafter		100

Notice of Redemption. The Fiscal Agent shall cause notice to be sent at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories, to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to send

or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the City from amounts in the Administrative Expense Fund.

The City has the right to rescind any notice of the optional redemption of Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute a default under the Fiscal Agent Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

Partial Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds, unless otherwise directed by the City, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, among series and maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption, and by lot within a maturity. In connection with a redemption under “Redemption from Special Tax Prepayments” above, the City shall deliver to the Trustee a certificate of an Independent Financial Consultant to the effect that, for each Fiscal Year after the proposed redemption, the maximum amount of the Special Taxes that, based on Taxable Parcels following the related Special Tax Prepayment, may be levied for such Fiscal Year under the Ordinance, the Agreement and any Supplemental Agreement shall be at least 110% of the total Annual Debt Service of the remaining Outstanding Bonds following such Special Tax Prepayment and redemption for the Bond Year that commences in such Fiscal Year.

Purchase of Bonds in Lieu of Redemption. In lieu of redemption under the Fiscal Agent Agreement, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Fiscal Agent Agreement. Any Bonds purchased shall be treated as Outstanding Bonds under this Fiscal Agent Agreement, except to the extent otherwise directed by the Finance Director.

The Fiscal Agent

Zions Bancorporation, National Association has been appointed as the Fiscal Agent for all of the Bonds under the Fiscal Agent Agreement. For a further description of the rights and obligations of the Fiscal Agent pursuant to the Fiscal Agent Agreement, see APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT” attached hereto.

Book-Entry System

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds. The Bonds will be registered in the name of Cede & Co. (DTC’s partnership nominee), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Fiscal Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC’s Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and Indirect Participants. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

2020B Bonds Designated as Green Bonds

General. The City is designating the 2020B Bonds as “Green Bonds” (also known as “Climate Bonds”). The purpose of designating the 2020B Bonds as Green Bonds is to allow investors to invest directly in bonds that finance environmentally beneficial projects (“Green Projects”). The particular capital improvements that the City has defined as “Green Projects” in connection with the 2020B Bonds are part of the development of the Salesforce Transit Center, a facility that is expected to achieve at least a LEED Silver certification due to its sustainable design features, and its related facilities, including the Train Box and Salesforce Park (each as defined herein). The Train Box was built to accommodate the planned Downtown Rail Extension, described herein. The 5.4 acre Salesforce Park serves as a “green roof” for the Salesforce Transit Center and is expected to absorb carbon dioxide from bus exhaust, absorb and filter stormwater, and provide a habitat for local wildlife.

Because the 2020B Bonds have been designated as Green Bonds, proceeds of the 2020B Bonds in the Allocated Bond Proceeds Account shall be spent only on Project costs of the Salesforce Transit Center. If any moneys in the Allocated Bond Proceeds Account are not spent on Project costs at the Salesforce Transit Center, the City shall, within thirty (30) days after such expenditure, provide written notice of such expenditure to The Climate Bonds Initiative in accordance with the Fiscal Agent Agreement.

The terms “Green Project,” “Green Bonds” and “Climate Bonds” are neither defined in, nor related to, provisions in the Resolution or the Fiscal Agent Agreement. Owners of the 2020B Bonds do not have any security other than as provided in the Fiscal Agent Agreement nor do such owners of the Green Bonds assume any specific project risk related to any of the projects funded thereby.

Climate Bonds Initiative and Certification. The CBI is an international, investor-focused non-profit organization working to focus the global bond market on climate change solutions through the development and promotion of an efficient Green Bond market. The CBI has established and manages the Climate Bonds Standard (the “Climate Bonds Standard”) under which the 2020B Bonds have been certified, in accordance with the “Low Carbon Land Transport Criteria” under the Climate Bonds Standard. The certification of the 2020B Bonds reflects only the views of the CBI and no assurance can be provided that CBI standards with respect to the Green Projects identified herein will not change. The explanation of the significance of this certification may be obtained from the CBI. The City has provided certain information and materials to the CBI, including information concerning the Salesforce Transit Center. The City covenants in the Fiscal Agent Agreement to spend proceeds of the 2020B Bonds on the

Salesforce Transit Center. The City expects to spend the proceeds of the Green Bonds specifically on the Train Box and Salesforce Park.

As part of the certification process in 2017, Stifel, Nicolaus & Co. Incorporated, one of the underwriters for the 2017 Bonds, 2019 Bonds and the 2020B Bonds, retained Sustainalytics U.S., Inc., a subsidiary of Sustainalytics Holding, B.V, Netherlands (collectively, “Sustainalytics”), to provide a programmatic certification that the City’s Green Projects are consistent with the Low Carbon Land Transport Criteria of the Climate Bonds Standard. As part of their process, Sustainalytics provided a pre-issuance verification letter regarding the use of the 2017B Bonds, the first bond series issued for this programmatic certification. Since then, Sustainalytics has provided a post-issuance review and post-issuance verification letter for the 2017 Bonds and the 2019 Bonds issued consistent with this program. The City expects Sustainalytics will provide a similar verification letter for the 2020 Bonds after they are issued and delivered.

The certification of the 2020B Bonds as Climate Bonds by the CBI is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the 2020B Bonds or any project, including but not limited to this Official Statement, the transaction documents, the City or the management of the City.

The certification of the 2020B Bonds as Climate Bonds by the CBI was addressed solely to the City and is not a recommendation to any person to purchase, hold or sell the 2020B Bonds and such certification does not address the market price or suitability of the 2020B Bonds for a particular investor. The certification also does not address the merits of the decision by the City or any third party to participate in any project and does not express and should not be deemed to be an expression of an opinion as to the City or any aspect of any project (including, but not limited, to the financial viability of any project) other than with respect to conformance with the Climate Bond Standard.

The 2020B Bonds will not constitute “exempt facility bonds” issued to finance “green building and sustainable design projects” within the meaning of Section 142(1) of the Internal Revenue Code of 1986.

In issuing or monitoring, as applicable, the certification, the CBI has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the CBI. The CBI does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any project or the City. In addition, the CBI does not assume any obligation to conduct (and it has not conducted) any physical inspection of a project. The certification may only be used with the 2017B Bonds, the 2019B Bonds and the 2020B Bonds and may not be used for any other purpose without the CBI’s prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the 2020B Bonds and/or the payment of principal at maturity or any other date. The certification may be withdrawn at any time in the CBI’s sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

The CBI is not a licensed broker-dealer or a nationally recognized statistical ratings organization. Certification by the CBI is not a recommendation to buy, sell or hold securities, and such certification may be subject to revision or withdrawal, including, without limitation, if the City’s future capital expenditures from the proceeds of the 2020B Bonds vary from the anticipated expenditures reviewed by the CBI. The City will undertake reasonable efforts to ensure that any adjustment of capital expenditures or other actions taken with respect to the 2020B Bonds will not result in revision or withdrawal of the

CBI's certification; however, there can be no guarantee that such adjustment or other action or a future revision to the CBI's criteria for certifying bonds will not result in a withdrawal or revision of the CBI's certification.

The Fiscal Agent Agreement does not restrict the use of proceeds of the 2020B Bonds or future issuances of bonds to the financing of Green Projects and, in the future, the City, on behalf of the District, may issue additional bonds which are not designated as Green Bonds or certified by the CBI. The repayment obligations with respect to the 2020B Bonds are not conditioned on the completion of any particular project or the satisfaction of any condition relating to the status of the 2020B Bonds as Green Bonds or the certification of such bonds by the CBI. See "SECURITY FOR THE BONDS" herein.

Pursuant to the Continuing Disclosure Certificate, the City will provide to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access website ("EMMA") an annual report with a statement confirming that, during the most recent fiscal year, proceeds of the 2020B Bonds were spent only on the Green Projects identified herein. In addition, under the Continuing Disclosure Certificate, within 10 days after the City receives a written statement from the Climate Bonds Initiative to the effect that the 2020B Bonds are no longer certified in accordance with the "Low Carbon Land Transport Criteria" under the Climate Bonds Standard, the City will post, or cause to be posted, notice of such written statement on EMMA. See APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

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DEBT SERVICE

Debt Service Schedule for 2020B Bonds

The following is the debt service schedule for the outstanding Parity Bonds and the 2020B Bonds, assuming no redemptions other than mandatory sinking fund redemptions.

<u>Year Ending (September 1)</u>	<u>2020B Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
Total			

Projected Debt Service Coverage

The following table sets forth projected debt service coverage with respect to the outstanding Parity Bonds and the 2020B Bonds, assuming Special Taxes are collected when levied.

<u>Year Ending</u> ⁽¹⁾	<u>Parity Bonds Debt Service</u> ⁽²⁾	<u>2020B Bonds Debt Service</u> ^{(2) (3)}	<u>Projected Special Tax Revenue</u>	<u>Projected Debt Service Coverage</u> ⁽⁴⁾
2020	\$18,434,544		\$23,541,156	
2021	18,809,673		26,085,989	
2022	19,183,084		26,607,709	
2023	19,553,394		27,139,863	
2024	19,948,244		27,682,661	
2025	20,354,790		28,236,314	
2026	20,760,961		28,801,040	
2027	21,178,533		29,377,061	
2028	21,602,987		29,964,602	
2029	22,028,656		30,563,894	
2030	22,467,052		31,175,172	
2031	22,918,956		31,798,675	
2032	23,381,984		32,434,649	
2033	23,857,583		33,083,342	
2034	24,321,301		33,745,009	
2035	24,814,823		34,419,909	
2036	25,311,381		35,108,307	
2037	25,813,231		35,810,473	
2038	26,333,578		36,526,683	
2039	26,858,772		37,257,216	
2040	27,400,813		38,002,361	
2041	27,944,631		38,762,408	
2042	28,504,033		39,537,656	
2043	29,071,094		40,328,409	
2044	29,653,103		41,134,977	
2045	30,251,912		41,957,677	
2046	30,854,178		42,796,830	
2047	28,452,009		40,319,127	
2048	29,017,611		41,125,510	
2049	7,294,057		17,405,811	
2050	-		3,683,120	
Total	\$716,376,968		\$1,004,413,610	

Totals may not add due to rounding.

⁽¹⁾ Projected Special Tax Revenues are presented for the fiscal year ending on June 30 of each year; debt service is presented for the bond year ending September 1 of each year.

⁽²⁾ Net of capitalized interest funding a portion of interest on the 2020B Bonds.

⁽³⁾ Special Taxes may only be levied on any individual parcel in the District for a maximum term of 30 years. Accordingly, certain of the parcels with Taxable Buildings will no longer be subject to the Special Tax levy prior to the final maturity of the 2020B Bonds. Debt service on the Bonds has been structured to maintain coverage from projected maximum Special Tax Revenues of at least 110%, reflecting the termination of the levy on certain parcels within the District. See "SPECIAL RISK FACTORS – Maximum Term of Levy" herein.

⁽⁴⁾ Represents projected Special Tax Revenues divided by the total annual debt service for the outstanding Parity Bonds and the 2020B Bonds.

SECURITY FOR THE BONDS

General

The Bonds will be secured by a first pledge pursuant to the Fiscal Agent Agreement of all of the Special Tax Revenues and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account) and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement. "Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

The Special Taxes are to be apportioned, levied and collected according to the Rate and Method on Parcels developed with Taxable Buildings. In general, Special Taxes can only be levied on a property within the District if: (i) the property is a "Conditioned Project," as defined in the Rate and Method; (ii) a Certificate of Occupancy has been issued for the property; and (iii) a Tax Commencement Authorization for the property has been executed by the Director, Controller's Office of Public Finance. A Conditioned Project is a Development Project that is required to participate in funding Authorized Facilities through the District, because it received a zoning bonus to exceed the height and floor-to-area ratios that would have otherwise been applicable under the City's Planning Code. See APPENDIX B – "AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" attached hereto.

Limited Obligation

The Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Teeter Plan

The Board of Supervisors of the City adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, in 1993 pursuant to Resolution No. 830-93. The Teeter Plan provides for the allocation and distribution of property tax levies and collections and of tax sale proceeds. *Under the Teeter Plan, the City will maintain a tax loss reserve fund for the purpose of paying each taxing agency 100% of the amounts of secured taxes (including the Special Taxes of the District) levied on the tax bill irrespective of any delinquent taxes.* By Resolution No. 245-17, adopted on June 13, 2017, the Board of Supervisors extended the Teeter Plan to the allocation and distribution of Special Taxes.

The District is the only community facilities district in the City that is currently distributed based upon the Teeter method. There are also four city-wide parcel taxes, which are similarly billed as direct charges on property tax bills, that are distributed based upon the Teeter method. The extension of the Teeter Plan to Special Taxes levied in the District shall remain in effect unless otherwise discontinued in accordance with applicable law. The City has the power to include additional taxing agencies on the Teeter Plan. The City has the power to unilaterally discontinue the Teeter Plan or remove the District from the Teeter Plan by a majority vote of the Board of Supervisors. The Teeter Plan may also be discontinued by petition of two-thirds (2/3rds) of the participant taxing agencies.

Special Tax Fund

Special Tax Fund. Pursuant to the Fiscal Agent Agreement, there is established a “Special Tax Fund” to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City has agreed in the Fiscal Agent Agreement that it will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund. Notwithstanding the foregoing,

(i) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Finance Director and shall be disposed of by the Fiscal Agent as follows:

- first, for transfer to the Bond Fund to pay any past due debt service on the Bonds;
- second, without preference or priority for transfer to (a) the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then Reserve Requirement and (b) the reserve account for any Parity Bonds that are not Related Parity Bonds to the extent needed to increase the amount then on deposit in such reserve account up to the amount then required to be on deposit therein (and in the event the collection of delinquencies in payment of Special Taxes are not sufficient for the purposes of this clause, such amounts shall be applied to the Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds); and
- third, to be held in the Special Tax Fund for use as described in below under “- Disbursements from the Special Tax Fund”; and

(ii) any proceeds of Special Tax Prepayments shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting a prepayment of costs of the Project shall be deposited by the Fiscal Agent to the Improvement Fund and (b) the remaining Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Moneys in the Special Tax Fund shall be held by the Fiscal Agent for the benefit of the City and Owners of the Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Disbursements from the Special Tax Fund. At least seven (7) days prior to each Interest Payment Date or redemption date, as applicable, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the Reserve Fund and any reserve account for Parity Bonds that are not Related Parity Bonds, the 2020B Capitalized Interest Account and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date or redemption date, and any past due principal or interest on the Bonds not theretofore paid from a transfer described in clause second of subparagraph (ii) above under “- *Special Tax Fund*”; and

(ii) without preference or priority (a) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement, and (b) to the reserve account for any Parity Bonds that are not Related Parity Bonds, taking into account amounts then on deposit in such reserve account, such that the amount in such reserve account is equal to the amount required to be on deposit therein (and in the event that amounts in the Special Tax Fund are not sufficient for the purposes of this paragraph, such amounts shall be applied to the Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds).

Each calendar year, following the transfers pursuant to the preceding paragraph for the March 1 Interest Payment Date occurring in such calendar year, when amounts (including investment earnings) have been accumulated in the Special Tax Fund sufficient to make the transfers pursuant to the preceding paragraph for the September 1 Interest Payment Date occurring in such calendar year, the Finance Director, during the period up to but not including December 10 of such calendar year, may in his or her sole discretion direct in writing the disposition of moneys in the Special Tax Fund in excess of the amounts needed for such September 1 Interest Payment Date as follows: (i) direct the Fiscal Agent to transfer money to the Improvement Fund (or the accounts therein) for payment or reimbursement of the costs of the Project, (ii) direct the Fiscal Agent to transfer money to the Administrative Expense Fund, in an amount not to exceed the amount included in the Special Tax levy for Administrative Expenses for such Fiscal Year and (iii) direct the Fiscal Agent to transfer money for any other lawful purpose.

Administrative Expense Fund

The Fiscal Agent will transfer from the Special Tax Fund and deposit in the Administrative Expense Fund established under the Fiscal Agent Agreement an amount equal to the amount specified in an Officer’s Certificate to be used to pay an Administrative Expense or a Cost of Issuance. Amounts deposited in the Administrative Expense Fund are not pledged to the repayment on the Bonds.

Bond Fund

The Bond Fund is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent. Moneys in the Bond Fund will be held by the Fiscal Agent for the benefit of the Owners of the Bonds, and shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

Capitalized Interest Accounts. Within the Bond Fund there is established as a separate account designated as the “2020B Capitalized Interest Account” to be held by the Fiscal Agent for the benefit of the City and the Owners of the 2020B Bonds. Amounts on deposit in the 2020B Capitalized Interest Account will be used and withdrawn by the Fiscal Agent solely for the payment of interest on the 2020B Bonds.

Flow of Funds for Payment of Principal and Interest. At least ten (10) days before each Interest Payment Date, the Fiscal Agent shall notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the Bonds. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer of the collections of delinquent Special Taxes will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

At least five (5) days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

If amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent will do the following:

(i) Withdraw from the Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the outstanding Parity Bonds and the 2020B Bonds and any other Related Parity Bonds. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

(ii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from the reserve fund shall be deposited in the Bond Fund.

If, after the foregoing transfers and application of such funds for their intended purposes, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments. Each such payment shall be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding bonds, subject to the restrictions on the uses of any funds as set forth in the Fiscal Agent Agreement. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Any failure by the Fiscal Agent to provide the notices required by the Fiscal Agent Agreement will not alter the obligation of the City to make the scheduled payments from amounts in the Bond Fund.

Special Tax Prepayments Account. Within the Bond Fund a separate account will be held by the Fiscal Agent, designated the "Special Tax Prepayments Account." Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement and will be used (together with any amounts transferred for the purpose) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

Reserve Fund

The District has established a Reserve Fund for the benefit of the outstanding Parity Bonds, the 2020B Bonds and any future Bonds issued as Related Parity Bonds pursuant to the Fiscal Agent Agreement. As a result of the contributions to the Reserve Fund described in “ESTIMATED SOURCES AND USES OF FUNDS,” the Reserve Fund will be funded at the Reserve Requirement for the Related Parity Bonds as of the date of issuance of the 2020B Bonds.

“Reserve Requirement” means, as of the date of calculation, which shall be (A) the date of issuance of the 2020B Bonds and any Related Parity Bonds and (B) the date of defeasance or redemption of any of the outstanding Parity Bonds, the 2020B Bonds or Related Parity Bonds, an amount equal to the lesser of (i) Maximum Annual Debt Service on the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds between the date of such calculation and the final maturity of such Bonds or (ii) one hundred twenty-five percent (125%) of average Annual Debt Service on the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds between the date of such calculation and the final maturity of such Bonds and (iii) 10% of the original principal amount of the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds (or, if the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds have more than a *de minimis* amount of original issue discount or premium, 10% of the issue price of the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds); provided that, with respect to the issuance of any Related Parity Bonds, if the Reserve Fund would have to be increased by an amount greater than ten percent (10%) of the stated principal amount of the Related Parity Bonds (or, if the Related Parity Bonds have more than a *de minimis* amount of original issue discount or premium, of the issue price of such Related Parity Bonds), then the Reserve Requirement shall be such lesser amount as is determined by a deposit of such ten percent (10%); and provided that accrued interest on any Related Parity Bonds deposited with the Fiscal Agent upon delivery of such Related Parity Bonds shall be excluded for purposes of the calculation of the Reserve Requirement.

The City shall have the right at any time to direct the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Fund Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Fund Credit Instrument will cause interest on the Bonds or any Related Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT” attached hereto.

Rate and Method of Apportionment of Special Taxes

The following is a brief summary of certain provisions of the Rate and Method. This summary does not purport to be comprehensive and reference should be made to the full Rate and Method attached hereto as Appendix B.

Certain Definitions. All capitalized terms not defined in this section have the meanings set forth in the Rate and Method attached hereto as Appendix B.

“Administrator” means the Director of the Office of Public Finance who shall be responsible for administering the Special Tax according to the Rate and Method.

“Affordable Housing Project” means a residential or primarily residential project, as determined by the Zoning Authority, within which all Residential Units are Below Market Rate Units.

“Building” means a permanent enclosed structure that is, or is part of, a Conditioned Project.

“Certificate of Occupancy” means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a Building or a portion of a Building has met all of the building codes and can be occupied for residential and/or non-residential use. For purposes of the Rate and Method, “Certificate of Occupancy” shall not include any certificate of occupancy that was issued prior to January 1, 2013 for a Building within the District; however, any subsequent certificates of occupancy that are issued for new construction or expansion of the Building shall be deemed a Certificate of Occupancy and the associated Parcel(s) shall be categorized as Taxable Parcels if the Building is, or is part of, a Conditioned Project and a Tax Commencement Authorization has been provided to the Administrator for the Building.

“Conditioned Project” means a Development Project that is required to participate in funding Authorized Facilities through the District.

“CPC” means the Capital Planning Committee of the City and County of San Francisco, or if the Capital Planning Committee no longer exists, “CPC” shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the District.

“Development Project” means a residential, non-residential, or mixed-use development that includes one or more Buildings, or portions thereof, that are planned and entitled in a single application to the City.

“Initial Annual Adjustment Factor” means, as of July 1 of any Fiscal Year, the Annual Infrastructure Construction Cost Inflation Estimate published by the Office of the City Administrator’s Capital Planning Group and used to calculate the annual adjustment to the City’s development impact fees that took effect as of January 1 of the prior Fiscal Year pursuant to Section 409(b) of the Planning Code, as may be amended from time to time. If changes are made to the office responsible for calculating the annual adjustment, the name of the inflation index, or the date on which the development fee adjustment takes effect, the Administrator shall continue to rely on whatever annual adjustment factor is applied to the City’s development impact fees in order to calculate adjustments to the Base Special Taxes. Notwithstanding the foregoing, the Base Special Taxes shall, in no Fiscal Year, be increased or decreased by more than four percent (4%) of the amount in effect in the prior Fiscal Year.

“IPIC” means the Interagency Plan Implementation Committee, or if the Interagency Plan Implementation Committee no longer exists, “IPIC” shall mean the designated staff member(s) within the City and/or TJPA that will recommend issuance of Tax Commencement Authorizations for Conditioned Projects within the District.

“Taxable Building” means, in any Fiscal Year, any Building within the CFD that is, or is part of, a Conditioned Project, and for which a Certificate of Occupancy was issued and a Tax Commencement Authorization was received by the Administrator on or prior to June 30 of the preceding Fiscal Year. If only a portion of the Building is a Conditioned Project, as determined by the Zoning Authority, that portion of the Building shall be treated as a Taxable Building for purposes of the Rate and Method.

“Taxable Parcel” means, within a Taxable Building, any Parcel that is not exempt from the Special Tax pursuant to law or the Rate and Method. If, in any Fiscal Year, a Special Tax is levied on only Net New Square Footage in a Taxable Building, only the Parcel(s) on which the Net New Square Footage is located shall be Taxable Parcel(s) for purposes of calculating and levying the Special Tax pursuant to the Rate and Method. “Net New Square Footage” means any Square Footage added to a

Taxable Building after the Initial Square Footage in the Building has paid Special Taxes in one or more Fiscal Years.

“Tax Commencement Authorization” means a written authorization issued by the Administrator upon the recommendations of the IPIC and CPC in order to initiate the levy of the Special Tax on a Conditioned Project that has been issued a Certificate of Occupancy.

“Zoning Authority” means either the City Zoning Administrator, the Executive Director of the San Francisco Office of Community Investment and Infrastructure, or an alternate designee from the agency or department responsible for the approvals and entitlements of a project in the District. If there is any doubt as to the responsible party, the Administrator shall coordinate with the City Zoning Administrator to determine the appropriate party to serve as the Zoning Authority for purposes of this RMA.

General. A Special Tax applicable to each Taxable Parcel in the District shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Square Footage of a Taxable Parcel, as described below. All Taxable Parcels in the District shall be taxed for the purposes, to the extent, and in the manner provided in the Rate and Method, including property subsequently annexed to the District unless a separate Rate and Method of Apportionment of Special Tax is adopted for the Future Annexation Area.

In general, Special Taxes can only be levied on a property within the District if: (i) the property is a “Conditioned Project,” as defined in the Rate and Method, (ii) a Certificate of Occupancy has been issued for the property and (iii) a Tax Commencement Authorization for the property has been executed by the Director, Controller’s Office of Public Finance. Special Taxes cannot be levied on: (i) undeveloped property within the District or (ii) any parcel that has not met the conditions specified in the first sentence of this paragraph.

See APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto.

Special Tax Rates. The Rate and Method provides how the Special Tax Rates are determined generally based on a maximum tax rate per square foot that varies based on type of building, height of building, year of initial taxation and an annual escalator. See APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto.

Maximum Special Tax. Upon issuance of a Tax Commencement Authorization and the first Certificate of Occupancy for a Taxable Building within a Conditioned Project that is not an Affordable Housing Project, the Administrator shall coordinate with the Zoning Authority to determine the Square Footage of each Land Use on each Taxable Parcel. The Administrator shall then apply the steps set forth in the Rate and Method to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in the Taxable Building.

Annual Escalation in Special Tax Rates. The Maximum Annual Special Tax Rates applicable to a Taxable Building escalate annually at 2% per year. Until a Maximum Annual Special Tax Rate is established for a Taxable Building, the Initial Annual Adjustment Factor is used to adjust the Base Special Tax each July 1 by an amount not greater than 4%. The Base Special Tax rates are used to calculate the Maximum Special Tax for each Taxable Parcel in a Taxable Building for the first Fiscal Year in which the Building is a Taxable Building. See APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto. The Initial Annual Adjustment Factor, subject to the limits described in the Rate and Method, is equal to the Annual Infrastructure

Construction Cost Inflation Estimate (the “AICCIE”), as of July 1 of the applicable Fiscal Year, published by the Office of the City Administrator’s Capital Planning Group and used to calculate the annual adjustment to the City’s development impact fees that took effect as of January 1 of the prior Fiscal Year pursuant to the City’s Planning Code.

The AICCIE and the Initial Annual Adjustment Factors since Fiscal Year 2014-15 are summarized below.

<u>(Fiscal Year)</u>	<u>AICCIE</u>	<u>Initial Annual Adjustment</u>
2014-15	4.50%	4.00%
2015-16	5.00	4.00
2016-17	5.00	4.00
2017-18	5.00	4.00
2018-19	5.75	4.00
2019-20	6.00	4.00
2020-21	5.50	4.00

For a discussion of changes to the Maximum Special Tax under the Rate and Method, see APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto.

Covenant for Superior Court Foreclosure

General. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in the Superior Court of the State to foreclose any lien therefor. In such action, the real property subject to the Special Taxes may be sold at a judicial foreclosure sale. The ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the “FDIC”) or other similar federal agencies. See “SPECIAL RISK FACTORS – Bankruptcy and Foreclosure” and “SPECIAL RISK FACTORS – Tax Delinquencies” herein. Such judicial foreclosure proceedings are not mandatory.

There could be a default or a delay in payments to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of foreclosure sale proceeds, if any, and subsequent transfer of those proceeds to the City. Special Taxes may be levied on all property within the District up to the maximum amount permitted under the Rate and Method to provide the amount required to pay debt service on the Bonds, however, the Special Tax levy on property used for private residential purposes may not increase by more than 10% above the amount that would have been levied in that Fiscal Year as a consequence of delinquencies or defaults by the owners of any other parcels in the District.

Under current law, a judgment debtor (property owner) has at least 120 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived, the judgment creditor is entitled to interest on the revived judgment and any liens extinguished by the sale are revived as if the sale had not been made (Section 701.680 of the Code of Civil Procedure of the State of California).

Covenant to Foreclose. Under the Act, the City covenants in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as provided in the Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about September 1 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in the District to the amount of Special Tax Revenues theretofore received by the City, and:

(A) ***Individual Delinquencies.*** If the Finance Director determines that (i) any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$40,000 or more or (ii) any single parcel subject to the Special Tax in the District is delinquent in the payment of three or more installments of Special Taxes, then the Finance Director shall send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings shall be commenced by the City within 90 days of such determination.

(B) ***Aggregate Delinquencies.*** If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Finance Director shall notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

The Finance Director and the City Attorney, as applicable, are authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings shall be an Administrative Expense.

No Obligation of the City Upon Delinquency

The City is under no obligation to transfer any funds of the City into the Special Tax Fund or any other funds or accounts under the Fiscal Agent Agreement for the payment of the principal of or interest on the Bonds if a delinquency occurs in the payment of any Special Taxes, other than Special Tax Revenues. See “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein, for a discussion of the City’s obligation to foreclose Special Tax liens upon delinquencies, and “SECURITY FOR THE BONDS – Reserve Fund” herein, for a discussion of the Reserve Fund securing the outstanding Parity Bonds, the 2020B Bonds and any Related Parity Bonds. Notwithstanding the foregoing, so long as the District is included in the Teeter Plan, the Fiscal Agent will receive 100% of the Special Tax levy regardless of any delays in the payment or collection of the Special Taxes. See “– Teeter Plan” above.

Parity Bonds

The City may issue Bonds in addition to the outstanding Parity Bonds and the 2020B Bonds under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent

Agreement. The principal amount of the 2020B Bonds and all Parity Bonds cannot exceed \$1.4 billion (although Parity Bonds that constitute refunding bonds under the Act will not count against this \$1.4 billion limit). The City may issue such Parity Bonds, on a parity basis with the 2020B Bonds and the outstanding Parity Bonds, subject to the following specific conditions precedent:

(A) *Compliance.* The City shall be in compliance with all covenants set forth in this Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed the District's \$1.4 billion limitation on debt.

(B) *Same Payment Dates.* The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and principal thereof shall be payable on September 1 in any year in which principal is payable on the Parity Bonds (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) *Separate Funds; Reserve Fund or Reserve Account.* The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts.

The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for one of the following:

(i) a deposit to the Reserve Fund in an amount necessary such that the amount deposited therein shall equal the Reserve Requirement following issuance of the Parity Bonds;

(ii) a deposit to a reserve account for the Parity Bonds (and such other series of Parity Bonds identified by the City) in an amount defined in such Supplemental Agreement, as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the Reserve Fund and that the Owners of the Bonds covered by the Reserve Fund will have no interest in or claim to such other reserve account; or

(iii) no deposit to either the Reserve Fund or another reserve account as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the Reserve Fund or any other reserve account. The Supplemental Agreement may provide that the City may satisfy the reserve requirement for a series of Parity Bonds by the deposit into the reserve account established pursuant to such Supplemental Agreement of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Agreement.

(D) *Value.* The CFD Value shall be at least three (3) times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the parcels in the District subject to the levy of Special Taxes, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on parcels of land within the District (the "Other District Bonds") equal to the aggregate outstanding principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on parcels of land within the District, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds (such fraction to be determined based upon the maximum special taxes which could be levied in the year in which maximum annual debt service on the Other District Bonds occurs), based upon information from the most recent available Fiscal Year.

(E) *Coverage.* For each Fiscal Year after issuance of the Parity Bonds, the maximum amount of the Special Taxes that, based on Taxable Parcels as of the date of issuance of such Parity Bonds, may be levied for such Fiscal Year under the Ordinance, the Agreement and any Supplemental Agreement for each respective Fiscal Year, shall be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year, and the aggregate Special Tax Prepayments that could occur after the issuance of the Parity Bonds shall be not less than the principal amount of the Outstanding Bonds and the proposed Parity Bonds. “Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year.

(F) *Certificates.* The City shall deliver to the Fiscal Agent an Officer’s Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C), (D), and (E) above have been satisfied.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clauses (D) or (E) above, and, in connection therewith, the Officer’s Certificate in clause (F) above need not make reference to clauses (D) and (E). The City is not prohibited from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge under the Fiscal Agent Agreement.

THE CITY

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, generally bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the Napa and Sonoma “wine country” is about an hour’s drive to the north. As of January 1, 2019, the City’s population was approximately 883,869. See APPENDIX A – “DEMOGRAPHIC INFORMATION REGARDING THE CITY AND COUNTY OF SAN FRANCISCO” attached hereto.

THE DISTRICT

Formation

On July 15, 2014, the Board of Supervisors of the City adopted Resolution No. 247-14 stating its intent to form the District under the Act and Resolution No. 246-14, in which it declared its intention to incur bonded indebtedness on behalf of the District in an aggregate amount not to exceed \$1.4 billion. On September 23, 2014, after holding a noticed public hearing, the Board of Supervisors adopted Resolution Nos. 350-14 and 351-14, forming the District and, subject to approval by the qualified electors, approving the levy of special taxes within the District according to the Rate and Method, an appropriations limit for the District not to exceed \$300,000,000 and bonded indebtedness in an amount not to exceed \$1.4 billion.

On December 29, 2014, an election was held within the District pursuant to the Act at which at least two-thirds of the qualified landowner electors approved the levy of special taxes according to the Rate and Method, incurrence of bonded indebtedness in an aggregate amount not to exceed \$1.4 billion and the appropriations limit. On January 13, 2015, the Board of Supervisors adopted Ordinance No. 1-15, levying special taxes in the District. The Mayor approved the Ordinance on January 20, 2015. See “SECURITY FOR THE BONDS” and “THE DISTRICT” herein and APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto.

At the time it established the District, the City also established the Future Annexation Area for the District to enable properties to annex into the District with fewer procedural requirements than would otherwise be required under the Act. Property owners in the Future Annexation Area annex into the District by executing a unanimous approval. Under the Act, a unanimous approval constitutes the vote of a qualified elector in favor of the matters addressed in the unanimous approval for purposes of the California Constitution.

Taxable Buildings (Subject Properties)

In general, Special Taxes can only be levied on a property within the District if: (i) the property is a “Conditioned Project,” as defined in the Rate and Method, (ii) a Certificate of Occupancy has been issued for the property and (iii) a Tax Commencement Authorization for the property has been executed by the Director, Controller’s Office of Public Finance.

There are currently eight Taxable Buildings (Subject Properties) which are subject to the Special Tax levied by the Board of Supervisors of the City. In addition to the eight Taxable Buildings (Subject Properties), there are currently three additional Conditioned Projects in the District and four Conditioned Projects in the Future Annexation Area planned for residential, commercial or mixed use that may become subject to the Special Tax. See “THE DISTRICT” and “SPECIAL RISK FACTORS – Concentration of Property Ownership” herein.

The following table sets forth the Taxable Buildings (Subject Properties) contributing to the Special Tax. Taxable square footage is presented on the table for Taxable Buildings (Subject Properties) contributing to the Special Tax and preliminary estimated gross square footage provided for all other projects.

**Table 1
Community Facilities District No. 2014-1
(Transbay Transit Center)
Taxable Buildings (Subject Properties)**

Projects	Street Address	Office (sq. ft.)	Retail (sq. ft.)	Hotel (sq. ft.)	Rental Residential (sq. ft.)	For-Sale Residential (sq. ft.)	Building Stories	First Fiscal Year of Special Tax Levy
Salesforce East	350 Mission Street	47,645	4,355	-	-	-	30	2016-17
Solaire	299 Fremont Street	-	7,204	-	288,937	-	32	2016-17
Salesforce Tower	415 Mission Street	1,413,397	6,789	-	-	-	61	2018-19
33 Tehama	41 Tehama Street	-	788	-	236,375	-	34	2018-19
181 Fremont Street	181 Fremont Street	433,669	2,663	-	-	121,328	54	2018-19
Park Tower (Block 5)	250 Howard Street	755,914	8,745	-	-	-	43	2019-20
The Avery (Block 8)	250 Folsom Street	-	16,988	-	192,010	210,102	55	2019-20
Block 9	500 Folsom Street	-	5,678	-	316,671	-	42	2020-21
Total		2,650,625	53,210	-	1,033,993	331,430		

Source: San Francisco Planning Department; OCII; Special Tax Consultant.

Description of Existing Taxable Buildings (Subject Properties)

Certain properties in the District that have been developed for office, retail and/or residential use have received a Certificate of Occupancy and a Tax Commencement Authorization and constitute the Taxable Buildings (Subject Properties). The Special Tax will be levied on the Taxable Buildings (Subject

Properties) based on all or a portion of the square footage of each building, not on the building's assessed valuation. See "SECURITY FOR THE BONDS" herein. The levy of the Special Tax is not contingent upon the leasing or sale of space in any of the Taxable Buildings (Subject Properties). **The City has obtained certain information relating to the following buildings from publically available information. However, the City does not guarantee such information, which is provided for general reference only.**

Solaire. The buildings located at 299 Fremont Street include a 32-story residential tower and 7 townhomes with a total of 409 rental units marketed as Solaire. The Special Tax was first levied for these buildings in Fiscal Year 2016-17. All of the residential units are intended to serve as rental housing with unit sizes ranging from 422 square foot studio units to 1,562 square foot, two-bedroom, two-and-a-half bath units. Amenities include a fitness center, community room and kitchen, media room, game room, yoga studio, and a roof deck lounge and spa. The buildings were completed in February 2017 and opened in March 2017. The residential tower contains 7,204 square feet of retail space on the ground floor. Solaire also includes affordable housing that is not subject to the Special Tax. The total leasable square feet in the buildings is 296,141.

Salesforce East. The building located at 350 Mission Street is a 30-story LEED® Platinum-certified office tower completed in 2015 containing approximately 420,000 square feet of floor area. The Special Tax was first levied for this building in Fiscal Year 2016-17. The lobby features a cantilever with 90 feet of glass panels that slide open and closed - adjoining the lobby to the street. The lobby includes a cafe and restaurant, amphitheater seating, and space that can be configured for pop-up events. A commissioned work of digital art in the lobby animates a 70-by-38-foot LED screen that is visible from the street. The Special Tax for 350 Mission Street is calculated based solely on the square footage of three floors that allowed a zoning bonus, which constitutes a Conditioned Project under the Rate and Method. Prior to adoption of the TCDP and the levy of the Special Tax, the 350 Mission Street project was entitled at approximately 24 stories and 375 feet in height, which was the maximum density allowed at that time, despite the fact that the height limit for the planned building was 550 feet. After the TCDP was approved, while the project was already under construction, the developer was able to re-entitle the project to add several stories to permit a higher building. This sequencing is why only a few floors are subject to the Special Tax. If the project had first been entitled after the TCDP was adopted, the entire building would have been subject to the Special Tax. However, the Special Tax levy is secured by the full 350 Mission Street parcel. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein.

Salesforce Tower. The building located at 415 Mission Street contains a mix of office and retail uses. The building is currently the tallest in the City and the second-tallest west of the Mississippi River with a top roof height of 970 feet and an overall height of 1,070 feet. The building has 61 floors with 13-foot high ceilings. The building is LEED® Core and Shell Platinum certified and contains a number of environmentally friendly features. The total leasable square feet in the building is 1,420,186. Salesforce.com, inc. purchased the naming rights for the building and the City understands it has leased over half of the leaseable square feet in the building as of the date of this Official Statement. Occupancy of the building began in 2018. The Special Tax for this building was first levied in Fiscal Year 2018-19.

33 Tehama Street (41 Tehama). The building located at 33 Tehama Street is 34 stories and contains 403 units of multi-family luxury apartments and a small retail space. Of the 403 residential units, 60 are not subject to the Special Tax. Building amenities include a gym and the entire top floor developed with lounges, co-working space, a kitchen for entertaining, outdoor terraces, barbeque areas and a game room. The total leasable square feet in the building is 278,663. The building and opened in January 2018. The Special Tax was first levied for this building in Fiscal Year 2018-19.

181 Fremont Street. The building located at 181 Fremont Street is 54 stories and includes 557,660 square feet of taxable space. The lower 34 floors include 433,669 square feet of leasable office space and 2,663 square feet of leasable retail space. The City understands that all of the office space has been leased by Facebook. The upper floors include 67 luxury condominiums (121,328 square feet of taxable space) marketed as 55 for-sale condominiums and 12 accessory units for guest quarters. As of December 20, 2019, 28 condominiums and 6 accessory units had reportedly been purchased by individual owners at prices ranging from \$3,285,000 to \$15,000,000 for the condominiums and \$1,400,000 to \$1,750,000 for the accessory units. The residential lobby is twenty-five feet tall and enclosed in glass. Amenities encompass an entire floor and feature a wrap-around observation terrace, The Conservatory, Bay Terrace, fitness center with yoga room, two lounges, a library, catering kitchen, and conference room. The building opened in April 2018. The Special Tax was first levied for this building in Fiscal Year 2018-19.

Park Tower (Block 5). The building located at 250 Howard Street is a 43-story, 605-foot tower containing 755,914 square feet of office space and 8,745 of retail space. The office space has been pre-leased to Facebook, but construction is not yet complete. The building received its Temporary Certificate of Occupancy and a Tax Commencement Authorization in October 2018. The Special Tax was first levied for this building in Fiscal Year 2019-20.

Block 8. The building located at 250 Fremont Street is a 55-story tower that contains 118 for-sale condominiums, 430 affordable and market rate apartments units and 16,988 square feet of ground floor retail set around an open space. The market rate units are subject to the Special Tax. The building, marketed as “The Avery,” includes a lobby, shared laundry facility, rooftop community garden, community room, an outdoor play area, and bicycle parking available in the parking garage. The building received its Temporary Certificate of Occupancy and a Tax Commencement Authorization in April 2019. The Special Tax was first levied for this building in Fiscal Year 2019-20.

Block 9. The building located at 500 Folsom Street is a 42-story tower with 537 rental apartments and ground floor retail space. The residential units include studios, one- and two-bedroom apartment homes, of which 428 units are market rate and subject to the Special Tax. The building contains social spaces and amenities such as a spa, gated underground parking, community gardens, fitness center, yoga and spin rooms, as well as a community room. The building received its Temporary Certificate of Occupancy and a Tax Commencement Authorization in September 2019. The Special Tax will first be levied for this building in Fiscal Year 2020-21.

Taxable Buildings Summary, Special Tax Levy, Assessed Values and Value to Lien Ratios

The following table sets forth a summary of the Taxable Buildings (Subject Properties) and certain assessed values and assessed value-to-lien ratios. Pursuant to the Act and the Rate and Method, the principal amount of the Bonds is not allocable among the parcels in the District based on the assessed value of the parcels. A downturn of the economy or other market factors may depress assessed values and hence the value-to-lien ratios. See “SPECIAL RISK FACTORS – Value to Lien Ratios” herein.

Table 2
Community Facilities District No. 2014-1
(Transbay Transit Center)
Taxable Buildings (Subject Properties), Assessed Values and Value to Lien Ratios

Building and Land Use Category	Square Feet	FY 2019-20 Special Tax Levy	Estimated FY 2020-21 Special Tax Levy	Percent of Estimated FY 2020-21 Special Tax Levy	Allocable Share of Bonds*⁽¹⁾	FY 2019-20 Assessed Value ⁽²⁾	Aggregate Value-to-Lien Ratio*
Salesforce East (350 Mission Street) ⁽³⁾							
Office	47,645	\$247,973	\$252,932	1.0%	\$4,691,411	--	--
Retail	4,355	16,532	16,862	0.1	312,763	--	--
Subtotal	52,000	\$264,505	\$269,795	1.0%	\$5,004,174	\$404,087,148	80.75
Solaire (299 Fremont Street)							
Rental Residential	288,937	\$1,661,202	\$1,694,426	6.5%	\$31,428,347	--	--
Retail	7,204	27,346	27,893	0.1	517,369	--	--
Subtotal	296,141	\$1,688,548	\$1,722,319	6.6%	\$31,945,717	\$302,255,088	9.46
Salesforce Tower (415 Mission Street)							
Office	1,413,397	\$8,612,169	\$8,784,412	33.7%	\$162,933,973	--	--
Retail	6,789	26,792	27,328	0.1	506,873	--	--
Subtotal	1,420,186	\$8,638,960	\$8,811,740	33.8%	\$163,440,846	\$1,691,744,881	10.35
33 Tehama (41 Tehama Street)							
Rental Residential	236,375	\$1,416,823	\$1,445,159	5.5%	\$26,804,931	--	--
Retail	788	3,110	3,172	0.0	58,833	--	--
Subtotal	237,163	\$1,419,933	\$1,448,331	5.6%	\$26,863,764	\$284,022,371	10.57
181 Fremont (181 Fremont Street)							
For Sale Residential ⁽⁴⁾	121,328	\$1,108,168	\$1,130,332	4.3%	\$20,965,481	\$313,761,363	14.97
Retail/Office	436,332	2,652,959	2,706,018	10.4	50,191,438	427,024,913	8.51
Subtotal	557,660	\$3,761,127	\$3,836,350	14.7%	\$71,156,919	\$740,786,276	10.41
Park Tower (250 Howard Street)							
Office	755,914	\$4,485,855	\$4,575,572	17.5%	\$84,868,082	--	--
Retail	8,745	35,187	35,891	0.1	665,711	--	--
Subtotal	764,659	\$4,521,043	\$4,611,464	17.7%	\$85,533,794	\$601,638,811	7.03
The Avery (250 Fremont Street)							
For Sale Residential ⁽⁴⁾	210,102	\$1,956,627	\$1,995,759	7.7%	\$37,017,504	\$217,325,470	5.87
Rental Residential/Retail	208,998	1,290,413	1,316,221	5.0	24,413,375	146,716,894	6.01
Subtotal	419,100	\$3,247,040	\$3,311,981	12.7%	\$61,430,879	\$364,042,364	5.93
Block 9 (500 Folsom Street)							
Rental Residential	316,671	--	\$2,050,250	7.9%	\$38,028,196	--	--
Retail	5,678	--	23,761	0.1	440,712	--	--
Subtotal	322,349	--	\$2,074,010	8.0%	\$38,468,908	\$244,484,139	6.36
Total	4,069,258	\$23,541,156	\$26,085,989	100.0%	\$483,845,000	\$4,633,061,078	9.58

Source: San Francisco Assessor's Office; San Francisco Planning Department; OCII; Special Tax Consultant.

Footnotes on next page.

Footnotes for Table 2.

⁽¹⁾ Represents the debt lien of \$205,425,000 in 2017 Bonds, \$188,420,000 for the 2019 Bonds, and \$90,000,000 (preliminary, subject to change) for the 2020B Bonds allocated based on the proportionate share of the estimated fiscal year 2020-21 Special Tax levy.

⁽²⁾ Values reflect in-process construction values as of the January 1, 2019 lien date for Park Tower (250 Howard Street), The Avery (250 Fremont Street), and Block 9 (500 Folsom Street), according to the San Francisco Assessor's Office.

⁽³⁾ The special tax for 350 Mission Street is calculated based solely on the square footage of three floors, which constitutes a Conditioned Project under the Rate and Method. However, in the event of delinquencies in the payment of Special Taxes, however, the entire building is subject to foreclosure.

⁽⁴⁾ As of November 1, 2019 a total of 33 condominiums and 6 accessory units have been purchased by individual homeowners, representing approximately 2.5% of the estimated Fiscal Year 2020-21 Special Tax levy.

Historical Assessed Value

The following table summarizes the historical assessed value for the Taxable Buildings

Fiscal Year	Taxable Buildings	Taxable Parcels	Land Value	Improvement Value	Other Value	Total Value	Percent Change
2016-17	2	2	\$ 79,357,624	\$ 131,453,860	\$22,421	\$ 210,833,905	
2017-18	2	2	80,944,775	447,657,073	20,225	528,622,073	150.7%
2018-19	5	72	419,801,300	2,345,359,906	12,644	2,765,173,850	423.1
2019-20 ⁽¹⁾	7	202	758,957,509	3,594,787,973	14,517	4,353,759,999	57.4

Source: San Francisco Assessor's Office; OCII; Special Tax Consultant.

⁽¹⁾ Only includes Taxable Buildings subject to the fiscal year 2019-20 Special Tax levy. Does not include assessed value for Block 9, which has recently become a Taxable Building and will be subject to the Special Tax starting in fiscal year 2020-21. The fiscal year 2019-20 total assessed value for Block 9 is \$244,484,139.

Estimated Fiscal Year 2020-21 Special Tax Levy by Land Use Category

The following table sets forth the estimated Fiscal Year 2020-21 Special Tax levy by land use category.

**Table 3
Community Facilities District No. 2014-1
(Transbay Transit Center)
Estimated Fiscal Year 2020-21 Special Tax Levy by Land Use Category**

<u>Land Use Category</u>	<u>Taxable Square Feet</u>	<u>Estimated FY 2020-21 Special Tax Levy</u>	<u>Percent of FY 2020-21 Special Tax Levy</u>
<u>Residential</u>			
For Sale Residential	331,430	\$3,126,091	12.0%
Rental Residential	<u>1,033,993</u>	<u>6,436,334</u>	<u>24.7</u>
Subtotal	1,365,423	\$9,562,425	36.7%
<u>Commercial</u>			
Retail	53,210	\$215,348	0.8%
Office	2,650,625	\$16,308,216	62.5
Hotel	-	-	-
Subtotal	<u>2,703,835</u>	<u>\$16,523,564</u>	<u>63.3%</u>
Total	4,069,258	\$26,085,989	100.0%

Source: San Francisco Planning Department; OCII; Special Tax Consultant.

Conditioned Projects

The following table sets forth the current Conditioned Projects in various stages of planning and development which are not yet Taxable Buildings. From time to time, additional properties in the District or Future Annexation Area may become Conditioned Projects because they receive zoning bonuses to exceed certain height limits and floor-to-area ratios established pursuant to the City’s Planning Code. **No assurance can be provided that any particular property will be annexed into the District, become a Conditioned Project or a Taxable Building subject to Special Taxes. Any particular property may not be developed.**

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Table 4
Community Facilities District No. 2014-1
(Transbay Transit Center)
Conditioned Projects⁽¹⁾

Projects ⁽²⁾	Street Address	Office (sq. ft.)	Retail (sq. ft.)	Hotel (sq. ft.)	Residential (sq. ft.)	Residential (type)	Building Stories	Estimated First Fiscal Year of Tax Levy ⁽¹⁾⁽³⁾
Conditioned Projects Under Construction Within the District								
Block 1	160 Folsom Street	-	10,207	-	306,935	For sale	40	2020-21
Subtotal		-	10,207	-	306,935			
Conditioned Projects Not yet Under Construction Within the District								
Parcel F ⁽⁴⁾	550 Howard Street	275,674	8,900	247,765	433,556	For sale	61	2023-24
Block 4 ⁽⁴⁾	200 Main Street					-	47	2025-26
- Rental portion		-	8,051	-	165,537	Rental		
- For sale		-	-	-	186,002	For sale		
Subtotal		275,674	16,951	247,765	785,095			
Conditioned Projects to be Annexed into the District								
75 Howard ⁽⁵⁾	75 Howard Street	-	5,800	-	265,288	For sale	20	2021-22
555 Howard ⁽⁶⁾	555 Howard Street	-	-	372,042	-	For sale	35	2022-23
Oceanwide Center ⁽⁵⁾	50 First Street/526 Mission Street	1,006,606	1,141	245,895	771,704	For sale	52/63	2023-24
95 Hawthorne ⁽⁵⁾	95 Hawthorne	-	3,500	-	476,254	Rental	42	2024-25
Subtotal		1,006,606	10,441	617,937	1,513,246			
Total		1,282,280	37,599	865,702	2,605,276			

Source: San Francisco Planning Department; OCII; Special Tax Consultant.

⁽¹⁾ **Conditioned Projects listed on this Table are currently not Taxable Buildings. All projects include preliminary estimates and are subject to change until project completion.** Projects do not include square footage of below market rate units or affordable housing projects.

⁽²⁾ A “Conditioned Project” means a Development Project that, pursuant to Section 424 of the Planning Code, is required to participate in funding authorized facilities through the District and, therefore, is subject to the levy of the Special Tax when Buildings (or portions thereof) within the District become Taxable Buildings.

⁽³⁾ Reflects the fiscal year in which projects are expected to have received their first certificate of occupancy by June 30th of the prior fiscal year.

⁽⁴⁾ Project is not yet entitled.

⁽⁵⁾ Projects are entitled.

⁽⁶⁾ Project is entitled; however, the project sponsor has submitted applications for a revised project which eliminates all residential dwelling units in lieu of additional hotel rooms.

Conditioned Projects Under Construction Within the District

The building under construction at 160 Folsom Street is planned as a 400-foot tower containing 392 (236 market rent and 156 affordable) for-sale condominiums with studios, one, two and three-bedroom homes, including 20 penthouse homes on the top five floors of the building and six townhomes facing Clementina Street on the north side of the building. The building, marketed as “Mira,” is expected to contain approximately 10,000 square feet of ground floor retail with access to Rincon Park, the Embarcadero and the San Francisco Bay. The project is being developed by Tishman Speyer.

The following table lists one Conditioned Project described above that may receive a Certificate of Occupancy and Tax Commencement Authorization this calendar year. **The City provides no assurance, however, that any such development will ever be completed as expected.**

**Table 5
Community Facilities District No. 2014-1
(Transbay Transit Center)
Conditioned Projects Under Construction within the District – Not Currently Taxable Buildings**

<u>Project Address</u>	<u>Planned Development (Square Feet)</u>	<u>Estimated Certificate of Occupancy Date</u> ⁽¹⁾	<u>Estimated First Fiscal Year of Special Tax Levy</u>	<u>Estimated First Fiscal Year Maximum Special Tax</u>	<u>Fiscal Year 2019-20 Assessed Value</u> ⁽²⁾
160 Folsom Street (Block 1)	317,142	2 nd Quarter 2020	FY 2020-21	\$2,296,041	\$118,847,743

Source: San Francisco Planning Department; San Francisco Assessor’s Office; OCII; Special Tax Consultant.

⁽¹⁾ See definition of Certificate of Occupancy under the caption “SECURITY FOR THE BONDS - Rate and Method of Apportionment of Special Taxes” herein.

⁽²⁾ Values reflect in-process construction values as of the January 1, 2019 lien date.

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Estimated Effective Tax Rate

The following table sets forth an illustrative tax bill for sale residential property.

Table 6
Community Facilities District No. 2014-1
(Transbay Transit Center)
Fiscal Year 2019-20 - For Sale Residential Property Illustrative Tax Bill

<u>Assumptions</u>		<u>181 Fremont</u> ⁽¹⁾	<u>The Avery</u> ⁽²⁾
Estimated Value		\$6,292,885	\$2,913,643
Homeowners Exemption		<u>(\$7,000)</u>	<u>(\$7,000)</u>
Net Assessed Value		\$6,285,885	\$2,906,643
<u>Ad Valorem Tax Rate</u> ⁽³⁾			
Base Tax Rate	1.0000%	\$62,859	\$29,066
Other Ad Valorem Property Taxes	0.1801%	<u>11,321</u>	<u>5,235</u>
Total Ad Valorem Taxes	1.1801%	\$74,180	\$34,301
<u>Direct Charges</u>			
GTR Rincon Hill CBD		\$ 280	\$ 191
LWEA 2018 Tax		310	310
SF Bay RS Parcel Tax		12	12
SFUSD Facility District		38	38
SFCCD Parcel Tax		99	99
SF - Teacher Support		262	262
Transbay CFD No. 2014-1 ⁽⁴⁾		<u>19,204</u>	<u>14,151</u>
Total Direct Charges		\$20,205	\$15,062
Total Taxes and Direct Charges		\$94,384	\$49,364
Percentage of Net Assessed Value		1.50%	1.70%

Source: San Francisco Treasurer and Tax Collector's Office; San Francisco Assessor's Office; Special Tax Consultant.

⁽¹⁾ Represents the average sales price of the 28 residential condominiums that have been purchased by individual homeowners as of December 20, 2019.

⁽²⁾ Represents the average sales price of the 6 residential condominiums that have been purchased by individual homeowners as of December 20, 2019.

⁽³⁾ Based on the fiscal year 2019-20 ad valorem tax rates. Ad valorem tax rates are subject to change in future years.

⁽⁴⁾ The fiscal year 2019-20 maximum Special Tax rates are based on the average square footage of the condominiums that have been purchased by individual homeowners as of December 20, 2019.

Direct and Overlapping Debt

The following table details the direct and overlapping debt encumbering property within the District as of _____, 2020.

Table 7
Community Facilities District No. 2014-1
(Transbay Transit Center)
Direct and Overlapping Debt

Source: California Municipal Statistics.

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2020B Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the City to make full and punctual payments of debt service on the 2020B Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District.

Risks of Real Estate Secured Investments Generally

The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential properties and/or sites in the event of sale or foreclosure, (ii) changes in real estate tax rates and other operating expenses, government rules (including, without limitation, zoning laws and restrictions relating to threatened and endangered species) and fiscal policies and (iii) natural disasters (including, without limitation, earthquakes, subsidence and floods), which may result in uninsured losses, or natural disasters elsewhere in the country or other parts of the world affecting supply of building materials that may cause delays in construction. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due.

Public Health Emergencies

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Disclosure to Future Property Owners

Pursuant to Section 53328.3 of the Act, the City has recorded a Notice of Special Tax Lien. The sellers of property within the District are required to give prospective buyers a Notice of Special Tax in accordance with Sections 53340.2 and 53341.5 of the Act. While title companies normally refer to the Notice of Special Tax Lien in title reports, there can be no guarantee that such reference will be made or the seller's notice given or, if made and given, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property or the lending of money thereon. Failure to disclose the existence of the Special Taxes could affect the willingness and ability of future owners of land within the District to pay the Special Taxes when due.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute a lien against the parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. The City, however, has no control over the ability of other agencies to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes or assessments. Any such special taxes or assessments may have a

lien on such property on a parity with the Special Taxes. See “THE DISTRICT – Direct and Overlapping Debt” herein.

Value to Lien Ratios

Value-to-lien ratios have traditionally been used in land-secured bond issues as a measure of the “collateral” supporting the willingness of property owners to pay their special taxes and assessments (and, in effect, their general property taxes as well). The value-to-lien ratio is mathematically a fraction, the numerator of which is the value of the property as measured by assessed values or appraised values (in this case, Fiscal Year 2019-20 Assessed Values) and the denominator of which is the “lien” of the allocable share of assessment or special tax bonds. A value to lien ratio should not, however, be viewed as a guarantee for credit-worthiness. Land values are sensitive to economic cycles. Assessed values may not reflect the current market value of property. A downturn of the economy or other market factors may depress land values and lower the value-to-lien ratios. Further, the value-to-lien ratio cited for a bond issue is an average. Individual parcels in a community facilities district may fall above or below the average, sometimes even below a 1:1 ratio. (With a ratio below 1:1, the assessed or appraised value is less than its allocable share of debt.) Although judicial foreclosure proceedings can be initiated rapidly, the process can take several years to complete, and the bankruptcy courts may impede the foreclosure action. No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and sold for the amount of the delinquency, any bid will be received for such property or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. Finally, local agencies may form overlapping community facilities districts or assessment districts. Local agencies typically do not coordinate their bond issuances. Debt issuance by another entity could dilute value to lien ratios.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn, along with various other factors, can lead to problems in the collection of the special tax. In some community facilities districts, taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by a community facilities district.

Under provisions of the Act, the Special Taxes are levied on Taxable Buildings (Subject Properties) within the District that were entered on the Assessment Roll of the County Assessor by January 1 of the previous Fiscal Year. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Ordinarily, these Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Collection of Special Taxes

The District is currently included on the Teeter Plan and Special Taxes are expected to be paid in a timely manner. However, as described above, the District could be removed from the Teeter Plan. The City has covenanted in the Fiscal Agent Agreement to institute foreclosure proceedings under certain conditions against property with delinquent Special Taxes to obtain funds to pay debt service on the 2020B Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but

would not be required to, advance the amount of the delinquent Special Taxes to protect its security interest. If such foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the 2020B Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale would be sold or, if sold, that the proceeds of such sale would be sufficient to pay any delinquent Special Taxes installment. Although the Act authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Act does not specify the obligations of the City with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein.

Teeter Plan

The City has the power to unilaterally discontinue the Teeter Plan or remove the District from the Teeter Plan by a majority vote of the Board of Supervisors. The Teeter Plan may also be discontinued by petition of two-thirds (2/3) of the participant taxing agencies. Discontinuation of the Teeter Plan could affect the rating on the 2020B Bonds. The City has the power to include additional taxing agencies on the Teeter Plan. See “SECURITY FOR THE BONDS – Teeter Plan” herein.

Maximum Special Tax Rates

Within the limits of the Rate and Method, the City may adjust the Special Taxes levied on all property within the District to provide the amount required each year to pay annual debt service on the Bonds and to replenish the Reserve Fund to an amount equal to the Reserve Requirement, but not more than a 10% increase on property used for private residential purposes above the amount that would have been levied in that Fiscal Year had there never been any delinquencies or defaults. However, the amount of Special Taxes that may be levied against particular categories of property is subject to the maximum tax rates set forth in the Rate and Method. In the event of significant Special Tax delinquencies, there is no assurance that the maximum tax rates for property in the District would be sufficient to meet debt service obligations on the Bonds. See “SECURITY FOR THE BONDS – The Special Taxes” herein and APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each Taxable Parcel in the District will be based primarily on the square footage. See APPENDIX B – “AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” attached hereto and “SECURITY FOR THE BONDS – Rate and Method of Apportionment of Special Taxes” herein. The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by a gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. *Moreover, if a substantial portion of land within the District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2020B Bonds when due and a default could occur with respect to the payment of such principal and interest.*

Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2020B Bonds are derived, will be billed to the properties within the District on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made to the County Tax Collector separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future.

See “SECURITY FOR THE BONDS – Reserve Fund” and “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein, for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments.

Exempt Properties

The Act provides that properties or entities of the State, federal or local government are exempt from the Special Taxes; provided, however, the property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Taxes, will continue to be subject to the Special Taxes. The Act further provides that if property subject to the Special Taxes is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Taxes with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. In particular, insofar as the Act requires payment of the Special Taxes by a federal entity acquiring property within the District, it may be unconstitutional.

Maximum Term of Levy

The Bonds are secured by Special Tax Revenues from all parcels subject to the Special Tax in the District. Upon delivery of the 2020B Bonds, Special Taxes will be levied only on parcels relating to the existing Taxable Buildings (Subject Properties) described herein. Special Taxes may only be levied on taxable square footage on an individual parcel for a maximum term of 30 years. The levy on most of the Taxable Buildings (Subject Properties) will terminate before the final maturity of the 2020B Bonds. Unless additional parcels are annexed into the District (or a Certificate of Occupancy and Tax Commencement Authorization are issued for additional parcels already within the boundaries of the District) before the maximum term of the applicable levy is reached, payments due on the Bonds in 2047 and 2048 will be secured only by the Taxable Buildings (Subject Properties) described herein. The 2020B Bonds have been structured to maintain projected coverage of 110% from projected maximum Special Tax on the Taxable Buildings (Subject Properties), reflecting the termination of the levy on certain parcels within the District.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See “THE 2020B BONDS – Redemption – *Mandatory Redemption from Special Tax Prepayments*” herein.

Concentration of Property Ownership

Failure of any significant owner of Taxable Buildings (Subject Properties) in the District to pay the annual Special Taxes when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the 2020B Bonds. Development of property in the District may not occur as currently proposed or at all. As of the date the 2020B Bonds are delivered, only six building owners and a small handful of condominium owners will be responsible for contributing 100% of the Special Tax Revenues. See “THE DISTRICT” herein for information regarding property ownership and the status of development in the District.

Future Indebtedness

The cost of any additional improvements may well increase the public and private debt for which the land in the District provide security, and such increased debt could reduce the ability or desire of property owners to pay the Special Taxes levied against the land in the District. In addition, in the event any additional improvements or fees are financed pursuant to the establishment of an assessment district or another district formed pursuant to the Act, any taxes or assessments levied to finance such improvements may have a lien on a parity with the lien of the Special Taxes. The City is authorized to issue on behalf of the District bonded indebtedness, including the 2020B Bonds, in an aggregate amount not to exceed \$1.4 billion. See “THE DISTRICT – Future Financings” herein.

Office Development Annual Limit Program

The Office Development Annual Limit Program (the “Annual Limit Program”) of the City became effective in 1985 with the adoption of the Downtown Plan and associated amendments (Proposition M in 1986 and Proposition C in 1987) to the City’s Planning Code. As amended over time, the Annual Limit Program governs the approval of all development projects that contain more than 25,000 gross square feet of office space. Such projects require an “office space allocation” from the City’s Planning Commission.

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. A total of 950,000 gross square feet (“gsf”) of office development potential becomes available for allocation in each approval period, which begins on October 17th of every year. Of the total new available space, 75,000 gsf is reserved for small allocation projects (projects with between 25,000 and 49,999 gsf of office space), and the remaining 875,000 gsf is available for large allocation projects (projects with at least 50,000 gsf of office space). Any available office space not allocated in a given year is carried over to subsequent years. The status of available allocation under the Annual Limit Program is set forth on the Office Development annual Limit Program website at <https://sf-planning.org/office-development-annual-limitation-program>.

Bankruptcy and Foreclosure

The payment of property owners’ taxes and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See “SECURITY FOR THE BONDS – Covenant for Superior Court

Foreclosure” herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the 2020B Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

In addition, bankruptcy of a property owner (or a property owner’s partner or equity owner) would likely result in a delay in procuring Superior Court foreclosure proceedings unless the bankruptcy court consented to permit such foreclosure action to proceed. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the 2020B Bonds and the possibility of delinquent tax installments not being paid in full.

Under 11 U.S.C. Section 362(b)(18), in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for ad valorem taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S.C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like ad valorem taxes for this purpose.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as ad valorem taxes. *No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy.*

Property Controlled by FDIC and Other Federal Agencies

The City’s ability to collect interest and penalties specified by State law and to foreclose the lien of delinquent Special Tax payments may be limited in certain respects with regard to properties in which the Internal Revenue Service, the Drug Enforcement Agency, the Federal Deposit Insurance Corporation (the “FDIC”) or other similar federal agency has or obtains an interest.

Unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States. The District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the District, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2020B Bonds are outstanding.

On June 4, 1991 the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its proper tax obligations when they become due and payable and will pay claims for delinquent property taxes as

promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity.

The FDIC has filed claims against one California county in United States Bankruptcy Court contending, among other things, that special taxes authorized under the Act are not *ad valorem* taxes and therefore not payable by the FDIC, and the FDIC is seeking a refund of any special taxes previously paid by the FDIC. The FDIC is also seeking a ruling that special taxes may not be imposed on properties while they are in FDIC receivership. The Bankruptcy Court ruled in favor of the FDIC's positions and, on August 28, 2001, the United States Court of Appeals for the Ninth Circuit affirmed the decision of the Bankruptcy Court, holding that the FDIC, as an entity of the federal government, is exempt from post-receivership special taxes levied under the Act. This is consistent with provision in the Law that the federal government is exempt from special taxes.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the 2020B Bonds should assume that the City will be unable to foreclose on any parcel owned by the FDIC. Such an outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment of the 2020B Bonds. The City has not undertaken to determine whether the FDIC or any FDIC-insured lending institution currently has, or is likely to acquire, any interest in any of the parcels, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2020B Bonds are outstanding.

Natural Disasters and Other Events

Other natural or man-made disasters, such as flood, wildfire, tsunamis, toxic dumping or acts of terrorism, 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. Such events could also damage critical City infrastructure. For example, 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 generator and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was

no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region. In September 2010, a Pacific Gas and Electric Company ("PG&E") high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. There are numerous gas transmission and distribution pipelines owned, operated and maintained by PG&E throughout the City.

As a result of the occurrence of events like those described in the preceding paragraph, a substantial portion of the property owners in the District may be unable or unwilling to pay the Special Taxes when due, and the Reserve Fund for the outstanding Parity Bonds and the 2020B Bonds may become depleted. 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).

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Seismic events may cause damage, or temporary or permanent loss of occupancy to buildings, including Taxable Buildings (Subject Properties), in the District. These faults include the San Andreas Fault, which passes about three miles to the southeast 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. Historical seismic events include the 1989 Loma Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Survey. 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 or larger will occur in the San Francisco Bay Area before the year 2042. Such earthquakes may be very destructive. In addition to the potential damage to Taxable Buildings (Subject Properties), 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, and residential and business real property values, including in the District.

Earthquake Safety Implementation Plan ("ESIP"). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety ("CAPSS"), a 10-year-long study evaluating the seismic vulnerabilities San Francisco faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, San Francisco has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2020. Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.

Vulnerability Study of the Northern Waterfront Seawall. In early 2016, the Port Commission of the City and County of San Francisco commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The Port Commission estimates that seismic retrofitting of the Seawall could cost as much as \$3 billion, with another \$2 billion or more needed to prepare the Seawall for rising sea levels. The study estimates that approximately \$1.6 billion in Port assets and \$2.1 billion of rents, business income, and wages are at risk from major damage to the Seawall. See “– Risk of Sea Level Changes and Flooding” below.

In November 2018, voters approved Proposition A (the “2018 Seawall Proposition”), authorizing the issuance of up to \$425 million in general obligation bonds to fund repairs and improvement projects along the City’s Embarcadero and Seawall to protect the waterfront, BART and the San Francisco Municipal Railway, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. On April 5, 2019, pro se plaintiffs (“Plaintiffs”) filed suit in the Superior Court of the State of California to set aside the voters’ approval of Proposition A (2018). Plaintiffs generally assert that the ballot measure for Proposition A (2018) was not impartial, was improperly drafted and contained various technical impairments. On June 19, 2019, the Superior Court granted the City’s demurrer to Plaintiffs’ complaint without leave to amend. Plaintiff’s appeal of the Superior Court’s ruling is now pending in *Denny v. Arntz* before the First Appellate District of the Court of Appeal of the State of California. Bonds have not been issued yet under this authorization.

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

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. All of these tasks are currently underway. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this statewide program. The City’s Disaster Recovery Taskforce had its kick off meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. Partnering with the Structural Engineers Association of Northern California (“SEAONC”), geotechnical regulations for tall buildings are being drafted and expected to be delivered to the City for adoption in April 2020.

Risk of Sea Level Changes and Flooding

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

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

Sea levels will continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the ocean. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, 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 San Francisco are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City’s policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled “Sea Level Rise Action Plan,” identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015 average high tide. To implement this Plan, the Mayor’s Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, Public Utilities Commission and other public agencies is moving several initiatives forward. This includes a a a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the city and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resource Agency, the Governor’s Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled “Rising Seas in California: An Update on Sea Level Rise Science” (the “Sea Level Rise Report”) to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated

tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City and County of San Francisco has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into Capital Planning. The Guidance requires that City projects over \$5 million consider mitigation and/or adaptation measures.

The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City, the local economy or, in particular, the Taxable Buildings (Subject Properties) in the District subject to the Special Tax and the ability of a property owner in the District to pay the Special Tax levy.

Hazardous Substances

A serious risk in terms of the potential reduction in the value of a parcel within the District is the discovery of a hazardous substance. In general, the owners and operators of a parcel within the District may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but other California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the District be affected by a hazardous substance, would be to reduce the marketability and value of such parcel by the costs of remedying the condition. Any prospective purchaser would become obligated to remedy the condition.

Further it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of a parcel within the District that is realizable upon a delinquency.

Millennium Tower

Millennium Tower is a 58-story luxury residential building completed in 2009 and located at 301 Mission Street in downtown San Francisco. **Millennium Tower is not located in the District, nor is it subject to the levy of the Special Tax and none of the information presented in this Official Statement assumes collection of Special Taxes from the Millennium Tower project.** On August 17, 2016, some owners of condominiums in Millennium Tower filed a lawsuit, San Francisco Superior Court No. 16-553758 (the “Lehman Lawsuit”) against TJPA and the individual members of the TJPA, including the City. The TJPA is responsible under State law for developing and operating the Salesforce Transit Center, which will be a new regional transit hub located near the Millennium Tower.

The TJPA began excavation and construction of the Salesforce Transit Center in 2010, after the Millennium Tower was completed. In brief, the Lehman Lawsuit claims that the construction of the Salesforce Transit Center harmed the Millennium Tower by causing it to settle into the soil more than planned and tilt toward the west/northwest, and the owners claim unspecified monetary damages for inverse condemnation and nuisance. The TJPA has asserted that the Millennium Tower was already sinking more than planned and tilting before the TJPA began construction of the Salesforce Transit

Center and that the TJPA took precautionary efforts to avoid exacerbating the situation. In addition to the Lehman Lawsuit, several other lawsuits have been filed against the TJPA related to the subsidence and tilting of the Millennium Tower. In total, eight lawsuits have been filed against TJPA, and a total of four of those name the City.

In addition to the Lehman Lawsuit, the City is named as a defendant in a lawsuit filed by the owners of a single unit, the Montana Lawsuit, San Francisco Superior Court Case No. 17-558649, and in two lawsuits filed by owners of multiple units, the Ying Lawsuit (Case No. 17-559210) and the Turgeon Lawsuit (Case No. 18-564417). The Montana, Ying and Turgeon Lawsuits contain similar claims as the Lehman Lawsuit. The City continues to evaluate the lawsuits, and the subject matter of the lawsuits, and is engaged in discovery, but cannot now make any prediction as to the outcome of the lawsuits, or whether the lawsuits, if determined adversely to the TJPA or the City, would have a material adverse impact on City finances.

An adverse judgment in the lawsuits described above would not affect the District or the levy or availability of Special Tax Revenues. The relevance of the lawsuits described above to the 2020B Bonds is that it relates to conditions at a private development project near the District, and if those conditions were replicated at Taxable Parcels, it could adversely impact the ability of property owners of such affected buildings to pay Special Taxes. The City is not aware of any such condition affecting the Taxable Buildings (Subject Properties) within the District. **[any update?]**

California Constitution Article XIIC and Article XIID

On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which articles contain a number of provisions affecting the ability of the District to levy and collect both existing and future taxes, assessments, fees and charges. According to the “Official Title and Summary” of Proposition 218 prepared by the California State Attorney General, Proposition 218 limits the “authority of local governments to impose taxes and property-related assessments, fees and charges.” On July 1, 1997 California State Senate Bill 919 (“SB 919”) was signed into law. SB 919 enacted the “Proposition 218 Omnibus Implementation Act,” which implements and clarifies Proposition 218 and prescribes specific procedures and parameters for local jurisdictions in complying with Articles XIIC and XIID.

Article XIID of the State Constitution reaffirms that the proceedings for the levy of any Special Taxes by the District under the Act must be conducted in conformity with the provisions of Section 4 of Article XIII A. The District has completed its proceedings for the levy of Special Taxes in accordance with the provisions of Section 4 of Article XIII A. Under Section 53358 of the California Government Code, any action or proceeding to review, set aside, void, or annul the levy of a special tax or an increase in a special tax (including any constitutional challenge) must be commenced within 30 days after the special tax is approved by the voters.

Article XIIC removes certain limitations on the initiative power in matters of local taxes, assessments, fees and charges. The Act provides for a procedure, which includes notice, hearing, protest and voting requirements, to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting a resolution to reduce the rate of any special tax if the proceeds of that tax are being utilized to retire any debt incurred pursuant to the Act unless such legislative body determines that the reduction of that tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that exercise by the voters of the initiative power referred to in Article XIIC to reduce or terminate the Special Tax is subject to the same restrictions as are applicable to the Board of Supervisors, as the legislative body of the District, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that Proposition 218 has

not conferred on the voters the power to repeal or reduce the Special Taxes if such repeal or reduction would interfere with the timely retirement of the 2020B Bonds.

It may be possible, however, for voters or the Board of Supervisors, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the 2020B Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2020B Bonds.

Proposition 218 and the implementing legislation have yet to be extensively interpreted by the courts; however, the California Court of Appeal in April 1998 upheld the constitutionality of Proposition 218's balloting procedures as a condition to the validity and collectability of local governmental assessments. A number of validation actions for and challenges to various local governmental taxes, fees and assessments have been filed in Superior Court throughout the State, which could result in additional interpretations of Proposition 218. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and the outcome of such determination cannot be predicted at this time with any certainty.

Validity of Landowner Elections

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One (the "Court"), issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The Court considered whether Propositions 13 and 218, which amended the California Constitution to require voter approval of taxes, require registered voters to approve a tax or whether a city could limit the qualified voters to just the landowners and lessees paying the tax. The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego. The CCFD is a financing district established under San Diego's charter and was intended to function much like a community facilities district established under the provisions of the Act. The CCFD is comprised of the entire City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on properties improved with a hotel located within the CCFD.

At the election to authorize such special tax, the San Diego Charter proceeding limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located, thus, the election was an election limited to landowners and lessees of properties on which the special tax would be levied and was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. In addition, Section 53326(b) of the Act provides that if there are fewer than 12 registered voters in the district, the landowners shall vote.

The Court held that the CCFD special tax election did not comply with applicable requirements of Proposition 13, which added Article XIII A to the California Constitution (which states "Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district") and Proposition 218, which added Article XIII C and XIII D to the California Constitution (Section 2 of Article XIII C provides "No local government may impose, extend or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote"), or with applicable provisions of San Diego's Charter, because the electors in such an election were not the registered voters residing within such district.

San Diego argued that the State Constitution does not expressly define the qualified voters for a tax; however, the Legislature defined qualified voters to include landowners in the Mello-Roos Community Facilities District Act. The Court of Appeal rejected San Diego's argument, reasoning that the text and history of Propositions 13 and 218 clearly show California voters intended to limit the taxing powers of local government. The Court was unwilling to defer to the Act as legal authority to provide local governments more flexibility in complying with the State's constitutional requirement to obtain voter approval for taxes. The Court held that the tax was invalid because the registered voters of San Diego did not approve it. However, the Court expressly stated that it was not addressing the validity of landowners voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. In the case of the CCFD, at the time of the election there were several hundred thousand registered voters within the CCFD (i.e., all of the registered voters in the city of San Diego). In the case of the District, there were fewer than 12 registered voters within the District at the time of the election to authorize the Special Tax within the District. In addition, each owner of property that annexed into the District after original District formation has represented to the City that there were no registered voters on such property at the time of annexation.

Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax ... shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act or the levy of special taxes authorized pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds or the special tax. Voters approved the special tax and the issuance of bonds for the District pursuant to the requirements of the Act on December 29, 2016, and owners of property that annexed into the District voted in favor of special taxes and the issuance of Bonds for the District at the time of annexation more than 30 days prior to the date of issuance of the 2020B Bonds. Therefore, under the provisions of Section 53341 and Section 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired.

Ballot Initiatives and Legislative Measures

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process; and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the District or other local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

No Acceleration

The 2020B Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2020B Bonds or the Fiscal Agent Agreement or upon any adverse change in the tax status of interest on the 2020B Bonds. There is no provision in the Act or the Fiscal Agent Agreement for acceleration of the Special Taxes in the event of a payment default by an owner of a parcel within the District. Pursuant to the Fiscal Agent Agreement, a Bond Owner is given the right for the equal benefit and protection of all Bond Owners to pursue certain remedies described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" attached hereto.

Limitations on Remedies

Remedies available to the Bond Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2020B Bonds. Bond Counsel has limited its opinion as to the enforceability of the 2020B Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the 2020B Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Fiscal Agent Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bond Owners.

Enforceability of the rights and remedies of the Bond Owners, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against joint powers authorities in the State. See "SPECIAL RISK FACTORS – Bankruptcy and Foreclosure" herein.

Limited Secondary Market

As stated herein, investment in the 2020B Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the 2020B Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the 2020B Bonds or, if a secondary market exists, that the 2020B Bonds can or could be sold for any particular price.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2020B Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") on an annual basis, and to provide notices of the occurrences of certain enumerated events. The Annual Report and the notices of enumerated events will be filed with the MSRB on EMMA. The specific nature of information to be contained in the Annual Report or the notice of events is summarized in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made by the City in order to assist the Underwriters in complying with the Rule.

Filings through EMMA are linked to a particular issue of obligations by CUSIP number. It has come to the City's attention that certain filings (including certain Annual Reports, comprehensive annual financial reports and notice of upgrade by S&P Global Ratings), when made, were not appropriately linked to all applicable CUSIP numbers. The City has since linked the applicable filings to the additional CUSIPs. **[any additional lapses?]**

TAX MATTERS

The interest on the 2020B Bonds is not intended by the District to be excluded from gross income for federal income tax purposes. However, in the opinion of Bond Counsel, interest on the 2020B Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with

respect to the 2020B Bonds to be delivered on the date of issuance of the 2020B Bonds is set forth in APPENDIX D – “FORM OF BOND COUNSEL OPINION” attached hereto.

Owners of the 2020B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2020B Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2020B Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, Citigroup Global Markets Inc. and Stinson Securities, LLC (collectively, the “Underwriters”) purchased the 2020B Bonds at a purchase price of \$_____ (calculated as the aggregate principal amount of the 2020B Bonds in the amount of \$_____, less original issue discount of \$_____, and less underwriters’ discount in the amount of \$_____). The Underwriters intend to offer the 2020B Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriters have provided the following three paragraphs for inclusion in this Official Statement.

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2020B Bonds to the public. The Underwriters may offer and sell the 2020B Bonds to certain dealers (including dealers depositing 2020B Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

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 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 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 affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their 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.

Citigroup Global Markets Inc., an Underwriter of the 2020B Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the 2020B Bonds.

LEGAL OPINION AND OTHER LEGAL MATTERS

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, approving the validity of the 2020B Bonds, in substantially the form set forth in Appendix D hereto, will be made available to purchasers of the 2020B Bonds at the time of original delivery. Bond Counsel has not undertaken on behalf of the Owners or the Beneficial Owners of the 2020B Bonds to review the Official Statement and assumes no responsibility to such Owners and Beneficial Owners for

the accuracy of the information contained herein. Certain legal matters will be passed upon for the City by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel, with respect to the issuance of the 2020B Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Compensation paid to Jones Hall, A Professional Law Corporation, as Bond Counsel, Norton Rose Fulbright US LLP, as Disclosure Counsel, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Underwriter's Counsel, is contingent on the issuance of the 2020B Bonds.

Norton Rose Fulbright (US) LLP, Los Angeles, California has served as Disclosure Counsel to the City, acting on behalf of the District, and in such capacity has advised City staff 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. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. The City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon issuance and delivery of the 2020B Bonds, Disclosure Counsel will deliver a letter to the City, acting on behalf of the District, and the Underwriters to the effect that, subject to the assumptions, exclusions, qualifications and limitations set forth therein, no facts have come to the attention of the personnel with Norton Rose Fulbright (US) LLP directly involved in rendering legal advice and assistance to the City which caused them to believe that this Official Statement as of its date and as of the date of delivery of the 2020B 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 the light of the circumstances under which they were made, not misleading. No purchaser or holder, other than the addressee of the letter, or other person or party, will be entitled to or may rely on such letter of Disclosure Counsel.

NO LITIGATION

A certificate of the City to the effect that no litigation is pending (for which service of process has been received) concerning the validity of the 2020B Bonds will be furnished to the Underwriters at the time of the original delivery of the 2020B Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the City on behalf of the District to levy and collect the Special Taxes or to issue the 2020B Bonds. **[confirm]**

RATING

Fitch Ratings has assigned the 2020B Bonds its long-term municipal bond credit rating of “___.” Such rating should be evaluated independently of any other rating. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from Fitch Ratings. The rating does not constitute a recommendation to buy, sell or hold the 2020B Bonds. The City has furnished to Fitch Ratings certain information respecting the 2020B Bonds and the City. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. Ratings are subject to revision, suspension or withdrawal at any time by the applicable rating agency, and there is no assurance that any rating will continue for any period or that they will not be lowered or withdrawn. The City, on behalf of the District, undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any downward revision, suspension or withdrawal of any rating may have an adverse effect on the market price of the 2020B Bonds or the ability to sell the 2020B Bonds.

MUNICIPAL ADVISORS

The City has retained Backstrom McCarley Berry & Co., LLC and PFM Financial Advisors LLC, as Co-Municipal Advisors in connection with the issuance of the 2020B Bonds. The Co-Municipal Advisors have assisted in the City’s review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the 2020B Bonds. The Co-Municipal Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Co-Municipal Advisors are each an independent financial advisory firm and are not engaged in the business of underwriting, trading or distributing the 2020B Bonds.

Compensation paid to the Co-Municipal Advisors is contingent upon the successful issuance of the 2020B Bonds.

MISCELLANEOUS

All of the preceding summaries of the Fiscal Agent Agreement, other applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete documents of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2020B Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been authorized by the Board of Supervisors of the City.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Controller

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY AND COUNTY OF SAN FRANCISCO

The following economic and demographic data for the City and County of San Francisco (the “City”) is presented for informational purposes only. The Bonds are not a debt or obligation of the City.

General

The City was established in 1850 and is the only legal subdivision of the State of California with the governmental powers of both a city and a county. The City’s legislative power is exercised through a Board of Supervisors, while its executive power is vested upon a Mayor and other appointed and elected officials. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since November 2000, the eleven-member Board of Supervisors has been elected through district elections. The eleven district elections are staggered for five and six seats at a time and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

An educated workforce, a critical mass of successful business, and easy access to transit and financial capital drive economic growth in the City. The unprecedented growth of the last decade, driven by the technology sector, has made the City the center of the Bay Area’s regional economy and among the fastest growing large counties in the country.

Population

The populations of the City and County of San Francisco from 2000 to 2019 are shown in the following table.

**POPULATION GROWTH
City and County of San Francisco
2000 Through 2019**

Year	Population	Annual % Change
2000	776,733	-
2001	780,614	0.5%
2002	782,765	0.28
2003	782,599	(0.02)
2004	781,308	(0.16)
2005	780,187	(0.14)
2006	781,295	0.14
2007	787,127	0.75
2008	795,002	1.00
2009	800,239	0.66
2010	804,989	0.59
2011	815,854	1.35
2012	826,103	1.26
2013	839,564	1.63
2014	848,186	1.03
2015	857,508	1.10
2016	866,583	1.06
2017	879,166	1.04
2018	883,305	0.47
2019	887,463	0.47

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010th 2000 & 2010 Census Counts for City and County of San Francisco for years 2000-2009; California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark for City and County of San Francisco for years 2010-2016. U.S. census Bureau for 2017-2019.

Employment

The following table summarizes industry employment in the City and County of San Francisco from 2013 through 2018. Trade, transportation and utilities, professional and business services, and goods producing are the largest employment sectors in the City. Annual figures for 2019 are not yet available.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT City and County of San Francisco 2013 through 2018

Industry	Employment ⁽¹⁾					
	2013	2014	2015	2016	2017	2018
Agriculture	100	200	200	100	200	200
Mining, Logging & Construction	15,900	16,900	18,500	20,900	21,400	23,300
Manufacturing	9,300	10,100	10,300	12,300	13,100	12,700
Trade, Transportation & Utilities	68,500	70,700	74,900	82,500	84,700	88,200
Information	25,700	28,300	31,700	40,200	45,000	48,000
Financial Activities	49,300	50,200	52,000	57,400	57,100	58,900
Professional and Business Services	156,800	168,800	184,600	193,400	198,500	209,400
Education and Health Services	82,800	83,000	85,700	89,800	90,300	93,700
Leisure and Hospitality	86,200	90,200	93,300	97,000	95,900	98,000
Other Services	24,300	25,800	26,200	27,400	27,800	28,700
Government	88,400	89,500	91,600	96,100	98,100	99,400
Total	607,500	633,400	668,900	717,100	732,100	760,500

⁽¹⁾ Employment is reported by place of work: it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.

Source: California State Department of Employment Development, Labor Market Information Division.

The following tables summarize the civilian labor force, employment and unemployment in the City and County of San Francisco from 2010 to 2018. The annual average unemployment rate in the City in 2018 was approximately 2.4%. Annual figures for 2019 are not yet available.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
City and County of San Francisco
Annual Averages, 2010 Through 2018

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employed Labor Force⁽¹⁾</u>	<u>Unemployed Labor Force⁽²⁾</u>	<u>Unemployment Rate⁽³⁾</u>
2010	486,000	442,700	43,300	8.9%
2011	494,800	454,900	39,300	8.1
2012	510,200	475,600	34,600	6.8
2013	517,600	489,300	28,200	5.5
2014	531,700	508,500	23,200	4.4
2015	548,000	528,100	19,900	3.6
2016	559,900	543,300	16,500	3.3
2017	564,500	548,000	16,500	2.9
2018	575,600	562,000	13,500	2.4

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

Source: California State Department of Employment Development, Labor Market Information Division.

Major Employers

The following tables show the largest employers located in the City and County of San Francisco in 2018. Annual figures for 2019 are not yet available.

LARGEST EMPLOYERS
City and County of San Francisco

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage Total Employees</u>
University of California, San Francisco	34,690	1	6.09%
City and County of San Francisco	32,749	2	5.75
San Francisco Unified School District	10,506	3	1.84
Salesforce	8,000	4	1.40
Wells Fargo & Co	7,747	5	1.36
Kaiser Permanente	6,659	6	1.17
Sutter Health	5,359	7	0.94
Uber Technologies Inc	5,000	8	0.88
Gap Inc	4,000	9	0.70
PG&E Corporation	3,800	10	0.67
Total	118,510		20.80

Source: Total City and County of San Francisco employee count is obtained from the State of California Employee Development Department. All other data is obtained from the San Francisco Business Times Book of Lists.

Construction Activity

The level of construction activity in the City and County of San Francisco as measured by total building permits for residential units is shown in the following tables. Annual figures for 2019 are not yet available.

BUILDING PERMITS
City and County of San Francisco
2014 Through 2018

	2014	2015	2016	2017	2018
Valuation (\$000)					
Residential	\$1,188,882	\$1,979,777	\$2,136,564	\$2,555,954	\$2,231,737
Non-Residential	1,583,897	2,257,106	1,525,638	1,995,459	2,293,555
TOTAL	\$2,772,780	\$4,236,882	\$3,662,202	\$4,551,412	\$4,525,292
Dwelling Units					
Single Family	35	66	127	46	95
Multiple family	3,035	3,604	4,080	4,211	5,098
TOTAL	3,070	3,670	4,207	4,257	5,184

⁽¹⁾Through November 2016.

Source: Construction Industry Research Board/CIRB.

Taxable Sales

Taxable sales in the City and County of San Francisco from 2014 through 2018 are shown in the following table. Annual figures for 2019 are not yet available.

TAXABLE SALES
2014 through 2018
(\$ in Thousands)

	2014	2015	2016	2017	2018
Clothing and Clothing Accessories Stores	\$2,168,822	\$2,163,743	\$2,132,167	\$2,056,070	\$2,046,414
General Merchandise	864,009	865,958	837,698	814,324	790,845
Food and Beverage Stores	782,750	830,061	843,717	863,215	856,217
Food Services and Drinking Places	4,104,185	4,441,352	4,670,360	4,743,633	4,844,464
Home Furnishings & Appliances	938,256	1,010,769	965,918	916,777	1,018,000
Building Material and Garden Equipment and Supplies Dealers	537,424	588,279	586,373	605,3711	681,369
Motor Vehicle and Parts Dealers	588,769	565,638	573,964	628,666	674,000
Gasoline Stations	611,354	471,495	428,473	490,255	583,480
Other Retail Stores	2,037,646	2,136,115	2,223,654	2,373,545	2,535,667
Total Retail and Food Services	\$12,633,215	\$13,073,413	\$13,262,327	\$13,492,197	\$14,030,469
All Other Outlets	5,836,514	5,839,078	6,174,841	5,981,674	6,312,252
Total All Outlets⁽¹⁾	18,469,729	18,912,492	19,437,168	19,473,871	20,342,721

⁽¹⁾ Columns may not sum to totals due to rounding.

Source: California State Board of Equalization.

Income

The following tables provide a summary of per capita personal income for the City and County of San Francisco, the State of California and the United States, and personal income and annual percent change for the City and County of San Francisco, for 2010 through 2018. Annual figures for 2019 are not yet available.

PER CAPITA PERSONAL INCOME 2010 through 2018

Year	San Francisco	California	United States
2010	\$ 71,556	\$41,588	\$39,376
2011	77,633	42,411	40,277
2012	85,455	44,852	42,453
2013	86,619	47,614	44,266
2014	90,600	48,125	44,438
2015	103,867	49,985	46,049
2016	109,760	57,739	47,910
2017	120,576	60,156	48,980
2018	127,304	63,557	53,712

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Transportation

The City is reliant on a complex multimodal infrastructure consisting of roads, bridges, highways, rail, tunnels, airports, and bike and pedestrian paths. The development, maintenance, and operation of these different modes of transportation are overseen by various agencies, including the California Department of Transportation (“Caltrans”), the Association of Bay Area Governments, San Francisco Municipal Transportation Agency (“SFMTA”), and the Metropolitan Transportation Commission (“MTC”). These and other organizations collectively manage several interstate highways and state routes, two subway networks, two commuter rail agencies, trans-bay bridges, transbay ferry service, local bus service, international airports, and an extensive network of roads, tunnels, and bike paths.

SFMTA is a department of the City responsible for the management of all ground transportation in the City. The SFMTA has oversight over the Municipal Railway (Muni) public transit, as well as bicycling, paratransit, parking, traffic, walking, and taxis. The SFMTA is governed by a Board of Directors who are appointed by the Mayor and confirmed by the San Francisco Board of Supervisors. The SFMTA Board provides policy oversight, including budgetary approval, and changes of fares, fees, and fines, ensuring representation of the public interest. The San Francisco Municipal Railway, known as Muni, is the primary public transit system of the City and operates a combined light rail and subway system, the Muni Metro, as well as large bus and trolley coach networks. Additionally, it runs a historic streetcar line, which runs on Market Street from Castro Street to Fisherman's Wharf. It also operates the famous cable cars, which have been designated as a National Historic Landmark and are a major tourist attraction.

Bay Area Rapid Transit, a regional Rapid Transit system, connects San Francisco with the East Bay through the underwater Transbay Tube. The line runs under Market Street to Civic Center where it turns south to the Mission District, the southern part of the city, and through northern San Mateo County, to the San Francisco International Airport, and Millbrae. Another commuter rail system, Caltrain, runs from San Francisco along the San Francisco Peninsula to San Jose. Amtrak California Thruway Motorcoach runs a shuttle bus from three locations in San Francisco to its station across the bay in Emeryville. Additionally, BART offers connections to San Francisco from Amtrak's stations in Emeryville, Oakland and Richmond, and Caltrain offers connections in San Jose and Santa Clara. Thruway service also runs south to San Luis Obispo with connection to the Pacific Surfliner.

San Francisco Bay Ferry operates from the Ferry Building and Pier 39 to points in Oakland, Alameda, Bay Farm Island, South San Francisco, and north to Vallejo in Solano County. The Golden Gate Ferry is the other ferry operator with service between San Francisco and Marin County. SolTrans runs supplemental bus service between the Ferry Building and Vallejo. To accommodate the large amount of San Francisco citizens who commute to the Silicon Valley daily, companies like Google and Apple provide private bus transportation for their employees, from San Francisco locations to the tech start-up hotspot.

In recent years, the City has increased its investments to modernize its aging transportation infrastructure. A \$500 million general obligation bond, approved by voters in November 2014, is funding an array of projects that will improve transit reliability, enhance bicycle and pedestrian safety, and address deferred maintenance needs. Approximately \$100 million of these funds are allocated for major infrastructure improvements along Market Street, the City's most prominent downtown corridor and the spine of the City's transportation network.

The City is in the final stages of constructing the Central Subway. When completed, the \$1.6 billion rail project will extend subway service in the City for this first time in decades, better connecting Chinatown, the Financial District and the City's convention center with the existing above ground light rail line along Third Street. Other significant transit improvement projects in planning or construction phases include the installation of a new rapid bus line along Van Ness Avenue and enhancements to other rail and bus rapid transit routes serving other areas of the City. Road conditions in the City have significantly improved due to new investments in street repaving other roadway improvements which benefit transit riders and motorists, but are also intended to make City streets safer for pedestrians, bicyclists, children and people with disabilities.

Education

San Francisco Unified School District ("SFUSD") established in 1851, is the only public school district within the City and is the seventh largest school district in California, educating over 57,000 students every year in more than 130 schools and employing over 9,600 total employees. SFUSD administers both the school district and the San Francisco County Office of Education making it a "single district county." The City also has approximately 300 preschool programs primarily operated by Head Start, SFUSD, private for-profit, private non-profit and family child care providers. All 4-year-old children living in the City are offered universal access to preschool through the "Preschool for All" program.

The University of California, San Francisco (“UCSF”) is the sole campus of the University of California system entirely dedicated to graduate education in health and biomedical sciences and operates the UCSF Medical Center which is a major local employer. A 43-acre Mission Bay campus was opened in 2003, complementing its original facility in Parnassus Heights and contains research space and facilities to foster biotechnology and life sciences entrepreneurship. UCSF operates approximately 20 facilities across the City.

The University of California, Hastings College of the Law, founded in Civic Center in 1878, is the oldest law school in California and claims more judges on the state bench than any other institution. San Francisco's two University of California institutions have formed an official affiliation in the UCSF/UC Hastings Consortium on Law, Science & Health Policy.

San Francisco State University is part of the California State University system and is located near Lake Merced. The school has approximately 30,000 students and awards undergraduate, master's and doctoral degrees in approximately 100 disciplines. The City College of San Francisco, with its main facility in the Ingleside district, is one of the largest two-year community colleges in the country and has an enrollment of approximately 100,000 students and offers an extensive continuing education program.

Founded in 1855, the University of San Francisco, a private Jesuit university located on Lone Mountain, is the oldest institution of higher education in San Francisco. Golden Gate University is a private, nonsectarian, coeducational university formed in 1901 and located in the Financial District. The Academy of Art University is one of the largest institutes of art and design in the nation. Founded in 1871, the San Francisco Art Institute is the oldest art school west of the Mississippi. The California College of the Arts, located north of Potrero Hill, has programs in architecture, fine arts, design, and writing. The San Francisco Conservatory of Music, grants degrees in orchestral instruments, chamber music, composition, and conducting. The California Culinary Academy, associated with the Le Cordon Bleu program, offers programs in the culinary arts. California Institute of Integral Studies, founded in 1968, offers a variety of graduate programs in its Schools of Professional Psychology & Health, and Consciousness and Transformation.

APPENDIX B

AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC; and DTC's book-entry system has been obtained from sources that City believes to be reliable, but City takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020B Bonds. The 2020B Bonds 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 certificate will be issued for the each issue of the 2020B Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 an S&P Global Ratings 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. *Information on such website is not incorporated by reference herein.*

Purchases of 2020B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020B Bond ("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 2020B Bonds 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 the 2020B Bonds, except in the event that use of the book-entry system for the 2020B Bonds is discontinued.

To facilitate subsequent transfers, all 2020B Bonds 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 2020B Bonds 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 2020B Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020B Bonds 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.

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. Beneficial Owners of 2020B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020B Bond documents. For example, Beneficial Owners of 2020B Bonds may wish to ascertain that the nominee holding the 2020B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020B Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City 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 the 2020B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020B Bonds 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 the City or Fiscal 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 nor its nominee, Fiscal Agent, or City, 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 the City or the Fiscal 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.

DTC may discontinue providing its services as depository with respect to the 2020B Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

CONTINUING DISCLOSURE CERTIFICATE

**CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2020B
(FEDERALLY TAXABLE – GREEN BONDS)**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City and County of San Francisco (the “City”) with respect to the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) (the “District”) in connection with the issuance of the above-captioned (the “Bonds”). The Bonds are issued pursuant to Resolution No. 2-15, which was approved by the Board of Supervisors on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented by Resolution No. 247-17 and Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, and by Resolution No. ____ adopted by the Board of Supervisors on ____, 2020 and signed by the Mayor on ____, 2020 (collectively, the “Resolution”) and Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of February 1, 2019, and by the Second Supplement to Fiscal Agent Agreement, dated as of ____, 2020 (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent, and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California). 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 Goodwin Consulting Group, Inc., 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.

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

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

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

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

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Salesforce Transit Center” shall mean the one million square foot transit center which will replace the former Transbay Terminal in downtown San Francisco.

“Train Box” shall mean the core and shell of the two below-grade levels of the Salesforce Transit Center, that were built to accommodate the downtown rail extension that will extend the Caltrain rail tracks from 4th & King Streets to the Salesforce Transit Center.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Fiscal Agent Agreement.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City’s fiscal year (which is June 30), commencing with the report for the 2019-20 Fiscal Year (which is due not later than March 31, 2021), 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 such 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(f).

(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 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. The financial statements required by this subsection (a) shall be accompanied by the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) the principal amount of the Bonds of each series outstanding as of June 30 next preceding the date of the Annual Report.

(c) the balances in the Improvement Fund and the Allocated Bond Proceeds Account as of June 30 next preceding the date of the Annual Report.

(d) the balance in the Reserve Fund for the Bonds as of June 30 next preceding the date of the Annual Report.

(e) the total assessed value of all parcels subject to the Special Taxes and the current year's assessed value for the District.

(f) concerning delinquent parcels:

- number of parcels delinquent in payment of Special Tax,
- amount of total delinquency and as a percentage of total Special Tax levy, and
- status of the District's actions on covenants to pursue foreclosure proceedings upon delinquent properties.

(g) identity of any delinquent taxpayer obligated for more than 10% of the annual Special Tax levy, together with the assessed value of the applicable properties and a summary of the results of any foreclosure sales, if available.

(h) for the Fiscal Year for which the Annual Report is being issued, identify any Certificate of Occupancy or Tax Commencement Authorization that has been issued on a parcel subject to the Special Taxes.

(i) to the extent not otherwise provided pursuant to the preceding items a-h, annual information required to be filed with respect to the District since the last Annual Report with the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

(j) updated information of the type set forth in Tables 1 and 2 in the Official Statement, dated _____, 2020 relating to the Bonds.

(k) a statement confirming that, during the most recent fiscal year, proceeds of the Bonds in the Allocated Bond Proceeds Account were spent only on Project costs at the Salesforce Transit Center. The City shall no longer be obligated to include this statement in its Annual Report beginning with the Annual Report for the fiscal year that follows the earliest to occur of (i) the expenditure of all of the proceeds of the Bonds in the Allocated Bond Proceeds Account and (ii) completion of the Salesforce Transit Center.

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 99542743.3

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 1-9 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; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

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 10-16 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

10. 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;
11. Modifications to rights of Bond holders;
12. Unscheduled or contingent Bond calls;
13. Release, substitution, or sale of property securing repayment of the Bonds;
14. Non-payment related defaults;
15. 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; or
16. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Within ten (10) business days after the City receives a written statement from the Climate Bonds Initiative to the effect that the 2019B Bonds are no longer certified in accordance with the “Low Carbon Land Transport Criteria” under the Climate Bonds Standard, the City will post, or cause to be posted, notice of such written statement with the MSRB.

(d) Within ten (10) business days after the District is removed from the Teeter Plan, the City will post, or cause to be posted, notice of such event with the MSRB.

(e) 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).

(f) 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.

(g) 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)(12) 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 Resolution.

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(f).

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.

[Remainder of page intentionally left blank.]

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

Date: _____, 2020

CITY AND COUNTY OF SAN FRANCISCO

Benjamin Rosenfield
Controller

Approved as to form:

DENNIS J. HERRERA
CITY ATTORNEY

By: _____
Deputy City Attorney

AGREED AND ACCEPTED:

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By: _____
Name: _____
Title: _____

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 Community Facilities District No. 2014-1
(Transbay Transit Center) Special Tax Bonds, Series 2020B (Federally Taxable –
Green Bonds)

Date of Issuance: _____, 2020

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 February 26, 2019. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO

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



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors
Mayor London Breed

FROM: Ben Rosenfield, Controller's Office
Anna Van Degna, Controller's Office *AVD*

DATE: Monday, March 16, 2020

SUBJECT: Resolution Authorizing the Issuance of Special Tax Bonds – Community Facilities District No. 2014-1 (Transbay Transit Center) - Not to Exceed Aggregate Principal Amount of \$90,000,000 and approving related documents

Pursuant to Government Code 6586.5 Resolution Authorizing the Issuance of Tax Allocation Bonds by Transbay Joint Powers Authority ("TJPA")

Recommended Action

The Controller's Office respectfully recommends that the Board of Supervisors ("Board") consider for review and approval: (i) the CFD Resolution, which authorizes the issuance and sale of not to exceed \$90,000,000 aggregate principal amount of City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2020B ("CFD Bonds") and (ii) the TJPA Resolution which authorizes, under Government Code section 6586.5, TJPA's issuance of not to exceed aggregate principal amount of \$315,000,000 Transbay Joint Powers Authority Tax Allocation Bonds ("Tax Allocation Bonds" or "TABs").

Proceeds of the CFD Bonds will be used to retire the City Financing (described below), which funded or reimbursed eligible improvements for Phase 1 (Trainbox and Rooftop Park) of the Salesforce Transit Center, and to fund or reimburse other eligible Phase 1 improvements.

Proceeds of the Tax Allocation Bonds will be used to:

- (i) refinance TJPA's loan under the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA Loan"), and
- (ii) repay all or a portion of the City Financing; and

2 | Controller's Office – Resolutions authorizing the issuance of CFD No. 2014-1 Special Tax Bonds and TJPA Tax Allocation Bonds

- (iii) finance or reimburse TJPA for additional costs associated with the construction and design of the Transbay Project, as further described herein.

Approval of the TJPA Resolution is required to satisfy Section 6586.5 of the Government Code¹. The issuance of the TABs to finance the Project and the transactions related thereto will result in significant public benefits, namely, demonstrable savings in bond preparation, bond underwriting and bond issuance costs.

Background

Over the past decade, the City engaged in several efforts to plan for future development and construction of public infrastructure for the area surrounding the Salesforce Transit Center (the "Transit Center") and the Downtown Rail Extension ("DTX"), as further described below. In 2005, the Transbay Redevelopment Project Area was adopted to redevelop approximately 10 acres of property owned by the State of California (the "State-owned parcels") in order to generate funding for TJPA to construct the new Transit Center.

In 2012, the City adopted the Transit Center District Plan ("TCDP" or "Plan") after a multi-year public planning process. The TCDP is a comprehensive plan to respond to and support the construction of the new Transit Center including the DTX. In adopting the TCDP, the Board of Supervisors authorized the formation of a Mello-Roos community facilities district within the TCDP boundary.

In 2014, the City approved the formation of CFD No. 2014-1 ("CFD"). The CFD is the mechanism through which large developments in the Plan area provide a portion of the funding for the new Transit Center public improvements and other public infrastructure necessary to support the growth and development of the neighborhood.

Pursuant to a Joint Community Facilities Agreement dated December 1, 2014 between the City and TJPA, 82.6% of the CFD special tax proceeds will be used to fund the extension of the Caltrain rail tracks to the Transit Center to accommodate Caltrain and California High Speed Rail, including the train components of the Transit Center building and associated systems (the "Train Box"), and the Rooftop Park.

In 2015, the City approved the levy and collection of special taxes within the CFD and the issuance of special tax bonds. To date, \$398.5 million principal amount of special tax bonds have been issued, of which \$291.6 million of bond proceeds were used for the Transbay Project.

In 2015, the Metropolitan Transportation Commission ("MTC") conducted a cost and risk review of Phase 1 of the Transbay Project. The cost review included an assessment of costs, risk management practices, and the adequacy of contingencies to deliver Phase 1 on time. Following this review, MTC recommended a budget increase to replenish TJPA's Phase 1 project reserves and contingencies. Implementing the MTC

¹ Request for Approval to Satisfy Section 6586 and Section 6586.5 of the of the Government Code: TJPA's authority to issue the TABs is expressly conditioned on compliance with the requirements of Government Code section 6586.5, including a noticed public hearing by the City and its approval of the TABs based on a finding of "significant public benefits", defined in California Government Code Section 6586 as any one of the following: (a) demonstrable savings in effective interest rate, bond preparation, bond underwriting, or bond issuance costs; (b) significant reductions in effective user charges levied by a local agency; (c) employment benefits from undertaking the project in a timely fashion; or (d) more efficient delivery of local agency services to residential and commercial development. TJPA believes the facts and circumstances support this finding. This is the fourth time TJPA has sought the City's approval under Government Code section 6586.5. The City previously made the requisite approval before the TJPA entered the TIFIA loan, the bridge financing, and the City Financing

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recommendation resulted in an approximately \$250 million funding shortfall for Phase 1 of the Transbay Project. To address this funding gap, the City, in partnership with MTC, approved a short-term interim financing (the "City Financing") in the amount not to exceed \$260 million, as further described below.

Project Funding Sources

To date, funding for the Transbay Project has come from a variety of federal, state and local sources, including a federal American Recovery and Reinvestment Act of 2009 ("ARRA"), Bay Area bridge tolls, proceeds from the sale of State-owned land parcels, impact fees, CFD special taxes and tax increment. There are currently three outstanding financings that leverage CFD special taxes and tax increment: (i) CFD special tax bonds, (ii) the TIFIA Loan and (iii) the City Financing, as further described below.

The proposed CFD Resolution would authorize the issuance of CFD Bonds to retire the City Financing and fund or reimburse Phase 1 expenditures. The proposed TJPA Resolution would authorize under Government Code section 6586.5 TJPA's issuance of Tax Allocation Bonds to refinance the TIFIA Loan, retire all or a portion of the City Financing (if needed) and fund or reimburse Transbay Project expenditures associated with construction and design of the Transbay Project.

CFD Bonds: In November 2017, the City, on behalf of the CFD, completed the first issuance of Special Tax Bonds Series 2017A and 2017B in the aggregate principal amount of \$207.5 million. In February 2019, the City, on behalf of the CFD, completed the second issuance of Special Tax Bonds Series 2019A and 2019B in the aggregate principal amount of \$191.0 million. The CFD Resolution would authorize the third issuance of special tax bonds, which are expected to be sold in the second quarter of 2020 in an aggregate not to exceed principal amount of \$90.0 million.

TIFIA Loan: In 2010, TJPA entered into a loan under the terms of a loan agreement ("TIFIA Loan Agreement") in the principal amount not to exceed \$171.0 million with the United States Department of Transportation, acting by and through the Federal Highway Administrator, under the Transportation Infrastructure Finance and Innovation Act of 1998 ("TIFIA"). Proceeds of the TIFIA Loan were used to finance a portion of the costs of the Transbay Project. TJPA pledged as a source of repayment for the TIFIA Loan (i) net tax increment generated by certain State-owned parcels in the Transbay Redevelopment Area; (ii) future contributions from Alameda-Contra Costa Transit District ("AC Transit") related to use of the new Transit Center; and (iii) interest income on (i) and (ii) (together the "Pledged Revenues"). The TIFIA Loan Agreement was subsequently amended in 2015 to allow for bridge financing, a direct loan with a principal amount of \$171.0 million, which was repaid in full in 2016. The TIFIA Loan Agreement was further amended to allow for a certain at-parity interim financing, the City Financing (as discussed further).

Between December 2016 and November 2018, TJPA had fully drawn the TIFIA Loan. On February 1, 2020, TJPA made its first interest payment on the TIFIA Loan and a mandatory prepayment of principal in the aggregate amount of \$12.3 million. As of February 1, 2020, the total outstanding balance of the TIFIA Loan was \$178.9 million. A portion of the net proceeds of the proposed Tax Allocation Bonds, which are the subject of the TJPA Resolution, are expected to refinance the TIFIA Loan in full.

City Financing (COPs): In 2016, the Board authorized and the Mayor approved the not to exceed \$260.0 million interim financing ("City Financing") to meet cash flow needs for eligible capital improvements of the Transbay Transit Center. Under the City Financing, the City issued short-term variable rate notes ("COPs") under a lease leaseback structure with TJPA, at the times and in the amounts necessary to meet

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required transit center construction funding requirements. Under an amendment to the TIFIA Loan Agreement, the City Financing was payable from Pledged Revenues on a parity basis with the TIFIA Loan.

Under the initial structure of the City Financing, a portion (up to \$100.0 million) of the COPs were expected to be placed with Bay Area Toll Authority ("BATA"), and a portion (up to \$160.0 million) were expected to be placed with Wells Fargo. No draws were made under the BATA facility, which expired on December 31, 2018. The City drew \$103.0 million from the Wells Fargo facility and provided such proceeds to TJPA. On March 1, 2019, TJPA repaid \$25.0 million of the outstanding balance from a portion of the 2019 CFD Bonds. On January 31, 2020 TJPA repaid an additional \$2.0 million of the City Financing from a portion of the 2019 CFD Bonds, reducing the outstanding balance of the City Financing to \$76.0 million. The Term-out Commencement Date is January 10, 2022, after which principal repayments of the outstanding balance of the City Financing, if any, would be required to be made in equal quarterly installments (as nearly as possible) such that the balance would be repaid in full over a 5 year period.

TJPA does not expect to make further draws for construction under the City Financing. A portion of the proceeds of the proposed CFD Bonds, which are the subject of the CFD Resolution, are expected to refinance the City Financing either in part or in full. The TJPA has represented to the City that all of the proceeds of the City Financing were used to finance the Trainbox and the Rooftop Park.

Plan of Finance Recommended for Approval

CFD Special Tax Bonds: The proposed CFD Resolution authorizes the third sale of special tax bonds in an aggregate principal amount not to exceed \$90,000,000. Proceeds of the CFD Bonds will be used to retire the outstanding City Financing and fund or reimburse Phase 1 expenditures. In addition, the CFD Bonds will fund the costs of issuing the CFD Bonds and fund a debt service reserve fund, as shown in Table 1.

The proposed CFD Bonds will be issued on parity with the outstanding CFD special tax bonds and will be secured by a pledge of the special tax revenues collected in the CFD. Special taxes are only levied on property in the CFD for which both a Certificate of Occupancy and Tax Commencement Authorization have been issued and may only be levied on a specific taxable property for 30 years (the maximum duration of the CFD is 75 years after the initial special tax levy). There are currently 8 Taxable Buildings subject to the special tax levy. During fiscal year 2019-20, the CFD anticipates collecting approximately \$23.5 million in annual special tax revenues, with annual collection increasing to approximately \$26.1 million for fiscal year 2020-21.

Based upon current market conditions, a 30-year term and an overall true interest cost of 4.39%, which assumes the issuance of all bonds on a federally taxable basis, the Office of Public Finance estimates an average annual debt service of approximately \$5.2 million. With an estimated par amount of \$83.4 million, debt service over the life of the CFD Bonds is estimated at approximately \$158.0 million. Attachment 2 provides good-faith estimates for the CFD Bonds, as required under Government Code §5852.1.

TJPA Tax Allocation Bonds: The proposed TJPA Resolution authorizes the sale of Tax Allocation Bonds in an aggregate principal amount not to exceed \$315 million. The Tax Allocation Bonds are secured by certain tax increment generated in the Transbay Redevelopment Project Area. The proceeds of the Tax Allocation Bonds will be used to refinance the TIFIA Loan, repay all or a portion of the City Financing (as

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needed), and finance or reimburse TJPA for additional costs associated with the construction and design of the Transbay Project, as shown in Table 1.

Based upon current market conditions as of Feb. 20, 2020 plus a 50bps, a 30-year term and an overall true interest cost of 3.86% (which assumes the issuance of both tax-exempt and taxable bonds), TJPA estimates an average annual debt service of approximately \$18.4 million. With an estimated proceeds amount of \$318.7 million (\$298.6 million of par + \$20.1 million of premium), debt service over the life of the Tax Allocation Bonds is estimated at approximately \$537.8 million. Through the issuance of the Tax Allocation Bonds, TJPA expects to achieve significant cost savings over the existing TIFIA Loan. Based on the current market, it is estimated that refinancing the TIFIA Loan would generate on the order of over \$20 million net present value savings, which is in excess of 10% net present value savings as a percentage of the refunded obligation.

Table 1: Estimated Sources & Uses:

Estimated Sources:

2020 Bond Proceeds ⁽¹⁾	\$402,080,000
Total Estimated Sources	\$402,080,000

Estimated Uses⁽²⁾:

City Financing Redemption ⁽³⁾	\$76,000,000
TIFIA Redemption ⁽⁴⁾	181,800,000
<u>Tenant Improvements⁽⁵⁾</u>	<u>50,500,000</u>
Phase 1 Programmed Tenant Improvements (<i>Moved to Separate Budget</i>)	35,500,000
Tenant Improvements Contingency	15,000,000
Program Reserve to Restore Phase 1 Contingency	35,500,000
Capital Replacement Reserve ⁽⁶⁾	29,000,000
2020 Bond Reserve, Capitalized Interest and Financing Costs ⁽⁷⁾	29,280,000
Total Estimated Uses	\$402,080,000

(1) Estimated aggregate proceeds for the CFD Bonds and TJPA Tax Allocation Bonds. For the CFD Bonds, the not-to-exceed par amount is \$90 million, which includes \$83.38 million of estimated proceeds and a includes a reserve for market uncertainty of \$6.62 million.

(2) May include, but not limited to, payment of judgment or settlement obligations arising from litigation or other disputes relating to past or future Transbay Terminal Project construction or design activities.

(3) The City Financing is currently outstanding in the principal amount of \$76 million. The CFD Bonds are expected to refinance either all or a portion of the City Financing. Following funding swaps, City Financing/CFD proceeds are programmed to fund or reimburse eligible improvements for Phase 1 (Trainbox and Rooftop Park).

(4) The TIFIA Loan outstanding balance is \$178.9 million as of Feb.1 2020. TJPA's Tax Allocation Bonds are expected to refinance the full amount of the TIFIA loan, plus accrued interest and fees.

(5) Tenant Improvements of \$50.5 million recorded in a Separate Budget; \$35.5 million moved to that budget to allow for balanced Phase 1 Budget with Program Reserve. Tenant Improvements Contingency (Added to Separate Budget).

(6) Capital Reserve for ongoing capital expenses related to the Transbay facility.

(7) Includes debt service reserve funds for the CFD Bonds and the Tax Allocation Bonds. Additionally, this includes a Capitalized Interest Fund for the CFD Bonds, and Costs of Issuance associated with the CFD Bonds and the Tax Allocation Bonds.

CFD Bonds - Additional Information

Method of Sale and Bond Purchase Agreement: Given the unique characteristics of the Transbay Project and the credit, staff is proposing a negotiated sale in connection with the CFD transaction. The CFD Bonds will be repaid from special tax revenues from specific projects within the CFD and are outside of the City's customary credit profile. The Office of Public Finance has selected Stifel, Nicolaus & Company, Incorporated ("Stifel") to serve as Senior Underwriter, Citigroup Global Markets Inc. to serve as Co-Senior Underwriter, and Stinson Securities, LLC to serve as Co-Manager for this transaction. These firms were selected via a competitive Request for Proposal process from the City's Underwriter Pool. The proposed CFD Resolution approves the form of the Bond Purchase Agreement, which details the terms of sale of the bonds by the City to the selected underwriters. Please see Attachment 1 for a summary of additional forms of bond documents included in the legislation packet.

Green Bond Designation: As was done for the 2017B and 2019B Bonds, the City intends to designate the CFD Bonds as "Green Bonds" since the proceeds will be used to finance or reimburse environmentally beneficial projects ("Green Projects"). The particular capital improvements that the City has defined as "Green Projects" in connection with the CFD Bonds are the Train Box and Salesforce Park, which have been certified by the Climate Bonds Initiative.

Teeter Plan: In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment ("Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. This apportionment 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 to other taxing agencies 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.

In November 2017, in connection with the approval of the 2017 Bonds, the Board approved extending the Teeter Plan for the allocation and distribution of the CFD special taxes. The City has the power to unilaterally discontinue the Teeter Plan or remove the CFD from the Teeter Plan by a majority vote of the Board of Supervisors.

The net effect of the CFD special taxes participating in the Teeter Plan is that 100% of the CFD special tax levy is allocated to the CFD, regardless of the amount collected, which provides credit enhancement for the CFD Bonds.

Anticipated Financing Timeline

The CFD Resolution is expected to be introduced at the Board of Supervisors meeting on Tuesday, March 24, 2020, and the forms of the related financing documents—including the Second Supplement to the Fiscal Agent Agreement, Preliminary Official Statement, the Continuing Disclosure Certificate and other related documents, as further described in Attachment 1—will be submitted to the Board at that time. The TJPA Resolution is also expected to be introduced at the Board of Supervisors meeting on March 24.

7 | Controller's Office – Resolutions authorizing the issuance of CFD No. 2014-1 Special Tax Bonds and TJPA Tax Allocation Bonds

Milestones

Dates*

- | | |
|---|----------------|
| • Introduction of CFD Resolution and TJPA Resolution at the Board | March 24, 2020 |
| • Government Audit & Oversight Committee Hearing - Resolutions | April 16, 2020 |
| • Board Considers Approval of Resolutions | April 21, 2020 |
| • Sale and Closing of the CFD Bonds and TJPA Bonds | May/June 2020 |

*Please note that dates are estimated unless otherwise noted.

Your consideration of this matter is greatly appreciated. Please contact Anna Van Degna (anna.vandegna@sfgov.org) at 415-554-5956, Bridget Katz (bridget.katz@sfgov.org) at 415-554-6240, or Ben Rosenfield if you have any questions.

cc: Angela Calvillo, Clerk of the Board of Supervisors
Andres Powers, Mayor's Office
Kelly Kirkpatrick, Mayor's Budget Director
Naomi Kelly, City Administrator
Harvey Rose, Budget Analyst
Mark Blake, Deputy City Attorney
Kenneth Roux, Deputy City Attorney
Rich Robinson, Deputy City Attorney
Mark Zabaneh, Transbay Joint Powers Authority

ATTACHMENT 1

Summary of Key Related Documents for the CFD Bonds

The legislation is expected to be introduced at the Board of Supervisors meeting on Tuesday, March 17, 2020. The forms of the related financing documents for the CFD Bonds include the Bond Purchase Agreement, Second Supplement to Fiscal Agent Agreement, Continuing Disclosure Certificate, and a Preliminary Official Statement.

Second Supplement to Fiscal Agent Agreement: The proposed resolution approves the form of a Second Supplement to Fiscal Agent Agreement which supplements the original Fiscal Agent Agreement approved with the 2017 Bonds. Pursuant to the Fiscal Agent Agreement between the City and the Fiscal Agent, the Fiscal Agent administers and disburses bond payments. The Fiscal Agent Agreement provides for the terms of the bond redemption, prepayment provisions, and other related administrative provisions. The Fiscal Agent holds the CFD special taxes and the bonds proceeds derived from the sale of the CFD Bonds and will disburse the proceeds as directed by authorized City representatives. The Director of Public Finance has selected Zions Bancorporation, National Association to serve as Fiscal Agent.

The Preliminary Official Statement: The proposed resolution also approves the form of Preliminary and final Official Statement relating to the CFD Bonds (the "Official Statement"). The Preliminary Official Statement summarizes the security for the CFD Bonds, the current status of properties subject to the Special Tax, and known potential risks to investors.

Federal securities laws impose on the City the obligation to ensure that this document is accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the document as well as City staff charged with preparing the document. The draft Preliminary Official Statement is attached for your approval prior to its publication.

Pursuant to the Resolution, the Board delegates to the Controller the authority to finalize and revise the Official Statement, among other things, to include the most recent related and material information to investors, and to otherwise make corrections and clarifications needed so that such offering document complies with federal securities laws.

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. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of enumerated events. These covenants have been made in order to assist initial purchasers of the CFD Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

ATTACHMENT 2

Good Faith Estimates for the CFD Bonds

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the Underwriter for the CFD Bonds as of March 2020:

1. True interest cost of the CFD Bonds: 4.39%
2. Finance charge for the CFD Bonds, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee fees and other payments to third parties): \$1,240,809.
3. Amount of CFD Bond proceeds expected to be received by the City, net of payments identified in 2 above and any reserve fund or capitalized interest funded with proceeds of the CFD Bonds: \$76,000,000.
4. Total payment amount for the CFD Bonds, being the sum of (a) debt service on the CFD Bonds to final maturity, and (b) any financing costs not paid from proceeds of the CFD Bonds: \$158,023,861.

The information set forth above is based upon estimates of prevailing market conditions. Actual results may differ if assumed market conditions change.



Capital Planning Committee

Naomi M. Kelly, City Administrator, Chair

MEMORANDUM

April 1, 2020

To: Members of the Board of Supervisors Government Audit and Oversight Committee

From: Naomi Kelly, City Administrator and Capital Planning Committee Chair *N Kelly*

Copy: Angela Calvillo, Clerk of the Board
Capital Planning Committee

Regarding: (1) Transbay CFD Special Tax Bonds (file no. 200291); and (2) Transbay Joint Powers Authority Tax Allocation Bonds (file no. 200292)

Due to extraordinary circumstances related to the COVID-19 emergency, the Capital Planning Committee (CPC) has cancelled its March 23 and April 6 meetings.

City Attorney has advised that a recommendation from GAO Committee to the full Board on the items listed below should be subject to CPC recommendation, per Administrative Code Section 3.21, which provides that CPC must review and submit a recommendation to the Board prior to the issuance of any long-term financing. CPC policy has been to submit its recommendation to the Board prior to the Committee hearing but the next CPC meeting will be held on April 20, after GAO is expected to hear from staff on the items listed below. CPC expects to submit its recommendation to the full Board on April 20, prior to the expected date of the vote by the full Board on these items.

- 1. Board File Number: 200291** **Approval of the resolution authorizing the issuance of Transbay CFD Special Tax Bonds in an aggregate principal amount not to exceed \$90,000,000.**
- 2. Board File Number: 200292** **Approval of the resolution authorizing the issuance of Transbay Joint Powers Authority (TJPA) Tax Allocation Bonds in an aggregate principal amount not to exceed \$315,000,000.**

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