

NEW ISSUE - BOOK-ENTRY ONLY

RATING:

Fitch: “[RATING]”

See “RATING” herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Amira Jackmon, Attorney at Law, Co-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. Co-Bond Counsel express 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.

\$[PAR AMOUNT]*
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1 [insert CBI logo]
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2021B
(FEDERALLY TAXABLE – GREEN BONDS)

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 2021B (Federally Taxable – Green Bonds) (the “2021B Bonds”). The 2021B Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of November 1, 2017, as supplemented, including by the Third Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (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 2021B Bonds are being issued to: (i) finance, refinance or reimburse a portion of the cost of the planning, design, engineering and construction of various capital improvements, (ii) fund a contribution to a debt service reserve fund securing the 2021B Bonds and certain other bonds described in this Official Statement, and (iii) fund costs of issuance, all as further described herein. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The 2021B Bonds will be issued in denominations of \$5,000 or any integral multiple in excess thereof and 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 2021B Bonds shall be payable on each March 1 and September 1, commencing March 1, 2022 (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 2021B 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 2021B Bonds. Individual purchases of the 2021B Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2021B Bonds will be payable by DTC through the DTC participants. See “THE BONDS – Book-Entry System” herein. Purchasers of the 2021B Bonds will not receive physical delivery of the 2021B Bonds purchased by them.

The 2021B Bonds are subject to redemption prior to maturity as described herein. See “THE 2021B BONDS” herein.

The 2021B 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 2021B Bonds are payable from Special Tax Revenues and certain other funds specified in the Fiscal Agent Agreement on a parity basis with certain outstanding bonds, and the City may issue additional parity bonds in the future. The 2021B 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 2021B 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 2021B Bonds.

The 2021B 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, and Amira Jackmon, Attorney at Law, Co-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 2021B Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel [____], [____], California. It is anticipated that the 2021B Bonds will be available for delivery through the facilities of DTC on or about November __, 2021.

Stifel

Piper Sandler & Co.

Dated: November __, 2021

* Preliminary, subject to change.
102442410.5

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.

MATURITY SCHEDULE*

**[\$[PAR AMOUNT]]
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2021B
(FEDERALLY TAXABLE – GREEN BONDS)**

Price: ____%

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>	CUSIP[†] <u>(Base No. _____)</u>
	\$	%	%	

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

\$ _____ % Term Bonds due September 1, 20__ – Yield: _____% 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 S&P Global Market Intelligence 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 Municipal Advisor are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2021B Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2021B 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 2021B Bonds.

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

London N. Breed

BOARD OF SUPERVISORS⁽¹⁾

Shamann Walton, *Board President, District 10*

Connie Chan, *District 1*

Catherine Stefani, *District 2*

Aaron Peskin, *District 3*

Gordon Mar, *District 4*

Dean Preston, *District 5*

Matt Haney, *District 6*

Myrna Melgar, *District 7*

Rafael Mandelman, *District 8*

Hillary Ronen, *District 9*

Ahsha Safai, *District 11*

CITY ATTORNEY

Dennis J. Herrera

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*

Benjamin Rosenfield, *Controller*

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

PROFESSIONAL SERVICES

Co- Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Norton Rose Fulbright US LLP
Los Angeles, California

Amira Jackmon, Attorney at Law
Berkeley, California

Special Tax Consultant

Goodwin Consulting Group, Inc.
Sacramento, California

Municipal Advisor

Del Rio Advisors LLC
Modesto, California

Fiscal Agent

Zions Bancorporation, National Association
Los Angeles, California

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
Authority for the 2021B Bonds	1
Use of Proceeds	1
The District	1
Special Taxes	2
Development Status Summary	2
The 2021B Bonds	3
“Green Bond” Designation	3
Outstanding Parity Bonds and Future Financings.....	3
Security for the Bonds	4
Reserve Fund	5
Foreclosure Covenant	5
Teeter Plan	5
Limited Obligations	5
COVID-19 Pandemic.....	6
Further Information.....	6
SALESFORCE TRANSIT CENTER AND RELATED FACILITIES	6
Transbay Terminal History	6
Transbay Redevelopment Plan and Transit Center District Plan.....	7
Salesforce Transit Center	7
Downtown Rail Extension	8
THE FINANCING PLAN	8
ESTIMATED SOURCES AND USES OF FUNDS	8
THE 2021B BONDS.....	9
Description of the 2021B Bonds	9
Redemption	9
The Fiscal Agent	11
Book-Entry System.....	12
2021B Bonds Designated as Green Bonds	12
DEBT SERVICE	14
Debt Service Schedule for 2021B Bonds.....	14
Projected Debt Service Coverage	15
SECURITY FOR THE BONDS	16
General.....	16
Limited Obligation.....	16
Teeter Plan	16
Special Tax Fund	17
Administrative Expense Fund.....	18
Bond Fund.....	19
Reserve Fund	20
Rate and Method of Apportionment of Special Taxes.....	21
Covenant for Superior Court Foreclosure.....	23

TABLE OF CONTENTS

(continued)

	<u>Page</u>
No Obligation of the City Upon Delinquency	25
Parity Bonds.....	25
THE CITY	26
THE DISTRICT	27
Formation.....	27
Taxable Buildings (Subject Properties)	28
Description of Existing Taxable Buildings (Subject Properties)	29
Taxable Buildings Summary, Special Tax Levy, Assessed Values and Value to Lien Ratios	32
Historical Assessed Value.....	34
Fiscal Year 2021-22 Special Tax Levy by Land Use Category	35
Conditioned Projects.....	35
Conditioned Project Under Construction Within the District.....	37
Estimated Effective Tax Rate	38
Direct and Overlapping Debt	39
SPECIAL RISK FACTORS	40
Risks of Real Estate Secured Investments Generally	40
Public Health Emergencies	41
Value to Lien Ratios; Future Indebtedness; Parity Liens.....	42
Billing of Special Taxes.....	43
Maximum Special Tax Rates	43
Maximum Term of Levy.....	44
Insufficiency of Special Taxes; Exempt Property.....	44
Collection of Special Taxes; Tax Delinquencies	44
Teeter Plan	45
Disclosure to Future Property Owners.....	45
Potential Early Redemption of Bonds from Special Tax Prepayments	45
Seismic Risks	45
Climate Change; Risk of Sea Level Rise and Flooding Damage.....	47
Other Natural Disasters and Other Events	50
Hazardous Substances.....	51
Millennium Tower	51
Bankruptcy and Foreclosure	51
Property Controlled by FDIC and Other Federal Agencies	52
California Constitution Article XIIC and Article XIID	53
Validity of Landowner Elections	54
Ballot Initiatives and Legislative Measures	55
No Acceleration	56
Limitations on Remedies	56
Limited Secondary Market	56
Cybersecurity	56
CONTINUING DISCLOSURE	57
TAX MATTERS	58
UNDERWRITING	58

TABLE OF CONTENTS

(continued)

	<u>Page</u>
LEGAL OPINION AND OTHER LEGAL MATTERS	59
NO LITIGATION	59
The City and the District	59
Ongoing Investigations	60
RATING	62
MUNICIPAL ADVISOR.....	62
MISCELLANEOUS	62
APPENDIX A – CITY AND COUNTY OF SAN FRANCISCO	A-1
APPENDIX B – AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX	B-1
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT	C-1
APPENDIX D – FORM OF BOND COUNSEL OPINION	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM.....	F-1

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 2021B 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 Municipal Advisor 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 2021B 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 2021B 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.

IN CONNECTION WITH THE OFFERING OF THE 2021B BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2021B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 2021B 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.

[INSERT LOCATION MAP]

OFFICIAL STATEMENT

**§[PAR AMOUNT]
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2014-1
(TRANSBAY TRANSIT CENTER)
SPECIAL TAX BONDS, SERIES 2021B
(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 2021B (Federally Taxable – Green Bonds) (the “2021B Bonds”).

Authority for the 2021B Bonds

The 2021B 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, the Second Supplement to Fiscal Agent Agreement, dated as of May 1, 2020, and the Third Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (collectively, the “Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”), 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 adopted by the Board of Supervisors on June 13, 2017 and signed by the Mayor on June 22, 2017, Resolution No. 419-18 adopted by the Board of Supervisors on December 4, 2018 and signed by the Mayor on December 12, 2018, Resolution No. 172-20 adopted by the Board of Supervisors on April 28, 2020 and signed by the Mayor on May 1, 2020, and Resolution No. ____-21 adopted by the Board of Supervisors on ____, 2021 and signed by the Mayor on ____, 2021 (collectively, the “Resolution”).

Use of Proceeds

The 2021B Bonds are being issued to: (i) finance [a portion of the planning, design, and other pre-construction costs of various capital improvements], (ii) fund a contribution to a debt service reserve fund securing the 2021B Bonds and certain other bonds described in this Official Statement and (iii) fund costs of issuance, all as further described herein. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE FINANCING PLAN” herein.

The District

The District currently consists of approximately 13.5 gross acres located in downtown San Francisco immediately south of Market Street near the 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 otherwise would have 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 Summary

The District now includes nine Taxable Buildings (each a “Taxable Building” or “Taxable Building (Subject Property)”) which are Conditioned Projects that have received both a Certificate of Occupancy and a Tax Commencement Authorization and are therefore subject to the Special Tax. The aggregate estimated fiscal year 2022-23 Special Tax levy for the current Taxable Buildings is \$30,069,889. Certain information regarding the current Taxable Buildings is summarized below.

Building (Marketing Name/Block Number (if applicable)/Initial Street Address) and Land Use Category	Square Feet	Estimated FY 2022-23 Special Tax Levy	Percent of Estimated FY 2022-23 Special Tax Levy
<u>Salesforce East (350 Mission Street)</u>			
Office	47,645	\$ 263,151	0.9%
Retail	4,355	17,544	0.1
<u>Solaire (Block 6) (299 Fremont Street)</u>			
Rental Residential	288,937	1,762,881	5.9
Retail	7,204	29,020	0.1
<u>Salesforce Tower (415 Mission Street)</u>			
Office	1,413,397	9,139,302	30.4
Retail	6,789	28,432	0.1
<u>33 Tehama (41 Tehama Street)</u>			
Rental Residential	236,375	1,503,544	5.0
Retail	788	3,300	0.0
<u>181 Fremont (181 Fremont Street)</u>			
For Sale Residential	121,328	1,175,997	3.9
Retail/Office	436,332	2,815,341	9.4
<u>Park Tower (Block 5) (250 Howard Street)</u>			
Office	755,914	4,760,426	15.8
Retail	8,745	37,341	0.1
<u>The Avery (Block 8) (250 Fremont Street)</u>			
For Sale Residential	210,102	2,076,388	6.9
Rental Residential/Retail	208,998	1,369,396	4.6
<u>500 Folsom (Block 9) (500 Folsom Street)</u>			
Rental Residential	316,671	2,133,079	7.1
Retail	5,678	24,720	0.1
<u>Mira (Block 1) (160 Folsom Street)</u>			
For Sale Residential	301,097	2,885,614	9.6
Retail	10,201	44,412	0.1

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

See also Table 2 herein.

In addition to the Taxable Buildings (Subject Properties), there are currently three Conditioned Projects in the District and three 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 (Subject Properties) required to pay Special Taxes. See “THE DISTRICT” herein and “SPECIAL RISK FACTORS – Concentration of Property Ownership” herein.

The 2021B Bonds

The 2021B 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 2021B Bonds will be payable on each March 1 and September 1, commencing March 1, 2022 (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 2021B Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The 2021B 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 2021B Bonds. Individual purchases of the 2021B Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2021B Bonds will be payable by DTC through the DTC participants. See “THE 2021B BONDS – Book-Entry System” herein. Purchasers of the 2021B Bonds will not receive physical delivery of the 2021B Bonds purchased by them.

“Green Bond” Designation

The City is designating the 2021B Bonds as “Green Bonds” (also known as “Climate Bonds”). The purpose of designating the 2021B 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 2021B Bonds are part of the development of the Salesforce Transit Center and its related facilities, including the Train Box, Salesforce Park and the Downtown Rail Extension (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 2021B 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 – 2021B 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 \$480,285,000 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”) On May 14, 2020, the City, on behalf of the District, issued Special Tax Bonds, Series 2020B – Green Bonds) (the “2020B Bonds”). No bonds designated “Series 2020A” or “Series 2021A” have been issued on behalf of the District.

Series	Issue Date	Original Par	Outstanding Par⁽¹⁾	Final Maturity
Series 2017A (Federally Taxable)	11/9/2017	\$ 36,095,000	\$ 35,430,000	9/1/2048
Series 2017B (Federally Taxable – Green Bonds)	11/9/2017	171,405,000	168,275,000	9/1/2048
Series 2019A (Federally Taxable)	2/26/2019	33,655,000	33,005,000	9/1/2049
Series 2019B (Federally Taxable – Green Bonds)	2/26/2019	157,310,000	154,310,000	9/1/2049
Series 2020B (Federally Taxable – Green Bonds)	5/14/2020	81,820,000	81,820,000	9/1/2050
Subtotal Previously Issued		\$ 480,285,000	\$ 472,840,000	
Series 2021B (Federally Taxable – Green Bonds)			* \$[PAR	*
Total	__/__/2021	<u>\$[PAR AMOUNT]</u>	<u>AMOUNT]</u>	9/1/2050
		\$ [_____]	* \$[_____]	*
Total Bond Authorization		\$1,400,000,000		
Amounts Remaining Under Authorization		\$ [_____]	*	

⁽¹⁾ As of January 1, 2020.

* Preliminary, subject to change.

The outstanding 2017 Bonds, 2019 Bonds and 2020B Bonds (“outstanding Parity Bonds”), the 2021B Bonds and any bonds issued in the future on a parity basis with the outstanding Parity Bonds and the 2021B 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 2021B 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 and the 2020B Bonds were issued as Related Parity Bonds under the Fiscal Agent Agreement and a portion of the proceeds of the 2019 Bonds and the 2020B Bonds, respectively, were used to make deposits to the Reserve Fund. “Related Parity Bonds” are defined as any series of Bonds issued as Parity Bonds to the 2017 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 2021B Bonds will be issued as “Related Parity Bonds” under the Fiscal Agent Agreement, which means that the Reserve Fund will secure the 2021B 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. 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. Discontinuation of the Teeter Plan could adversely affect the rating on the 2021B Bonds. See “SECURITY FOR THE BONDS – Teeter Plan” herein.

Limited Obligations

The 2021B 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 2021B Bonds are payable from Special Tax Revenues and certain other funds specified in the Fiscal Agent Agreement on a parity basis with the Outstanding Parity Bonds, and the City may issue additional Parity Bonds in the future. The 2021B 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 2021B 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 2021B Bonds.

COVID-19 Pandemic

The financial and operating data contained in this Official Statement are the latest available, but include information with as of dates and for periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. Historical information or budgets and projections described in this Official Statement, including Appendix A attached hereto, which predate the COVID-19 pandemic or do not fully reflect its potential impact, should be considered in light of a possible or probable negative impact from the COVID-19 pandemic. Such information is not necessarily indicative of the current financial condition or future prospects of the District, the City, and the region. See, in particular, “SPECIAL RISK FACTORS – Public Health Emergencies” and APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES” attached hereto.

Further Information

Brief descriptions of the 2021B 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 2021B 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 2021B 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 2021B 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 “Former 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 Former 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 Former 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, the Train Box and the Downtown Rail Extension, 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.

Downtown Rail Extension

The Downtown Rail Extension will extend Caltrain commuter rail from its current terminus at Fourth and King streets into the Train Box within the Salesforce Transit Center. It will also deliver the California High-Speed Rail Authority’s planned high-speed rail service to the Salesforce Transit Center. The 1.3-mile rail extension (1.95 miles of total construction length) will be constructed principally below grade using cut-and-cover and mined tunneling methods underneath Townsend and Second Streets. The project includes an underground station at Fourth and Townsend streets, six structures for emergency exit, ventilation along the alignment, utility relocation, rail systems work, and the completion of the tracks, systems, and passenger facilities within the Train Box within the Salesforce Transit Center.

THE FINANCING PLAN

The proceeds of the 2021B Bonds are expected to be used to finance, refinance or reimburse a portion of the costs of the planning, design, engineering and construction of the Downtown Rail Extension. In addition, the 2021B Bonds are being issued to (i) fund a contribution to the Reserve Fund, and (ii) 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 2021B Bonds	\$
Total Sources	\$
<u>Uses of Funds</u>	
Deposit to Allocated Bond Proceeds Account	\$
Deposit to Reserve Fund ⁽¹⁾	
Deposit to 2021B Costs of Issuance Fund ⁽³⁾	\$
Total Uses	\$

⁽¹⁾ The deposit 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 2021B Bonds. The 2021B Bonds constitute Related Parity Bonds and will be secured by the Reserve Fund on a parity basis with the outstanding Parity Bonds.

⁽²⁾ Includes Underwriters’ discount, fees and expenses for Co-Bond Counsel, Disclosure Counsel, Municipal Advisor, 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 2021B Bonds.

THE 2021B BONDS

Description of the 2021B Bonds

The 2021B 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 2021B Bonds will be issued in fully registered form, without coupons. The 2021B Bonds will mature on September 1 in the principal amounts and years as shown on the inside cover page hereof.

The 2021B 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 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 2021B 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 2021B 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.

2021B Bonds Maturing September 1, 20

Sinking Fund
Redemption Date
(September 1)

Principal Amount
Subject to Redemption
\$

*

* Maturity.

2021B 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 2021B 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 2021B Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Date

Redemption Price

Any Interest Payment Date on or before March 1, 20[]	[]%
On September 1, 20[] and March 1, 20[]	[]
On September 1, 20[] and March 1, 20[]	[]
On September 1, 20[] and any Interest Payment Date thereafter	[]

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 Fiscal Agent 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.

2021B Bonds Designated as Green Bonds

General. The City is designating the 2021B Bonds as “Green Bonds” (also known as “Climate Bonds”). The purpose of designating the 2021B 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 2021B Bonds are part of the development of the Downtown Rail Extension, a facility that is expected to achieve [_____].

Because the 2021B Bonds have been designated as Green Bonds, proceeds of the 2021B Bonds in the Allocated Bond Proceeds Account shall be spent only on Project costs of the Downtown Rail Extension. [If any moneys in the Allocated Bond Proceeds Account are not spent on Project costs of the Downtown Rail Extension, 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 2021B Bonds do not have any security other than as provided in the Fiscal Agent Agreement.

[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 2021B Bonds have been certified, in accordance with the “Low Carbon Land Transport Criteria” under the Climate Bonds Standard. The certification of the 2021B 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, Train Box and Downtown Train Extension. The City expects to spend the proceeds of the Green Bonds specifically to finance portions of the Downtown Rail Extension.

As part of the certification process in 2017, one of the underwriters for the 2017 Bonds, 2019 Bonds, the 2020B Bonds [and the 2021B 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, the 2019 Bonds and the 2020B Bonds issued consistent with this program. [While] CBI's certification on a programmatic basis does not require a pre-issuance verification for the 2021B Bonds to be included in the programmatic certification[.], the City expects Sustainalytics will provide a similar verification letter for the 2021B Bonds after they are issued and delivered.]

The certification of the 2021B Bonds as Green 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 2021B 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 2021B Bonds as Green Bonds by the CBI was addressed solely to the City and is not a recommendation to any person to purchase, hold or sell the 2021B Bonds and such certification does not address the market price or suitability of the 2021B 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 2021B 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 of 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, the 2020B Bonds and the 2021B 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 2021B 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 2021B 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 2021B 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 2021B 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 2021B Bonds are not conditioned on the completion of any particular project or the satisfaction of any condition relating to the status of the 2021B 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 if applicable that, during the most recent fiscal year, proceeds of the 2021B 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 2021B 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.

DEBT SERVICE

Debt Service Schedule for 2021B Bonds

The following is the debt service schedule for the 2021B Bonds, assuming no redemptions other than mandatory sinking fund redemptions.

<u>Year Ending (September 1)</u>	2021B Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
Total	\$	\$	\$

Projected Debt Service Coverage

The following table sets forth projected debt service coverage with respect to the outstanding Parity Bonds and the 2021B Bonds, assuming Special Taxes are collected when levied and no optional redemptions.

<u>Year Ending</u> ⁽¹⁾	<u>Outstanding Parity Bonds Debt Service</u> ⁽²⁾	<u>2021B Bonds Debt Service</u> ^{*(3)}	<u>Total Parity Bonds Debt Service</u> [*]	<u>Projected Maximum Special Tax Revenue</u>	<u>Projected Debt Service Coverage</u> ^{*(4)}
2022	\$	\$	\$ 22,717,219	\$ 29,480,284	x
2023			23,153,774	30,069,889	
2024			23,621,626	30,671,287	
2025			24,097,888	31,284,713	
2026			24,585,330	31,910,407	
2027			25,078,946	32,548,615	
2028			25,581,116	33,199,588	
2029			26,084,775	33,863,579	
2030			26,601,717	34,540,851	
2031			27,138,234	35,231,668	
2032			27,685,617	35,936,301	
2033			28,249,917	36,655,027	
2034			28,801,118	37,388,128	
2035			29,386,850	38,135,890	
2036			29,969,680	38,898,608	
2037			30,564,328	39,676,580	
2038			31,181,493	40,470,112	
2039			31,802,192	41,279,514	
2040			32,448,261	42,105,104	
2041			33,094,132	42,947,207	
2042			33,751,936	43,806,151	
2043			34,424,520	44,682,274	
2044			35,113,648	45,575,919	
2045			35,820,820	46,487,438	
2046			36,537,345	47,417,186	
2047			34,246,397	45,031,890	
2048			34,928,042	45,932,528	
2049			13,324,814	22,308,969	
2050			1,734,831	8,684,342	
Total	\$	\$	\$811,726,565	\$1,066,220,049	

Totals may not add due to rounding.

* Preliminary, subject to change.

(1) Projected maximum 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) Includes debt service payable on the outstanding 2017 Bonds, 2019 Bonds and 2020B Bonds, net of any capitalized interest.

(3) Projection reflects only the current Taxable Buildings (Subject Properties). 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 (Subject Properties) will no longer be subject to the Special Tax levy prior to the final maturity of the 2021B 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 Taxable Buildings (Subject Properties) 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 2021B 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 2021A Bonds are payable from Special Tax Revenues and certain other funds specified in the Fiscal Agent Agreement on a parity basis with certain outstanding bonds, and the City may issue additional parity bonds in the future. 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 City also maintains a Tax Loss Reserve. The Tax Loss Reserve set aside is equal to 1% of the total of all taxes and assessments levied for which the Teeter Plan is the applicable distribution method. The purpose of the Tax Loss Reserve is to cover losses that may occur. The amount has grown in recent years as the assessed values on the secured roll has grown. For a discussion of the status of the City's Tax Loss Reserve, see APPENDIX A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – PROPERTY TAXATION – Tax Levy and Collection" attached hereto.

The Special Taxes levied in the District are the only community facilities district special taxes in the City that are 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.

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 City currently has no plan to remove the District from the Teeter Plan. The Teeter Plan may also be discontinued by petition of two-thirds (2/3rds) of the participant taxing agencies. Discontinuation of the Teeter Plan could adversely affect the rating on the 2021B Bonds. Such rating reflects only the views of Fitch Ratings and any desired explanation of the significance of such rating should be obtained from Fitch Ratings. See "RATING" herein.

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 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.

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 2021B 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 2021B 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 2017 Bonds, the 2019 Bonds, the 2020B Bonds and the 2021B Bonds as of the date of issuance of the 2021B Bonds.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2017 Bonds and the Related Parity Bonds or, in accordance with the provisions of this Section, for the purpose of redeeming the 2017 Bonds and the Related Parity Bonds from the Bond Fund.

“Reserve Requirement” means, as of the date of calculation, which shall be (A) the date of issuance of the outstanding Parity Bonds, the 2021B Bonds and any future Related Parity Bonds and (B) the date of defeasance or redemption of any of the outstanding Parity Bonds, the 2021B Bonds or any future Related Parity Bonds, an amount equal to the lesser of (i) Maximum Annual Debt Service on the outstanding Parity Bonds, the 2021B Bonds and any future 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 2021B Bonds and any future 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 2021B Bonds and any future Related Parity Bonds (or, if the outstanding Parity Bonds, the 2021B Bonds and any future 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 2021B 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 for further information about the Reserve Fund.

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 increase or decrease the Base Special Tax each July 1 by not more than four percent (4%) of the amount in effect in the prior Fiscal Year. 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
2021-22	3.50	3.50

Source: City; Special Tax Consultant.

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 under the Act.

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 2021B Bonds and any future Bonds issued as 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.

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. However, discontinuation of the Teeter Plan could adversely affect the rating on the 2021B Bonds. See “– Teeter Plan” above.

Parity Bonds

The City may issue Bonds in addition to the outstanding Parity Bonds and the 2021B 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 2021B 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 2021B 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 the Fiscal Agent 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 (in which case such Parity Bonds will constitute “Related 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, 2021, the State estimates the City’s population to be 875,010. For additional information regarding the City, see APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO” attached hereto.

The COVID-19 pandemic is a significant development materially adversely affecting the City's population, finances and outlook. Many aspects of the City's future finances and operations and the local economy have been and are expected to continue to be materially adversely impacted by the COVID-19 pandemic. Accordingly, any historical information or budgets and projections described in this Official Statement, including Appendix A attached hereto, which predate the COVID-19 pandemic or do not fully reflect its potential impact, should be considered in light of a possible or probable negative impact from the COVID-19 pandemic. To date, City economic and tax revenue losses associated with the COVID-19 pandemic have been stark and immediate. Impacts from the COVID-19 pandemic have been and are expected to be significant to many aspects of the local economy and City operations and finances. These impacts involve many developing and unknown outcomes. See "SPECIAL RISK FACTORS – Public Health Emergencies" and Appendix A – "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Public Health Emergency – COVID-19" herein. The City may post certain reports and other information relating to the COVID-19 pandemic when available on its investor information website located at <https://sfcontroller.org/continuing-secondary-market-disclosure>.

The 2021B 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. Information in this section about the potential impact of COVID-19 on the City's finances does not suggest that the City has an obligation to pay debt service on the 2021B Bonds from any other sources of funds. See "SECURITY FOR THE BONDS – Limited Obligation" herein.

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 annual 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 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 City through the Director, Controller’s Office of Public Finance.

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

The following table sets forth the Taxable Buildings (Subject Properties) contributing to the Special Tax Revenues that are available to pay debt service on the 2021B Bonds, the taxable square footage used to calculate Maximum Annual Special Tax Revenues, and the first year in which each Taxable Building became subject to the Special Tax levy.

[Remainder of page intentionally left blank.]

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	Final Fiscal Year of Special Tax Levy
Salesforce East	350 Mission Street	47,645	4,355	-	-	-	30	2016-17	2045-46
Solaire	299 Fremont Street	-	7,204	-	288,937	-	32	2016-17	2045-46
Salesforce Tower	415 Mission Street	1,413,397	6,789	-	-	-	61	2018-19	2047-48
33 Tehama	41 Tehama Street	-	788	-	236,375	-	34	2018-19	2047-48
181 Fremont Street	181 Fremont Street	433,669	2,663	-	-	121,328	54	2018-19	2047-48
Park Tower (Block 5)	250 Howard Street	755,914	8,745	-	-	-	43	2019-20	2048-49
The Avery (Block 8)	250 Folsom Street	-	16,988	-	192,010	210,102	55	2019-20	2048-49
500 Folsom (Block 9)	500 Folsom Street	-	5,678	-	316,671	-	42	2020-21	2049-50
Mira (Block 1)	160 Folsom Street	-	10,201	-	-	301,097	39	2020-21	2049-50
Total		2,650,625	63,411	-	1,033,993	632,527			

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

Description of Existing Taxable Buildings (Subject Properties)

Each of the above-listed nine buildings in the District have received a Certificate of Occupancy and a Tax Commencement Authorization and thus constitute “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 publicly available information. However, the City does not guarantee such information, which is provided for general reference only.**

Solaire (Block 6) (299 Fremont Street) . 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 total leasable square feet in the buildings is 296,141. 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 City understands that the building is owned by Block 6 Joint Venture LLC, an affiliate of Golub Real Estate Corporation. 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 Special Tax was first levied for these buildings in Fiscal Year 2016-17.

Salesforce East (350 Mission Street). 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 City understands that Salesforce.com, inc., a global cloud computing company (publicly traded as CRM on the New York Stock Exchange), is currently the primary tenant in the building (but has subleased part of its space since the COVID-19 pandemic) and Kilroy Realty Corp, a privately held real estate investment trust, is the owner of the 350 Mission Street property.

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 (415 Mission Street). 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. The City understands that substantially all of such total leasable area in the building has been leased, with Salesforce.com, inc leasing approximately half of the office space. Salesforce.com, inc. also purchased the naming rights for the building. The current owner of the 415 Mission Street property is Boston Properties. Occupancy of the building began in 2018. The Special Tax for this building was first levied in Fiscal Year 2018-19.

33 Tehama (41 Tehama Street). The building located at 41 Tehama Street is 34 stories and contains 403 units of multi-family luxury apartments and a small retail space. The building is marketed as “33 Tehama.” Of the 403 residential units, only 343 are 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 opened in January 2018. The current owner of the 33 Tehama property is an affiliate of Hines. The Special Tax was first levied for this building in Fiscal Year 2018-19.

181 Fremont (181 Fremont Street). The building located at 181 Fremont Street is 54 stories and includes 557,660 square feet of taxable space. The building is marketed as “181 Fremont.” 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 April 1, 2021, 30 condominiums and 7 accessory units had reportedly been purchased by individual owners at prices ranging from \$2,150,000 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 current owner of the 181 Fremont LLC property is an affiliate of Jay Paul Company. The Special Tax was first levied for this building in Fiscal Year 2018-19.

Park Tower (Block 5) (250 Howard Street). 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 building is marketed as “Park Tower.” The City understands that all of the office space in the building has been leased to Facebook. The current owners of the 250 Howard Street property through a limited liability company are MetLife, the John Buck Co. and Golub & Co. 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.

The Avery (Block 8) (250 Fremont Street). The building located at 250 Fremont Street is a 56-story tower that contains 280 market rate and 150 affordable apartment units. In addition, there are 118 for-sale condominiums and 16,988 square feet of ground floor retail set around an open space. Of the residential units, only the market rate units are subject to the Special Tax. As of April 1, 2021, 29 condominiums had reportedly been purchased by individual owners at prices ranging from \$1,750,000 to \$9,250,000. 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 Related Companies and Tenderloin Neighborhood Development Corporation, through a limited partnership, collectively developed the 100% affordable podium building. The current owner of the 250 Fremont Street residential rental and for-sale tower is an affiliate of the Related Companies. 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.

500 Folsom (Block 9) (500 Folsom Street). The building located at 500 Folsom Street is a 42-story tower with 537 rental apartments and ground floor retail space. The building is marketed as “500 Folsom.” 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 current owners of the residential rental tower are Essex Property Trust, Inc. and TMG Partners. The building received its Temporary Certificate of Occupancy and a Tax Commencement Authorization in September 2019. The Special Tax was first levied for this building in Fiscal Year 2020-21.

Mira (Block 1) (160 Folsom Street). The development features a tower and two townhome/podium structure buildings, a central courtyard and a roof deck accessible to all residents. The tower building located at 280 Spear Street (previously part of 160 Folsom Street) is a 39-story tower that contains 236 for-sale market rate condominium units (subject to the Special Tax). The tower contains 80 inclusionary for-sale affordable condominium units, with an additional 76 for-sale affordable condominium units located in the podium building located at 285 Main Street, which is adjacent to the

tower and townhome complex. The project also features about 10,201 square feet of ground-floor retail space. The Block 1 development is marketed as “Mira” and includes condominiums with studios, one, two and three-bedroom homes, including 20 penthouse homes on the top five floors of the building. Amenities include a rooftop deck space, central courtyard, private dining room, club lounge, gym, children’s playroom, business and conference center, dog-washing station, valet parking, electric vehicle charging stations and bike parking. The project has LEED Gold certification, a high sustainability mark, and includes a graywater harvesting system, green roof, and high-efficiency fixtures. The current owners of the tower are Tishman Speyer and Shanghai Longlife Business Group Co. Ltd. The building received its Temporary Certificate of Occupancy in May 2020 and Tax Commencement Authorization in June 2020. The Special Tax was first levied for this building in Fiscal Year 2020-21.

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

The table below reflects assessed values for Fiscal Year 2021-22, reflecting values as of the January 1, 2021 lien date. The COVID-19 pandemic’s impacts to the City and the District, a downturn of the economy or other market factors may depress assessed values in subsequent years and hence, affect the value-to-lien ratios presented below. At this time, it is not possible to predict whether property values may decline or whether any decline would affect timely payment of Special Taxes.

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

(See following page.)

Building and Land Use Category	Square Feet	FY 2021-22 Special Tax Levy	Percent of FY 2021-22 Special Tax Levy	Estimated FY 2022-23 Special Tax Levy	Percent of Estimated FY 2022-23 Special Tax Levy	Allocable Share of Bonds^{(1)*}	FY 2021-22 Assessed Value	Aggregate Value-to-Lien Ratio
Salesforce East (350 Mission Street)⁽²⁾								
Office	47,645	\$257,991	0.9%	\$263,151	0.9%	\$4,400,508	--	--
Retail	4,355	17,200	0.1	17,544	0.1	293,369	--	--
Subtotal	52,000	\$275,191	0.9%	\$280,694	0.9%	\$4,693,878	\$416,425,030	88.72
Solaire (Block 6) (299 Fremont Street)								
Rental Residential	288,937	\$1,728,315	5.9%	\$1,762,881	5.9%	\$29,479,563	--	--
Retail	7,204	28,451	0.1	29,020	0.1	485,288	--	--
Subtotal	296,141	\$1,756,766	6.0%	\$1,791,902	6.0%	\$29,964,852	\$311,494,178	10.40
Salesforce Tower (415 Mission Street)								
Office	1,413,397	\$8,960,100	30.4%	\$9,139,302	30.4%	\$152,830,851	--	--
Retail	6,789	27,874	0.1	28,432	0.1	475,443	--	--
Subtotal	1,420,186	\$8,987,974	30.5%	\$9,167,734	30.5%	\$153,306,294	\$1,803,015,744	11.76
33 Tehama (41 Tehama Street)								
Rental Residential	236,375	\$1,474,063	5.0%	\$1,503,544	5.0%	\$25,142,825	--	--
Retail	788	3,235	0.0	3,300	0.0	55,185	--	--
Subtotal	237,163	\$1,477,298	5.0%	\$1,506,844	5.0%	\$25,198,010	\$291,345,956	11.56
181 Fremont (181 Fremont Street)								
For Sale Residential	121,328	\$1,152,938	3.9%	\$1,175,997	3.9%	\$19,665,465	\$323,233,428	16.44
Retail/Office	436,332	2,760,138	9.4	2,815,341	9.4	47,079,194	494,911,493	10.51
Subtotal	557,660	\$3,913,077	13.3%	\$3,991,338	13.3%	\$66,744,659	\$818,144,921	12.26
Park Tower (Block 5) (250 Howard Street)								
Office	755,914	\$4,667,084	15.8%	\$4,760,426	15.8%	\$79,605,628	--	--
Retail	8,745	36,609	0.1	37,341	0.1	624,433	--	--
Subtotal	764,659	\$4,703,693	16.0%	\$4,797,767	16.0%	\$80,230,061	\$1,012,003,901	12.61
The Avery (Block 8) (250 Fremont Street)								
For Sale Residential	210,102	\$2,035,675	6.9%	\$2,076,388	6.9%	\$34,722,145	\$514,417,357	14.82
Rental Residential/Retail	208,998	1,342,546	4.6	1,369,396	4.6	22,899,563	117,355,671	5.12
Subtotal	419,100	\$3,378,220	11.5%	\$3,445,785	11.5%	\$57,621,708	\$631,773,028	10.96
500 Folsom (Block 9) (500 Folsom Street)								
Rental Residential	316,671	\$2,091,254	7.1%	\$2,133,079	7.1%	\$35,670,156	--	--
Retail	5,678	24,236	0.1	24,720	0.1	413,385	--	--
Subtotal	322,349	\$2,115,490	7.2%	\$2,157,800	7.2%	\$36,083,541	\$246,518,950	6.83
Mira (Block 1) (160 Folsom Street)								
For Sale Residential	301,097	\$2,829,033	9.6%	\$2,885,614	9.6%	\$48,254,317	--	--
Retail	10,201	43,542	0.1	44,412	0.1	742,680	--	--
Subtotal	311,298	\$2,872,575	9.7%	\$2,930,026	9.7%	\$48,996,997	\$303,527,626	6.19
Total	4,380,556	\$ 29,480,283	100.0%	\$30,069,889	100.0%	\$502,840,000	\$5,834,249,334	11.60

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 lien of \$203,705,000 in 2017 Bonds, \$187,315,000 for the 2019 Bonds, \$81,820,000 for the 2020B Bonds and \$[PAR AMOUNT]* for the 2021B Bonds allocated based on the proportionate share of the estimated fiscal year 2022-23 Special Tax levy.

(2) 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. But the fact that the Special Tax is calculated based on just the square footage on those three floors does not limit foreclosure remedies otherwise available on the entire building.

Historical Assessed Value

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

Table 3
Community Facilities District No. 2014-1
(Transbay Transit Center)
Historical Assessed Value for 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	151%
2018-19	5	72	419,801,300	2,345,359,906	12,644	2,765,173,850	423
2019-20	7	202	758,957,509	3,594,787,973	14,517	4,353,759,999	57
2020-21	9	212	893,845,094	4,528,487,940	7,445,070	5,429,778,104	25
2021-22	9	451	914,231,924	4,912,487,999	7,529,411	5,834,249,334	7

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

The assessed value data in the foregoing table is the latest available, but reflects certain dates and periods before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “SPECIAL RISK FACTORS – Public Health Emergencies” herein and APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Recent Developments” attached hereto. A downturn of the economy or other market factors may depress assessed values in the future. At this time it is not possible to predict whether property values in the District may be impacted by property declines or reassessments. See, however, “SPECIAL RISK FACTORS – Value to Lien Ratios” herein.

[Remainder of page intentionally left blank.]

* Preliminary, subject to change.

Fiscal Year 2021-22 Special Tax Levy by Land Use Category

The following table sets forth the estimated Fiscal Year 2021-22 Special Tax levy by land use category.

**Table 4
Community Facilities District No. 2014-1
(Transbay Transit Center)
Estimated Fiscal Year 2021-22 Special Tax Levy by Land Use Category**

<u>Land Use Category</u>	<u>Taxable Square Feet</u>	<u>Estimated FY 2021-22 Special Tax Levy</u>	<u>Percent of FY 2021-22 Special Tax Levy</u>
<u>Residential</u>			
For Sale Residential	632,527	\$6,017,646	20.4%
Rental Residential	<u>1,033,993</u>	<u>6,565,061</u>	<u>22.3</u>
Subtotal	1,666,520	\$12,582,707	42.7%
<u>Commercial</u>			
Retail	63,411	\$ 263,196	0.9%
Office	2,650,625	16,634,380	56.4
Hotel	-	-	-
Subtotal	<u>2,714,036</u>	<u>\$16,897,576</u>	<u>57.3%</u>
Total	4,380,556	\$29,480,283	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 or become a Conditioned Project or become a Taxable Building subject to Special Taxes. Any particular property may not be developed.**

[Remainder of page intentionally left blank.]

Table 5
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
Conditioned Projects Under Construction Within the District							
75 Howard	75 Howard Street	-	5,800	-	265,288	For sale	20
Subtotal		-	5,800	-	265,288		
Conditioned Projects Not Yet Under Construction Within the District							
Parcel F ⁽³⁾	550 Howard Street	275,674	8,900	247,765	433,556	For sale	61
Block 4 ⁽³⁾	200 Main Street					-	47
- 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							
555 Howard ⁽⁵⁾	555 Howard Street	-	-	372,042	-	-	35
[Oceanwide Center] ⁽⁴⁾	50 First Street/526 Mission Street	1,006,606	1,141	245,895	771,704	For sale	52/63
95 Hawthorne ⁽⁴⁾	95 Hawthorne	-	3,500	-	476,254	Rental	42
Subtotal		1,006,606	4,641	617,937	1,247,958		
Total		1,282,280	27,392	865,702	2,298,341		

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, which are not subject to the Special Tax under the Rate and Method.

⁽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⁾ Project is not yet entitled.

⁽⁴⁾ Projects are entitled.

⁽⁵⁾ 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 Project Under Construction Within the District

[In development.] One Conditioned Project in the District, under construction at 75 Howard Street, may receive a Certificate of Occupancy and Tax Commencement Authorization this calendar year, as described in following table below. The building is planned as a 20-story building that contains [___ for-sale market rate condominium units (subject to the Special Tax) [and ___ for-sale affordable condominium units], with about ____ square feet of ground-floor retail space]. The project is being developed by ____.

The City provides no assurance, however, that any such development will ever be completed as expected. Also, the expectations reflected in the following table were as of dates before the economic impact of the COVID-19 pandemic and measures instituted to slow it. See “SPECIAL RISK FACTORS – Public Health Emergencies” herein and APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Recent Developments” attached hereto.

**Table 6
Community Facilities District No. 2014-1
(Transbay Transit Center)
Conditioned Project 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 2021-22 Assessed Value</u> ⁽²⁾
75 Howard Street	271,088	3 rd Quarter 2021	FY 2022-23	\$1,926,154	\$353,466,481

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, 2021 lien date.

[Remainder of page intentionally left blank.]

Estimated Effective Tax Rate

The following table sets forth an illustrative of a tax bill for sale residential property in the District.

Table 7
Community Facilities District No. 2014-1
(Transbay Transit Center)
Fiscal Year 2020-21 - For Sale Residential Property Illustrative Tax Bill

<u>Assumptions</u>		<u>181 Fremont</u> ⁽¹⁾	<u>The Avery</u> ⁽²⁾
Estimated Assessed Value		\$6,065,026	\$3,711,914
Homeowners Exemption		<u>(\$7,000)</u>	<u>(\$7,000)</u>
Net Assessed Value		\$6,058,026	\$3,704,914
 <u>Ad Valorem Tax Rate</u> ⁽³⁾			
Base Tax Rate	1.0000%	\$60,580	\$37,049
Other Ad Valorem Property Taxes	<u>0.1985%</u>	<u>12,023</u>	<u>7,353</u>
Total Ad Valorem Taxes	1.1985%	\$72,603	\$44,402
 <u>Direct Charges</u>			
GTR Rincon Hill CBD		\$ 288	\$ 169
LWEA 2018 Tax		320	320
SF Bay RS Parcel Tax		12	12
SFUSD Facility District		39	39
SFCCD Parcel Tax		99	99
SF - Teacher Support		270	270
Transbay CFD No. 2014-1 ⁽⁴⁾		<u>19,298</u>	<u>17,818</u>
Total Direct Charges		\$20,326	\$18,727
 Total Taxes and Direct Charges		 \$92,929	 \$63,129
Percentage of Net Assessed Value		1.53%	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 30 residential condominiums that have been purchased by individual homeowners as of April 1, 2021.

⁽²⁾ Represents the average sales price of the 29 residential condominiums that have been purchased by individual homeowners as of April 1, 2021.

⁽³⁾ Based on the fiscal year 2020-21 ad valorem tax rates. Ad valorem tax rates are subject to change in future years.

⁽⁴⁾ The fiscal year 2020-21 maximum Special Tax rates are based on the average square footage of the condominiums that have been purchased by individual homeowners as of April 1, 2021.

[Remainder of page intentionally left blank.]

Direct and Overlapping Debt

The following table details the direct and overlapping debt encumbering property within the District as of [_____] 1, 2021.

Table 8
Community Facilities District No. 2014-1
(Transbay Transit Center)
Direct and Overlapping Debt

[To come]

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 2021B 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 2021B 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

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 District, the supply of or demand for competitive properties in such area, and the market value of 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, (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, and (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the District. 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, and could induce or exacerbate the risks described in “SPECIAL RISK FACTORS - Value to Lien Ratios,” “- Collection of Special Taxes,” “- Maximum Special Tax Rates,” “- Tax Delinquencies,” “- Maximum Term of Levy,” and “- Bankruptcy and Foreclosure.”

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 2021B Bonds. Further development of property in the District may not occur as currently proposed or at all. See “THE DISTRICT” herein for information regarding property ownership and the status of development in the District.

The Special Taxes are not a personal obligation of the owners of the Taxable Building on which such Special Taxes are levied, and no assurances can be given that the holder of the Taxable Building will be financially able to pay the Special Taxes levied on such Taxable Building or that they will choose to pay even if financially able to do so.

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 significance of the Annual Limit Program to the District is that it may delay or limit the development of properties without current entitlements for office

uses in the District or Future Annexation Area or annexation of additional properties into the District. See “– Concentration of Property Ownership.”

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). Following the ratification of Proposition E on March 3, 2020, new large project office allocation is generally now tied to affordable housing production, which may further curtail future office supply. 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>.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of a new disease (“COVID-19”) caused by a strain of novel coronavirus, an upper respiratory tract illness which has since spread across the globe. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States.

Beginning in early 2020, to mitigate the public health impacts from COVID-19, all counties in the Bay Area (including the City) implemented and revised, from time to time, shelter-in-place (“Shelter-in-Place”) emergency orders, which directed individuals to stay home, except for limited travel for the conduct of essential services. The outbreak resulted in the imposition of restrictions on mass gatherings, universities and schools. Many retail establishments (including restaurants, bars and nightclubs, entertainment venues and gyms) were closed or restricted in response to the Shelter-in-Place orders.

The Governor of the State announced similar Shelter-in-Place emergency orders effective for the entire State. On August 28, 2020, the State adopted a color coded, four-tiered framework to guide restrictions and reopening statewide, depending on improvements or declines in public health indicators. For a time, the State imposed additional restrictions based on hospital intensive care unit capacity.

The spread of COVID-19 and the public health responses by government authorities contributed to negative economic impacts throughout the world, including the City. On June 8, 2020, the National Bureau of Economic Research announced that the U.S. officially entered into a recession in February 2020.

Beginning on December 15, 2020, the City began administering vaccines targeting COVID-19. As of June 28, 2021, more than 81% of San Francisco’s population age 12 and older has received the first dose of vaccine and 74% have completed a vaccine series.

In response to improving public health indicators, the City began to incrementally ease restrictions beginning in January 2021. On June 15, 2021, the State generally eliminated the four-tier classification system, with the aim of bringing the State back to pre-pandemic operations. Effective on that date, the San Francisco Health Officer issued an order lifting local capacity limits on business and

other sectors, local physical distancing requirements, and many other previous health and safety restrictions.

While public health conditions related to COVID-19 have improved substantially in recent months, there can be no assurances against a resurgence of the disease and imposition of similar or more restrictive public health restrictions in response. Variants of the coronavirus responsible for COVID-19 could lead to greater disease rates. The longer-term effectiveness of vaccines is yet unproven, and future vaccination rates cannot be predicted with certainty. Thus, the duration, severity and economic effects of the pandemic remain uncertain in many respects.

The impact of COVID-19 and public health orders is likely to evolve over time, which could adversely impact the development within the District as a whole, including, but not limited to, one or more of the following ways: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction; (iv) extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession, (vii) reduced demand for development projects; (viii) delinquencies in payment of Special Taxes and (ix) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus sufficient to counteract the economic impact of the pandemic.

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. Also uncertain are the additional actions that may be taken by governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID-19 on the operations and finances of the City and the District is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. See APPENDIX A – “CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Recent Developments.” Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City and the District.

The 2021B 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. Information in this section about the potential impact of COVID-19 on the City’s finances does not suggest that the City has an obligation to pay debt service on the 2021B Bonds from any other sources of funds. See “SECURITY FOR THE BONDS – Limited Obligation” herein.

Value to Lien Ratios; Future Indebtedness; Parity Liens

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 2020-21 assessed values) and the denominator of which is the “lien” of governmental bonds payable from the assessment or special taxes. A value to lien ratio should not, however, be viewed as a guarantee for credit-worthiness. Property values are sensitive to economic cycles. Assessed or appraised values may not reflect the current market value of property. A downturn of the economy or other market factors may depress property values and lower the value-to-lien ratios. Further, the value-to-lien ratio of individual parcels in a district may vary widely. 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, any bid would be received for such property or, if a bid were received, that such bid would 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.

Additional debt issued for the District and debt issuance by another entity could dilute value-to-lien ratios and reduce the ability or willingness of property owners in the District to pay their Special Taxes when due. The cost of any additional improvements may well increase the public and private debt for which the land in the District provides security, and such increased debt could reduce the ability or desire of property owners to pay the Special Taxes levied against the property 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 2021B Bonds, in an aggregate amount not to exceed \$1.4 billion. See “THE DISTRICT – Future Financings” herein.

The City has no control over the ability of other agencies to issue indebtedness secured by other special taxes or assessments payable from all or a portion of the property within the District.

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 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 City is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Maximum Special Tax Rates

Within the limits of the Rate and Method, in the event of Special Tax delinquencies by one or more Taxable Properties, the City may adjust the Special Taxes levied on all non-delinquent Taxable Properties 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; however, (1) any such increase on Taxable Properties used for private residential purposes is limited to 10% above the amount that would have been levied in that Fiscal Year had there never been any delinquencies or defaults and (2) the amount of Special Taxes that may be levied against Taxable Properties 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 non-delinquent Taxable Properties 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.

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 2021B 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 2021B 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 through 2050 will be secured only by Special Taxes levied on a declining number of Taxable Buildings (Subject Properties) described herein. The 2021B Bonds have been structured to maintain projected coverage of at least 110% from projected Maximum Special Tax Revenue on the Taxable Buildings (Subject Properties), taking into account the termination of the levy on certain parcels within the District.

Insufficiency of Special Taxes; Exempt Property

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. However, 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 2021B Bonds when due and a default could occur with respect to the payment of such principal and interest.*

Collection of Special Taxes; Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2021B 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 consistent with, 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 City is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments.

The District is currently included on the Teeter Plan. 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 2021B 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 2021B 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 City is not required to purchase or otherwise acquire any lot or parcel of property offered 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 adversely affect the rating on the 2021B Bonds. The City has the power to include additional taxing agencies on the Teeter Plan. See “SECURITY FOR THE BONDS – Teeter Plan” herein.

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 real property subject to the Special Tax 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.

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 2021B BONDS – Redemption – *Mandatory Redemption from Special Tax Prepayments*” herein.

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, as well as to transportation infrastructure that serves the District. These faults include the San Andreas Fault, which passes within about three miles of the City’s border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant seismic events include the 1989 Loma

Prieta earthquake, centered about 60 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires, building collapses, and structural damage to buildings and highways in the City and surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled *The HayWired Earthquake Scenario*, which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than \$82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to 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, infrastructure 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 the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. The deadline was extended from the original deadline of September 2020 in light of the COVID-19 pandemic. As of July 6, 2021, approximately 88% of the buildings have been brought into compliance (the percent of buildings in compliance may decline after the September 2021 deadline due to the timing of completion of improvements). Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.

Vulnerability Study of the Northern Waterfront Seawall. In early 2016, the Port Commission of the City and County of San Francisco (the “Port Commission”) commissioned an earthquake vulnerability study of the Northern Waterfront Seawall. The three-mile Seawall was constructed over 100 years ago and sits on reclaimed land, rendering it vulnerable to seismic risk. The Seawall provides flood and wave protection to downtown San Francisco and stabilizes hundreds of acres of filled land. Preliminary findings of the study indicate that a strong earthquake may cause most of the Seawall to settle and move outward toward the Bay, which would significantly increase earthquake damage and disruption along the waterfront. The 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, 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. In June 2020, the City issued \$46 million

to support the planning and preliminary design phases of the Seawall program. The City expects short-term upgrades to cost over \$500 million and long-term upgrades to cost more than \$5 billion.

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

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. All of these tasks are currently underway. 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. In consultation with the Structural Engineers Association of Northern California (“SEAONC”), Administrative Bulletin AB-111 – “Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings” was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

Risk of Tsunami. The California Geological Survey (“CGS”), in concert with the California Emergency Management Agency and the Tsunami Research Center at the University of Southern California, produced new statewide tsunami hazard zone maps in July 2021. CGS has identified much of the District as being located in the San Francisco tsunami hazard zone, with the remainder of the District being near the hazard zone. The properties inside the hazard zone are Salesforce East (350 Mission Street), Park Tower (Block 5) (250 Howard Street), 181 Fremont (181 Fremont Street), 75 Howard (75 Howard Street), Block 4 (200 Main Street) and Mira (Block 1) (160 Folsom Street). A portion of the Salesforce Transit Center is also inside the hazard zone.

Climate Change; Risk of Sea Level Rise and Flooding Damage

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

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

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

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study," on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay's water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that

without a far-sighted, nine county response, the region's economic and transportation systems could be undermined along with the environment. Runways at SFO could largely be under water.

The City has already incorporated site specific adaptation plans in the conditions of approval for certain large waterfront development projects, such as the Candlestick/Hunters Point Shipyard, Treasure Island, Pier 70 and Mission Rock projects. Also, the City has started the process of planning to fortify the Port's seawall from seismic risks and sea level rise, including an initial investment of about \$8 million during fiscal year 2017-18 and development of other financing options. See " – Seismic Risks - Vulnerability Study of the Northern Waterfront Seawall" above. In November 2018, voters of the City approved Proposition A, authorizing the issuance of up to \$425 million in general obligation bonds for repair and improvement projects on the Seawall. In June 2020, the City issued \$46 million to support the planning and preliminary design phases of the Seawall Program. The City expects short-term upgrades to cost over \$500 million and long-term upgrades to cost more than \$5 billion.

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

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

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

The District may be particularly susceptible to the impacts of sea level rise or other impacts of climate change or flooding because of its location near the waterfront of the City. 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 that are subject to the Special Tax and the ability of a property owner in the District to pay the Special Tax levy.

Other Natural Disasters and Other Events

In addition to earthquake and sea-level rise (discussed above), other natural or man-made disasters, such as flood, wildfire, tsunamis, toxic dumping, civil unrest or acts of terrorism, could also adversely impact persons and property within the City generally and/or specifically in the District and adversely impact the City's ability to provide municipal services. Such events could also damage City infrastructure and facilities in the District. For example, in September 2010, a PG&E high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately \$1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately \$40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

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

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

In addition, 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.

As a result of the occurrence of events like those described above, 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 2021B Bonds may become depleted.

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. The tower is near the Salesforce Transit Center. Some owners of condominiums in Millennium Tower filed lawsuits against TJPA, the City and others. The lawsuits alleged 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. The owners claim unspecified monetary damages.

The City recently finalized a global settlement of litigation arising out of alleged defects in the Millennium Tower. As a result of the global settlement, the City has been dismissed from all cases to which it was a party that were filed as a result of the alleged sinking and tilting of the tower. The purpose of the global settlement is to resolve all claims arising out of these alleged defects.

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. The relevance of the lawsuits described above to the 2021B Bonds is that they relate 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 or willingness 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.

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 2021B 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 2021B 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 City 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 2021B 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 Act 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 2021B 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 2021B 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 that are subject to the Special Tax, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2021B Bonds are outstanding.

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 City to levy and collect within the District 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 City within the District under the Act must be conducted in conformity with the provisions of Section 4 of Article XIII A. The City 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 2021B 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 2021B 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 2021B 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 2021B 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 2021B 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 2021B Bonds or the Fiscal Agent Agreement or upon any adverse change in the tax status of interest on the 2021B 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 2021B Bonds. Co-Bond Counsel has limited its opinion as to the enforceability of the 2021B 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 2021B 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 City on behalf of 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 applicable limitations on remedies against public agencies in the State. See “SPECIAL RISK FACTORS – Bankruptcy and Foreclosure” herein.

Limited Secondary Market

As stated herein, investment in the 2021B Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand and appreciate the risk of such investments should consider investment in the 2021B Bonds. There can be no guarantee that there will be a secondary market for purchase or sale of the 2021B Bonds or, if a secondary market exists, that the 2021B Bonds can or could be sold for any particular price.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but

not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City’s Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the San Francisco Municipal Transportation Agency (“SFMTA”) was subject to a ransomware attack which disrupted some of the SFMTA’s internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

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

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

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City’s Systems Technology and cause material disruption to the City’s operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the 2021B 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.

The City has conducted a review of the compliance of the City, with their respective previous continuing disclosure undertakings pursuant to Rule 15c2-12.

On March 6, 2018, Moody’s Investors Service, Inc. (“Moody’s”) upgraded certain of the City and County of San Francisco Finance Corporation lease-backed obligations to “Aa1” from “Aa2.” The City

timely filed notice of the upgrade with EMMA, but inadvertently did not link the notice to all relevant CUSIP numbers. The City has taken action to link such information to the applicable CUSIP numbers.

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

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

TAX MATTERS

The interest on the 2021B Bonds is not intended by the District to be excluded from gross income for federal income tax purposes. However, in the opinion of Co-Bond Counsel, interest on the 2021B Bonds is exempt from California personal income taxes. The proposed form of opinion of Co-Bond Counsel with respect to the 2021B Bonds to be delivered on the date of issuance of the 2021B Bonds is set forth in APPENDIX D – "FORM OF CO-BOND COUNSEL OPINION" attached hereto.

Owners of the 2021B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2021B Bonds may have federal or state tax consequences other than as described above. Co-Bond Counsel express 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 2021B Bonds.

UNDERWRITING

Stifel Nicolaus & Company, Incorporated and Piper Sandler & Co. (together, the "Underwriters") purchased the 2021B Bonds at a purchase price of \$_____ (calculated as the aggregate principal amount of the 2021B Bonds in the amount of \$_____, less underwriters' discount in the amount of \$_____). The Underwriters intend to offer the 2021B 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 two paragraphs for inclusion in this Official Statement.

The Underwriters reserve the right to join with dealers and other underwriters in offering the 2021B Bonds to the public. The Underwriters may offer and sell the 2021B Bonds to certain dealers (including dealers depositing 2021B 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.

LEGAL OPINION AND OTHER LEGAL MATTERS

General. The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, and Amira Jackmon, Attorney at Law, as Co-Bond Counsel, approving the validity of the 2021B Bonds, in substantially the form set forth in Appendix D hereto, will be made available to purchasers of the 2021B Bonds at the time of original delivery. Co-Bond Counsel have not undertaken on behalf of the Owners or the Beneficial Owners of the 2021B Bonds to review the Official Statement and assume 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 2021B 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 Co-Bond Counsel, Disclosure Counsel, and Underwriter[s'] Counsel, is contingent on the issuance of the 2021B Bonds.

Disclosure Letter. 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 2021B 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 (including without limitation exclusion of 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 herein, and information in Appendices B and F hereof, as to all of which Disclosure Counsel will express no view), 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 2021B 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

The City and the District

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 2021B Bonds will be furnished to the Underwriters at the time of the original delivery of the 2021B 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 2021B Bonds.

Ongoing Investigations

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, the City Attorney and Controller 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 the Department 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 positions for his son and son's girlfriend. The Mayor placed the Director of Building Inspection on administrative leave, and he resigned shortly thereafter.

On June 29, 2020, the Controller released its preliminary assessment of Citywide procurement practices, with an emphasis on the Public Works Department. The report is subject to public comment and review and could be revised in the future. The preliminary assessment focused on City laws, practices and policies and made recommendations to make improvements on such City laws and policies to improve transparency, reduce the risk of loss and abuse in City contracting in the future. The Controller expects to issue additional reports in the future. Reviews of the City internal controls will be released in a subsequent report. Finally, the City Attorney investigation continues with respect to the review certain contracts and payments made to outside vendors. To date, the City Attorney's investigation has led to the release of four city employees (including the Director of Public Works and the Director of Building Inspections, as described above) or officials from their City positions.

On September 24, 2020, the Controller issued an additional report noting that Mr. Nuru also solicited donations from private sources and directed those donations to a non-profit supporting the department of public works. Such arrangements, which were neither accepted or disclosed by the City, created a perceived risk of "pay-to-play" relationships. The report made recommendations to the Board of Supervisors that, among other things, would restrict the ability of department heads from soliciting donations from interested parties in the future and would increase transparency surrounding gifts made to benefit City departments.

On November 30, 2020, Harlan L. Kelly, Jr., the General Manager of the San Francisco Public Utilities Commission ("PUC"), was charged in a federal criminal complaint with one count of honest services wire fraud. The complaint alleges that Mr. Kelly engaged in a long-running bribery scheme and corrupt partnership with Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or controlled multiple entities doing business with the City. The complaint further alleges that as part of the scheme, Mr. Wong provided items of value to Mr. Kelly in exchange for official acts by Mr. Kelly that benefited or attempted to benefit Mr. Wong's business ventures. Earlier criminal charges filed against Walter Wong alleged that Mr. Wong conspired with multiple City officials, including Mr. Nuru, in a conspiracy and money laundering scheme. Mr. Wong pled guilty in July of this year and is cooperating with the ongoing federal investigation.

Mr. Kelly resigned on December 1, 2020 and the PUC's Commission acted on his resignation on December 8, 2020. Until the PUC's Commission nominates and the Mayor appoints a new General Manager, Michael Carlin (PUC Deputy General Manager) is serving as the Acting General Manager for the PUC.

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 also 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.

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

corruption public integrity investigation related to the Nuru matter is ongoing. On July 8, 2021 the San Francisco District Attorney announced the arrest of former Department of Public Works bureau manager Gerald “Jerry” Sanguinetti. Mr. Sanguinetti was charged with five felony counts of perjury and two misdemeanor charges arising from his failure to report income and file financial disclosure statements associated with the sale to the Public Works Department of merchandise by a company owned by his wife. The charges arise out of the continuing investigation into public corruption involving the Public Works Department. The Public Works Department investigation is ongoing.

The criminal investigation by the Federal Bureau of Investigation and the United States Attorney’s office is ongoing. The City Attorney, together with the City’s Controller, continues to undertake an internal investigation of City contracting and policies and procedures arising from the federal charges.

RATING

Fitch Ratings has assigned the 2021B Bonds its long-term municipal bond credit rating of “[RATING].” 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 2021B Bonds. The City has furnished to Fitch Ratings certain information respecting the 2021B Bonds and the City. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions.

The rating is 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 2021B Bonds or the ability to sell the 2021B Bonds.

The City has the power to unilaterally discontinue the Teeter Plan or remove the District from the Teeter Plan. 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 adversely affect the rating on the 2021B Bonds. See “SECURITY FOR THE BONDS – Teeter Plan” herein. **The City, on behalf of itself or the District, provides no assurance in the Fiscal Agent Agreement or otherwise that it will maintain the District on the Teeter Plan.**

MUNICIPAL ADVISOR

The City has retained Del Rio Advisors LLC, as Municipal Advisor in connection with the issuance of the 2021B Bonds. The Municipal Advisor has 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 2021B Bonds. The Municipal Advisor is not obligated to undertake, and has 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 Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing the 2021B Bonds.

Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the 2021B 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 2021B 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: _____
Director of the Office of Public Finance

APPENDIX A
CITY AND COUNTY OF SAN FRANCISCO

APPENDIX B

AMENDED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

[insert Appendix C]

APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

[Delivery Date]

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

OPINION: \$[PAR AMOUNT] City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2021B (Federally-Taxable- Green Bonds)

Members of the Board of Supervisors:

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), 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.

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 of the Board of Supervisors of the City adopted on January 13, 2015 and signed by the Mayor on January 20, 2015, as supplemented, including by Resolution No. 172-20 of the Board of Supervisors adopted on April 28, 2020 and signed by the Mayor on May 1, 2020, and by Resolution No. ____-21 adopted by the Board of Supervisors on _____, 2021 and signed by the Mayor on _____, 2021 (collectively, the “Resolution”) and a Fiscal Agent Agreement (the “Master Fiscal Agent Agreement”), dated as of November 1, 2017, by and between the City and Zions Bancorporation, National Association, as fiscal agent (the “Fiscal Agent”) as supplemented, including by a Second Supplement to Fiscal Agent Agreement, dated as of May 1, 2020 (the “Second Supplement”) and a Third Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (the “Third Supplement”; together with the Master Fiscal Agent Agreement, as previously supplemented, the “Fiscal Agent Agreement”). 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.

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 City is a municipal corporation and chartered city and county, duly organized and existing under its charter and the laws of the State of California, with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds issued or to be issued under the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the City, and are valid and binding limited obligations of the City, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. The City does not intend for the interest on the Bonds to be excluded from gross income for federal income tax purposes. We express no opinion regarding federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

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 2021B Bonds. The 2021B 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 each issue of the 2021B 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 2021B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021B 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 2021B 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 2021B Bonds, except in the event that use of the book-entry system for the 2021B Bonds is discontinued.

To facilitate subsequent transfers, all 2021B 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 2021B 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 2021B Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021B 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 2021B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2021B Bond documents. For example, Beneficial Owners of 2021B Bonds may wish to ascertain that the nominee holding the 2021B 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 2021B 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 2021B 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 2021B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2021B 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 2021B 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.