File No. 230369 **Committee Item No.** 8
Board Item No. 4

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee **Date** May 10, 2023
Board of Supervisors Meeting **Date** May 23, 2023

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Completed by: Brent Jalipa **Date** May 4, 2023
Completed by: Brent Jalipa **Date** May 11, 2023

[Authorizing Refunding Certificates of Participation, Series 2023-R1 - Multiple Capital Improvement Projects - Not to Exceed $275,000,000]

Ordinance authorizing the execution and delivery of refunding Certificates of Participation, in one or more series from time to time ("Certificates"), in an aggregate amount not to exceed $275,000,000 to prepay certain certificates of participation that financed and refinanced various capital improvement projects within the City and County of San Francisco ("City"); approving the form of a Supplement to Trust Agreement between the City and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee ("Trustee") (including certain indemnities contained therein); approving respective forms of a Supplement to Property Lease and a Supplement to Project Lease, each between the City and the Trustee, for the lease and lease back of all or a portion of certain real property and improvements owned by the City and located at 375 Laguna Honda Boulevard within the City, at 1 Moreland Drive, San Bruno, California, and/or any other property as shall be determined by the City's Director of Public Finance; approving the form of Escrow Agreement (including certain indemnities contained therein), between the City and U.S. Bank Trust Company, National Association, as escrow agent ("Escrow Agent"); approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; approving the form of an Official Statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; approving the form of a Continuing Disclosure Certificate; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution and delivery of the Certificates; approving modifications to documents; and ratifying previous actions taken in connection therewith, as defined herein.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background.

(a) The City and County of San Francisco ("City") and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee ("Trustee"), have previously entered into a Property Lease, dated as of May 1, 2009 ("Original Property Lease"), pursuant to which the City has leased certain real property and all improvements thereon, generally consisting of certain land and improvements comprising portions of the Laguna Honda Hospital campus within the City ("Laguna Honda Hospital"), owned by the City and located at 375 Laguna Honda Boulevard within the City (collectively, the "Prior Leased Property") to the Trustee.

(b) The Trustee and the City have previously entered into a Project Lease, dated as of May 1, 2009 ("Original Project Lease"), pursuant to which the Trustee has leased the Prior Leased Property back to the City.

(c) The City previously caused the execution and delivery of the City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects) ("2009A Certificates") pursuant to a Trust Agreement, dated as of May 1, 2009, by and between the City and the Trustee ("Original Trust Agreement" and, together with the Original Property Lease and the Original Project Lease, the "Original Agreements").

(d) The 2009A Certificates evidenced direct undivided interests in the lease payments made by the City under the Original Project Lease.

(e) The Original Trust Agreement provides for the issuance of additional certificates of participation by the execution and delivery of a supplement to the Original Trust Agreement, and authorizes the principal and interest with respect to said certificates

of participation to be secured by a supplement to the Original Property Lease and to be paid from amounts paid by the City under a supplement to the Original Project Lease.

(f) The City subsequently caused the execution and delivery of the City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects) ("2009B Certificates" and, together with the 2009A Certificates, "2009 Certificates") pursuant to a First Supplement to Trust Agreement, dated as of September 1, 2009 ("First Supplement to Trust Agreement"), supplementing the Original Trust Agreement.

(g) In connection therewith, the City and the Trustee have previously entered into a First Supplement to Property Lease, dated as of September 1, 2009 ("First Supplement to Property Lease"), supplementing the Original Property Lease.

(h) In connection therewith, the City and the Trustee have previously entered into a First Supplement to Project Lease, dated as of September 1, 2009 ("First Supplement to Project Lease"), supplementing the Original Project Lease.

(i) The 2009B Certificates evidenced direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, on a parity basis with the 2009A Certificates.

(j) The City subsequently caused the execution and delivery of the City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects) ("2012A Certificates"), in order to provide funds for certain street improvements of the City, pursuant to a Second Supplement to Trust Agreement, dated as of June 1, 2012 ("Second Supplement to Trust Agreement"), supplementing the Original Trust Agreement.

(k) In connection therewith, the City and the Trustee have previously entered into a Second Supplement to Property Lease, dated as of June 1, 2012 ("Second Supplement to Property Lease"), supplementing the Original Property Lease.

(l) In connection therewith, the City and the Trustee have previously entered into a Second Supplement to Project Lease, dated as of June 1, 2012 ("Second Supplement to Project Lease"), supplementing the Original Project Lease.

(m) The 2012A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease and Second Supplement to Project Lease, on a parity basis with the 2009 Certificates.

(n) A portion of the 2012A Certificates currently remain outstanding and unpaid and may be prepaid and retired by the City upon meeting certain conditions ("Refunded 2012A Certificates").

(o) The City subsequently caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects) ("2019-R1 Certificates") pursuant to a Third Supplement to Trust Agreement, dated as of November 1, 2019 ("Third Supplement to Trust Agreement"), supplementing the Original Trust Agreement, which 2019-R1 Certificates were issued to prepay all of the then-outstanding 2009 Certificates.

(p) In connection therewith, the City and the Trustee have previously entered into a Third Supplement to Property Lease, dated as of November 1, 2019 ("Third Supplement to Property Lease"), supplementing the Original Property Lease.

(q) In connection therewith, the City and the Trustee have previously entered into a Third Supplement to Project Lease, dated as of November 1, 2019 ("Third Supplement to Project Lease"), supplementing the Original Project Lease;

(r) The 2019-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease and the Third Supplement to Project Lease, on a parity basis with the 2012A Certificates.

(s) The City subsequently caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2020-R1 (Multiple Capital Improvement Projects) ("2020-R1 Certificates") pursuant to a Fourth Supplement to Trust Agreement, dated as of November 1, 2020 ("Fourth Supplement to Trust Agreement"), supplementing the Original Trust Agreement, which 2020-R1 Certificates were issued to prepay all of the then-outstanding City and County of San Francisco Refunding Certificates of Participation, Series 2010A ("2010A Certificates") issued pursuant to that certain Trust Agreement, dated as of September 1, 2010 ("2010A Trust Agreement"), by and between the City and the City and U.S. Bank National Association, as successor trustee ("2010A Trustee").

(t) The City's prepayment of all of the 2010A Certificates permitted the City to terminate (i) the 2010A Trust Agreement, (ii) that certain Property Lease between the City and the 2010A Trustee, dated as of September 1, 2010 ("2010A Property Lease"), pursuant to which the City had leased certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all improvements thereon, generally known as the San Bruno Complex ("San Bruno Complex Property") to the 2010A Trustee, and (iii) that certain Project Lease between the City and the 2010A Trustee, dated as of September 1, 2010 ("2010A Project Lease"), pursuant to which the 2010A Trustee had leased the San Bruno Complex Property back to the City, which termination of the 2010A Trust Agreement, 2010A Property Lease and 2010A Project Lease caused the San Bruno Complex Property to then be unencumbered and vest in the City.

(u) In connection with the execution and delivery of the 2020-R1 Certificates, the City and the Trustee have previously entered into a Fourth Supplement to Property Lease, dated as of November 1, 2020 ("Fourth Supplement to Property Lease"), supplementing and amending the Original Property Lease, including to add the San Bruno Complex Property to the Leased Property subject thereto.

(v) In connection with the execution and delivery of the 2020-R1 Certificates, the City and the Trustee have previously entered into a Fourth Supplement to Project Lease, dated as of November 1, 2020 ("Fourth Supplement to Project Lease"), supplementing and amending the Original Project Lease, including to add the San Bruno Complex Property to the Leased Property subject thereto.

(w) The 2020-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease and the Fourth Supplement to Project Lease, on a parity basis with the 2012A Certificates and the 2019-R1 Certificates.

(x) The City subsequently caused the execution and delivery of the City and County of San Francisco Certificates of Participation, Series 2021A (Multiple Capital Improvement Projects) ("2021A Certificates") pursuant to a Fifth Supplement to Trust Agreement, dated as of May 1, 2021 ("Fifth Supplement to Trust Agreement"), supplementing the Original Trust Agreement.

(y) In connection therewith, the City and the Trustee have previously entered into a Fifth Supplement to Property Lease, dated as of May 1, 2021 ("Fifth Supplement to Property Lease"), supplementing and amending the Original Property Lease, including to add the improvements on the Laguna Honda Hospital campus generally known as the South Residence building and the land associated therewith (collectively, the "South

Residence") to the Leased Property subject thereto, as authorized by the City's Ordinance No. 226-19 and its Ordinance No. 227-19, each approved as of October 11, 2019.

(z) In connection therewith, the City and the Trustee have previously entered into a Fifth Supplement to Project Lease, dated as of May 1, 2021 ("Fifth Supplement to Project Lease"), supplementing and amending the Original Project Lease, including to add the South Residence to the Leased Property subject thereto, as authorized by the City's Ordinance No. 226-19 and its Ordinance No. 227-19, each approved as of October 11, 2019.

(aa) The 2021A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease and the Fifth Supplement to Project Lease, on a parity basis with the 2012A Certificates, the 2019-R1 Certificates and the 2020-R1 Certificates.

(bb) The 2021A Certificates were executed and delivered by the City in the aggregate principal amount of $76,020,000 as portions of the issuance authority provided therefor under the City's Ordinance No. 226-19 and its Ordinance No. 227-19, each approved as of October 11, 2019.

(cc) The City, pursuant to its Ordinance No. 61-16, approved as of April 27, 2016; pursuant to its Ordinance No. 226-19 and its Ordinance No. 227-19, each approved as of October 11, 2019; pursuant to its Ordinance No. 281-19, approved as of December 20, 2019; pursuant to its Ordinance No. 222-20, approved as of November 6, 2020; pursuant to its Ordinance No. 123-21, approved as of August 4, 2021; and pursuant to its Ordinance No. 183-2022, approved as of August 4, 2022, has authorized (i) the expansion of the Leased Property subject to the Original Property Lease, as previously supplemented, and to

the Original Project Lease, as previously supplemented, pursuant to additional supplements to such Original Property Lease and Original Project Lease to be executed and delivered in the future, to include the entire campus of Laguna Honda Hospital (except for the portion thereof generally known as the City's Juvenile Detention Center), and (ii) the execution and delivery of additional certificates of participation of the City, pursuant to additional supplements to the Original Trust Agreement, as previously supplemented, to be executed and delivered in the future, to finance various projects of the City in an aggregate principal amount of up to $623,680,000 (collectively, "Additional Certificates for Projects") and when issued, to be secured and payable on a parity basis with the 2012A Certificates, the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates and any Certificates herein authorized, which supplements to the Original Property Lease, Original Project Lease and Original Trust Agreement may be executed and delivered and which Additional Certificates for Projects may be issued, in whole or in part, on a tax-exempt and/or taxable basis, prior to, on, or after the date of the adoption of this Ordinance.

(dd) The City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2014-R2 Trustee"), have previously entered into a Facilities Lease, dated as of April 1, 2014 ("2014-R2 Facilities Lease"), pursuant to which the City has leased certain City-owned real property located on the Laguna Honda Hospital campus within the City, having the address 375 Woodside Avenue and generally known as the City's Juvenile Detention Center, and all improvements thereon ("2014-R2 Leased Property") to the 2014-R2 Trustee.

(ee) The 2014-R2 Trustee and the City have previously entered into a Lease Agreement, dated as of April 1, 2014 ("2014-R2 Lease Agreement"), pursuant to which the 2014-R2 Trustee has leased the 2014-R2 Leased Property back to the City.

(ff) The City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project) ("2014-R2 Certificates") pursuant to a Trust Agreement, dated as of April 1, 2014, by and between the City and the 2014-R2 Trustee ("2014-R2 Trust Agreement" and, together with the 2014-R2 Facilities Lease and the 2014-R2 Lease Agreement, the "2014-R2 Agreements").

(gg) The 2014-R2 Certificates evidence direct undivided interests in the lease payments made by the City under the 2014-R2 Lease Agreement.

(hh) A portion of the 2014-R2 Certificates currently remain outstanding and unpaid and may be prepaid and retired by the City upon meeting certain conditions ("Refunded 2014-R2 Certificates").

(ii) The City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2015AB Trustee"), have previously entered into a Property Lease, dated as of July 1, 2015 ("2015AB Property Lease"), pursuant to which the City has leased certain City-owned real property located at 401 Van Ness Avenue within the City, generally known as the War Memorial Veterans Building, and all improvements thereon ("2015AB Leased Property") to the 2015AB Trustee.

(jj) The 2015AB Trustee and the City have previously entered into a Project Lease, dated as of July 1, 2015 ("2015AB Project Lease"), pursuant to which the 2015AB Trustee has leased the 2015AB Leased Property back to the City.

(kk) The City previously caused the execution and delivery of the (i) City and County of San Francisco Certificates of Participation, Series 2015A (Tax-Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements) ("2015A Certificates") and (ii) City and County of San Francisco Certificates of Participation, Series 2015B (Federally Taxable) (War Memorial Veterans Building Seismic Upgrade and Improvements) ("2015B

Certificates"), each pursuant to a Trust Agreement, dated as of July 1, 2015, by and between the City and the 2015AB Trustee ("2015AB Trust Agreement" and, together with the 2015AB Facilities Lease and the 2015AB Lease Agreement, the "2015AB Agreements").

(ll) The 2015A Certificates evidence direct undivided interests in a proportional amount of the lease payments made by the City under the 2015AB Lease Agreement.

(mm) A portion of the 2015A Certificates currently remain outstanding and unpaid and may be prepaid and retired by the City upon meeting certain conditions ("Refunded 2015A Certificates").

(nn) The City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2015-R1 Trustee"), have previously entered into a Facilities Lease, dated as of October 1, 2015 ("2015-R1 Facilities Lease"), pursuant to which the City has leased certain City-owned real property located at One South Van Ness Avenue within the City and all improvements thereon ("2015-R1 Leased Property") to the 2015-R1 Trustee.

(oo) The 2015-R1 Trustee and the City have previously entered into a Lease Agreement, dated as of October 1, 2015 ("2015-R1 Lease Agreement"), pursuant to which the 2015-R1 Trustee has leased the 2015-R1 Leased Property back to the City.

(pp) The City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) ("2015-R1 Certificates") pursuant to a Trust Agreement, dated as of October 1, 2015, by and between the City and the 2015-R1 Trustee ("2015-R1 Trust Agreement" and, together with the 2015-R1 Facilities Lease and the 2015-R1 Lease Agreement, the "2015-R1 Agreements").

(qq) The 2015-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the 2015-R1 Lease Agreement.

(rr) A portion of the 2015-R1 Certificates currently remain outstanding and unpaid and may be prepaid and retired by the City upon meeting certain conditions ("Refunded 2015-R1 Certificates" and, together with the Refunded 2012-A Certificates, the Refunded 2014-R2 Certificates and the Refunded 2015A Certificates, the "Refunded Certificates").

(ss) The Board of Supervisors ("Board of Supervisors" or "Board") of the City desires to provide for the prepayment, in whole or in any part, of the Refunded Certificates through the execution and delivery of one or more additional series of certificates of participation (as further defined herein, "Certificates") therefor.

(tt) Chapter 43, Article VIII, Section 43.8.1 of the San Francisco Administrative Code ("Administrative Code") provides that the policy of the City is to permit the refunding of outstanding lease obligations of the City whenever such refunding shall result in net debt service savings to the City pursuant to the procedure set forth in such Article as well as by any other method permitted by law or other ordinance of the Board.

(uu) Upon the payment and discharge of the Refunded 2012A Certificates as provided in Section 11.01(a) of the Original Trust Agreement, as supplemented and amended to the date of such payment and discharge, all obligations of the Trustee and the City under such Trust Agreement with respect to the Refunded 2012A Certificates shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Refunded 2012A Certificates and to register, transfer and exchange the Refunded 2012A Certificates pursuant to Sections 2.05 and 2.06 of such Trust Agreement, (ii) the obligation of the City to pay the amounts owing to the Trustee under Section 6.06 of such Trust Agreement, and (iii) the obligation of the City to comply with Sections 4.16 and 8.06 of such Trust Agreement relating to arbitrage rebate.

(vv) The term of the 2014-R2 Lease Agreement shall end on such date as the Refunded 2014-R2 Certificates and all other amounts due under the 2014-R2 Lease Agreement and under the 2014-R2 Trust Agreement shall have been paid or provision for their payment shall have been made in accordance with Section 11.01(a) of the 2014-R2 Trust Agreement, and, upon the termination of the 2014-R2 Lease Agreement (other than as provided in Section 6 or Section 13 thereof), all of the 2014-R2 Trustee's right, title and interest with respect to the 2014-R2 Leased Property, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, in accordance with the provisions of the 2014-R2 Lease Agreement, free and clear of any interest of the 2014-R2 Trustee, and upon such termination, the 2014-R2 Trustee shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

(ww) The term of the 2014-R2 Facilities Lease shall end on the date of the termination of the 2014-R2 Lease Agreement, and upon termination of the 2014-R2 Facilities Lease, all of the 2014-R2 Trustee's interest in the 2014-R2 Leased Property shall vest with the City.

(xx) Upon the payment and discharge of the Refunded 2014-R2 Certificates as provided in Section 11.01(a) of the 2014-R2 Trust Agreement, all obligations of the 2014-R2 Trustee and the City under the 2014-R2 Trust Agreement with respect to the Refunded 2014-R2 Certificates shall cease and terminate, except only (i) the obligation of the 2014-R2 Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Refunded 2014-R2 Certificates and to register, transfer and exchange the Refunded 2014-R2 Certificates pursuant to Sections 2.05 and 2.06 of the 2014-R2 Trust Agreement, (ii) the obligation of the City to pay the amounts owing to the 2014-R2 Trustee under Section 6.06

of the 2014-R2 Trust Agreement, and (iii) the obligation of the City to comply with Sections 4.16 and 8.06 of the 2014-R2 Trust Agreement relating to arbitrage rebate.

(yy) Upon the payment and discharge of the Refunded 2015A Certificates as provided in Section 11.01(a) of the 2015A Trust Agreement, all obligations of the 2015A Trustee and the City under the 2015A Trust Agreement with respect to the Refunded 2015A Certificates shall cease and terminate, except only (i) the obligation of the 2015A Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Refunded 2015A Certificates and to register, transfer and exchange the Refunded 2015A Certificates pursuant to Sections 2.05 and 2.06 of the 2015A Trust Agreement, (ii) the obligation of the City to pay the amounts owing to the 2015A Trustee under Section 6.06 of the 2015A Trust Agreement, and (iii) the obligation of the City to comply with Sections 4.16 and 8.06 of the 2015A Trust Agreement relating to arbitrage rebate.

(zz) The term of the 2015-R1 Lease Agreement shall end on such date as the Refunded 2015-R1 Certificates and all other amounts due under the 2015-R1 Lease Agreement and under the 2015-R1Trust Agreement shall have been paid or provision for their payment shall have been made in accordance with Section 11.01(a) of the 2015-R1 Trust Agreement, and, upon the termination of the 2015-R1 Lease Agreement (other than as provided in Section 6 or Section 13 thereof), all of the 2015-R1 Trustee's right, title and interest with respect to the 2015-R1 Leased Property, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, in accordance with the provisions of the 2015-R1 Lease Agreement, free and clear of any interest of the 2015-R1 Trustee, and upon such termination, the 2015-R1 Trustee shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

(aaa) The term of the 2015-R1 Facilities Lease shall end on the date of the termination of the 2015-R1 Lease Agreement, and upon termination of the 2015-R1 Facilities Lease, all of the 2015-R1 Trustee's interest in the 2015-R1 Leased Property shall vest with the City.

(bbb) Upon the payment and discharge of the Refunded 2015-R1 Certificates as provided in Section 11.01(a) of the 2015-R1 Trust Agreement, all obligations of the 2015-R1 Trustee and the City under the 2015-R1 Trust Agreement with respect to the Refunded 2015-R1 Certificates shall cease and terminate, except only (i) the obligation of the 2015-R1 Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Refunded 2015-R1 Certificates and to register, transfer and exchange the Refunded 2015-R1 Certificates pursuant to Sections 2.05 and 2.06 of the 2015-R1 Trust Agreement, (ii) the obligation of the City to pay the amounts owing to the 2015-R1 Trustee under Section 6.06 of the 2015-R1 Trust Agreement, and (iii) the obligation of the City to comply with Sections 4.16 and 8.06 of the 2015-R1 Trust Agreement relating to arbitrage rebate.

(ccc) The Certificates will be executed and delivered in one or more series, from time to time, pursuant to one or more supplements to the Original Trust Agreement (each, a "Supplement to Trust Agreement"), by and between the City and the Trustee, supplementing the Original Trust Agreement.

(ddd) In connection with the execution and delivery of the Certificates, the Board desires to cause the execution of one or more supplements to the Original Property Lease (each, a "Supplement to Property Lease"), supplementing and amending the Original Property Lease (i) if determined to be necessary and advisable by the City Controller's (defined below) Director of Public Finance ("Director of Public Finance"), to supplement the Leased Property (defined below), pursuant to Section 18 of the Original Property Lease, Section 7.02 of the Original Trust Agreement and Sections 16 and 20 of the Original Project

Lease (collectively, the “Leased Property Amendment Provisions”), by the addition to such Leased Property of all or a portion of any other then-unencumbered City property as shall be determined by the Director of Public Finance, all as specified in the Supplement to Property Lease (if any, “Additional Leased Property”), and (ii) to provide for additional rental to be paid by the Trustee in connection with the prepayment of the Refunded Certificates and certain related matters and pursuant to which the City intends to lease to the Trustee the Prior Leased Property, as previously supplemented and as supplemented to include the Additional Leased Property, if any, as specified in the applicable Supplement or Supplements to Property Lease (collectively, “Leased Property”); one or more supplements to the Original Project Lease (each, a “Supplement to Project Lease”), supplementing and amending the Original Project Lease to supplement the Leased Property pursuant to the Leased Property Amendment Provisions, by the addition of all or a portion of the Additional Leased Property, all as specified in the applicable Supplement or Supplements to Project Lease, and to provide for (i) the leasing of such Leased Property back to the City, (ii) the additional or adjusted Base Rental to be paid by the City in connection with the issuance of the Certificates and the prepayment of the Refunded Certificates and (iii) certain related matters, with such additional changes to the Supplement to Property Lease and Supplement to Project Lease as shall be determined by the Director of Public Finance; a form of Escrow Agreement (“Escrow Agreement”), between the City and U.S. Bank Trust Company, National Association, as escrow agent (“Escrow Agent”); a form of a purchase contract between the City and one or more initial purchasers of the Certificates (“Purchase Contract”); a Continuing Disclosure Certificate and certain other related documents.

(eee) The Certificates, when issued, will evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as previously supplemented and amended and as supplemented and amended by the Supplement or

Supplements to Project Lease, on a parity basis with the outstanding 2019-R1 Certificates, 2020-R1 Certificates and 2021A Certificates and any other Additional Certificates authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the Certificates.

(fff) The Board has been presented with the forms of certain documents and agreements referred to herein relating to the Certificates, and the Board has examined and is approving each such document and agreement and desires to authorize the execution of such documents and agreements and the consummation of such financing.

(ggg) The Board has received from the City's Office of Public Finance and disclosed to the public certain good faith estimates, as required by Section 5852.1 of the California Government Code, regarding certain costs relating to, the net proceeds of, and the debt service cost of the proposed issuance of the Certificates, which estimated information has been provided by the City's co-municipal advisors, KNN Public Finance, LLC and NHA Advisors, LLC, and which estimated information is based upon conditions that are subject to change prior to, on, or after the date of final adoption of this Ordinance, including prevailing market conditions and the City's ability to refinance the Refunded Certificates on a tax-exempt basis.

(hhh) Upon the effectiveness of this Ordinance, all conditions, things and acts required by law to exist, to happen and to be performed precedent to and as a condition of the execution and delivery of the Supplement or Supplements to Property Lease, the Supplement or Supplements to Project Lease, the Supplement or Supplements to Trust Agreement, the Escrow Agreement(s), the Purchase Contract, the Continuing Disclosure Certificate, the Official Statement (as defined herein) and the Certificates will exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the City shall be authorized pursuant to its charter ("Charter") and other

applicable law to execute and deliver each Supplement to Property Lease, each Supplement to Project Lease, the Escrow Agreement(s), the Purchase Contract, the Continuing Disclosure Certificate, each Supplement to Trust Agreement and the Official Statement and to cause the execution and delivery of the Certificates in the manner and form provided in this Ordinance.

(iii) The adoption of this Ordinance constitutes authorization of the Certificates within the meaning of Section 864 of the California Code of Civil Procedure, as amended, and any Validation Act that is effective after this Ordinance takes effect.

Section 2. Findings and Determinations.

a. Findings. The Board hereby finds and determines that the recitals set forth above are true and correct.

b. Conditions Precedent. All conditions, things and acts required by law to exist, to happen and to be performed precedent to the execution and delivery of the Certificates exist, have happened and have been performed in due time, form and manner in accordance with applicable law, and the City is now authorized pursuant to its Charter and applicable law to incur indebtedness in the manner and form provided in this Ordinance.

Section 3. File Documents. The documents presented to the Board and on file with the Clerk of the Board of Supervisors or his, her or their designee (collectively, the "Clerk") are contained in File No. 230369.

Section 4. Authorization of the Certificates. The Board hereby authorizes and approves the execution and delivery of the Certificates in one or more series and on one or more delivery dates in accordance with the applicable Supplement to Trust Agreement. The

proceeds of the Certificates will be used, together with other available funds of the City, to (i) prepay all or any portion of the Refunded Certificates, as determined by the Director of Public Finance, including the payment of any interest accrued on the principal amounts thereof through the date of payment; (ii) fund a debt service or other similar reserve, as appropriate; and (iii) pay costs of issuance of the Certificates. The Certificates shall be designated as "City and County of San Francisco Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects)" with such other or additional designations as to series and sub-series and the year of execution and delivery as determined by the Director of Public Finance or his, her or their designee.

(a) Certain Terms of the Certificates. The Certificates shall result in net debt service savings to the City of not less than three percent (3%) calculated pursuant to the procedure set forth in Chapter 43, Article VIII of the Administrative Code or by any other method permitted by law or other ordinance of the Board. The Certificates shall be subject to prepayment as set forth in the applicable Supplement to Project Lease and Supplement to Trust Agreement. The Director of Public Finance is hereby authorized, to the extent such officer deems it necessary or advisable and financially advantageous to the City, to procure credit enhancement for the Certificates, including but not limited to municipal bond insurance and/or a debt service reserve fund surety policy.

(b) Tax Status of the Certificates. The Director of Public Finance is hereby authorized, to the extent such officer deems it necessary or advisable and in the interests of the City, to cause the execution and delivery of the Certificates (i) with interest with respect thereto being exempt or not exempt from federal income tax, and (ii) under any federal tax law provisions which provide for federal grants or credits to the City or to investors in lieu of the exemption of interest from federal income tax.

(c) Approval of the Supplement to Trust Agreement. The form of a Supplement to

Trust Agreement between the City and the Trustee, as presented to the Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor of the City ("Mayor") or the City's Controller ("Controller") is hereby authorized, and each may select a designee who is authorized, to execute and deliver one or more Supplements to Trust Agreement in the form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the City on such Supplement or Supplements to Trust Agreement, with such changes, additions and modifications as the Mayor or the Controller may make or approve in accordance with Section 19 hereof.

Section 5. Approval of the Supplement to Property Lease. The form of a Supplement to Property Lease between the City and the Trustee, as presented to the Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor or the Controller is hereby authorized, and each may select a designee who is authorized, to execute and deliver one or more Supplements to Property Lease in the form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the City on such Supplement or Supplements to Property Lease, with such changes, additions and modifications as the Mayor or the Controller may make or approve in accordance with Section 19 hereof.

Section 6. Approval of the Supplement to Project Lease. The form of a Supplement to Project Lease between the City and the Trustee, as presented to the Board, a copy of which is on file with the Clerk, is hereby approved. The Mayor or the Controller is hereby authorized, and each may select a designee who is authorized, to execute and deliver one or more Supplements to Project Lease in the form hereby approved, and the Clerk is hereby authorized to attest to and affix the seal of the City on such Supplement or Supplements to Project Lease with such changes, additions and modifications as the Mayor or Controller may

make or approve in accordance with Section 19 hereof.

Section 7. Approval of the Leased Property and the Base Rental Payments. The Board hereby approves the leasing, pursuant to the terms of the Supplement to Property Lease and the Supplement to Project Lease, of all or a portion of the Leased Property, including as such Leased Property may be supplemented, as determined by the Director of Public Finance, pursuant to the applicable provisions of the Property Lease and the Project Lease. The Board also hereby approves the payment by the City of the Base Rental with respect thereto.

Section 8. Approval of the Escrow Agreement. The form of Escrow Agreement between the City and the Escrow Agent, as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor, the Controller or the Director of Public Finance is hereby authorized to execute each Escrow Agreement, with such changes, additions and modifications as the Mayor, the Controller or the Director of Public Finance may make or approve in accordance with Section 19 hereof.

Section 9. Sale and Award of Certificates by Competitive Sale. In the event the Director of Public Finance determines to sell the Certificates by competitive sale, the Director of Public Finance, on behalf of the Controller, is hereby authorized and directed to receive bids for the purchase of the Certificates, and the Controller and the Director of Public Finance are each hereby authorized and directed to award the Certificates to the bidder whose bid represents the lowest true interest cost to the City, all in accordance with the procedures described in the Official Notice of Sale (as defined herein).

Section 10. Approval of Form of Official Notice of Sale. The form of an official notice of sale relating to the Certificates ("Official Notice of Sale"), as presented to this Board, a copy of

which is on file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is authorized to approve the distribution of an Official Notice of Sale for the Certificates, with such changes, additions and modifications as such official may make or approve in accordance with Section 19 hereof.

Section 11. Approval of Notice of Intention to Sell Relating to the Certificates. The form of a notice of intention to sell relating to the Certificates ("Notice of Intention to Sell"), as presented to this Board, a copy of which is on file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is hereby authorized to approve the publication of the Notice of Intention to Sell relating to the Certificates, with such changes, additions and modifications as such official may make or approve in accordance with Section 19 hereof.

Section 12. Sale of Certificates by Negotiated Sale. If the Controller or the Director of Public Finance determines to sell the Certificates by negotiated sale, the Controller or the Director of Public Finance is hereby authorized, and each may select a designee who is authorized, to sell the Certificates by negotiated sale pursuant to one or more Purchase Contracts by and between the City and the underwriter or underwriters named therein; provided, however, that the underwriters' discount under any such Purchase Contract shall not exceed one-half of one percent (0.5%) of the principal amount of the Certificates. The form of Purchase Contract, as presented to the Board, a copy of which is on file with the Clerk, is hereby approved.

Section 13. Authorization to Appoint Underwriters. To accomplish the sale of the Certificates by negotiated sale, if applicable, the Controller or the Director of Public Finance is hereby authorized to appoint one or more financial institutions to act as underwriter(s) for the

Certificates in accordance with City policies and procedures, including but not limited to the City's policy to provide locally disadvantaged business enterprises an equal opportunity to participate in the performance of all City contracts.

Section 14. Approval of the Official Statement in Preliminary and Final Form. The form of an official statement relating to the Certificates ("Official Statement"), as presented to this Board, a copy of which is on file in preliminary form with the Clerk, is hereby approved. The Controller is hereby authorized to approve the preliminary Official Statement in substantially said form, with such changes, additions, modifications (including but not limited to the inclusion of the most current City financial information) or deletions as such official may make or approve in accordance with Section 19 hereof, and to deem the preliminary Official Statement final for purposes of the Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended, to execute, and to designate the Director of Public Finance to execute in his, her or their stead, a certificate to that effect, and to cause the preliminary Official Statement to be delivered, in printed or electronic form, to potential purchasers of the Certificates, such approval to be conclusively evidenced by the delivery of said deemed-final certificate. The Controller is hereby further authorized and directed to sign and deliver the Official Statement in final form to purchasers of the Certificates.

Section 15. Approval of the Continuing Disclosure Certificate. The form of a Continuing Disclosure Certificate of the City relating to the Certificates, as presented to the Board, a copy of which is on file with the Clerk, is hereby approved. The Controller or the Director of Public Finance is hereby authorized to execute the Continuing Disclosure Certificate, with such changes, additions, modifications or deletions as the Controller or the Director of Public Finance may approve upon consultation with the City Attorney; such approval to be

conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 16. Sale and Award of Certificates by Direct Placement. In the event the Director of Public Finance determines to sell the Certificates by direct placement, the Director of Public Finance, on behalf of the Controller, is hereby authorized and directed to receive bids for the purchase of the Certificates, and the Controller is hereby authorized and directed to award the Certificates to the bidder whose bid represents the lowest true interest cost to the City.

Section 17. Authorization to Appoint Placement Agents. To accomplish the sale of the Certificates by direct placement, if applicable, the Controller or the Director of Public Finance is hereby authorized to appoint one or more financial institutions to act as placement agent(s) for the Certificates in accordance with City policies and procedures, including but not limited to the City's policy to provide locally disadvantaged business enterprises an equal opportunity to participate in the performance of all City contracts.

Section 18. General Authority. The Mayor, the Treasurer, the City Attorney, the Controller, the City Administrator, the Director of Public Finance, the Clerk and other officers of the City and their duly authorized deputies, designees and agents are hereby authorized and directed, jointly and severally, to take such actions and to execute and deliver such certificates, agreements, requests or other documents as they may deem necessary or desirable to accomplish the purposes of this Ordinance, including but not limited to the execution and delivery of any Supplement to Property Lease, any Supplement to Project Lease, any Supplement to Trust Agreement, the Official Statement, one or more Purchase Contracts, the Continuing Disclosure Certificate and the Certificates, to obtain bond insurance

or other credit enhancements and/or a surety policy with respect to the Certificates, to obtain title insurance, to clear any encumbrances to title and to carry out other title work. Any such actions are solely intended to further the purposes of this Ordinance and are subject in all respects to the terms of this Ordinance. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise granted herein. Final versions of any such documents shall be provided to the Clerk for inclusion in the official file within 30 days of execution (or as soon thereafter as final documents are available) by all parties.

Section 19. Modifications, Changes and Additions. The Mayor, the Treasurer, the Controller and the Director of Public Finance each are hereby authorized, and each may select a designee who is authorized, to make such modifications, changes and additions to the documents and agreements approved hereby, upon consultation with the City Attorney, as may be necessary or desirable and in the interests of the City, and which changes do not materially increase the City's obligations or reduce its rights thereunder or hereunder. The respective official's approval of such modifications, changes and additions shall be conclusively evidenced by the execution and delivery by such official and the Clerk of the applicable Supplement to Property Lease, Supplement to Project Lease and Supplement to Trust Agreement, one or more Purchase Contracts or any of the other documents approved in this Ordinance. Any such actions are solely intended to further the purposes of this Ordinance and are subject in all respects to the terms of this Ordinance. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise granted herein. Final versions of any such documents shall be provided to the Clerk for inclusion in the official file within 30 days (or as soon thereafter as final documents are available) of execution by all parties.

Section 20. Partial Invalidity. Any provision of this Ordinance found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Ordinance.

Section 21. Effective Date. This Ordinance shall take effect immediately.

Section 22. Ratification of Prior Actions. All actions authorized consistent with any documents presented herein and approved by this Ordinance but heretofore taken are hereby ratified, approved and confirmed by the Board.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ MARK D. BLAKE
MARK D. BLAKE
Deputy City Attorney

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FILE NO. 230369

LEGISLATIVE DIGEST

[Authorizing Refunding Certificates of Participation, Series 2023-R1 - Multiple Capital Improvement Projects - Not to Exceed $275,000,000]

Ordinance authorizing the execution and delivery of refunding Certificates of Participation, in one or more series from time to time ("Certificates"), in an aggregate amount not to exceed $275,000,000 to prepay certain certificates of participation that financed and refinanced various capital improvement projects within the City and County of San Francisco ("City"); approving the form of a Supplement to Trust Agreement between the City and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee ("Trustee") (including certain indemnities contained therein); approving respective forms of a Supplement to Property Lease and a Supplement to Project Lease, each between the City and the Trustee, for the lease and lease back of all or a portion of certain real property and improvements owned by the City and located at 375 Laguna Honda Boulevard within the City, at 1 Moreland Drive, San Bruno, California, and/or any other property as shall be determined by the City's Director of Public Finance; approving the form of Escrow Agreement (including certain indemnities contained therein), between the City and U.S. Bank Trust Company, National Association, as escrow agent ("Escrow Agent"); approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; approving the form of an Official Statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; approving the form of a Continuing Disclosure Certificate; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution and delivery of the Certificates; approving modifications to documents; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery of one or more series of taxable or tax-exempt Certificates of Participation ("2023 Refunding COPs") to refund to refund the outstanding 2012A, 2014-R2, 2015A, and 2015-R1 COPs on or after their respective call dates. The 2023 Refunding COPs will only be issued if the transaction produces minimum debt service savings of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's true interest cost ("TIC") as the discount rate.

As interest rates change, one or more of the outstanding series proposed to be refunded may be dropped from the transaction to achieve a higher level of savings. The proposed Ordinance provides authorization to refund any outstanding series not refunded by the 2023 Refunding COPs at a later date.

Under the proposed Ordinance, the City will structure the 2023 Refunding COPs using a lease-lease back structure. This lease will be a supplemental to a lease ("Master Lease") which currently supports certain City outstanding certificates of participation delivered to fund other capital projects of the City ("Master Lease COPs"). The 2023 Refunding COPs will be delivered under supplement agreements as permitted by the Original Trust Agreement, Original Property Lease, and Original Project Lease, each by and between the City and a third-party trustee, currently U.S. Bank National Association ("Trustee"), which are the legal documents which have been used for the outstanding Master Lease certificates of participation (COPs).

The Master Lease currently secures any COPs (i.e. provides the basis for the City to make lease payments) delivered under its terms by the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco, and the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno (collectively, "Leased Properties"). Under the Master Lease, the Director of the Controller's Office of Public Finance is authorized to designate additional properties to be added as assets under the Master Lease as needed.

The proposed Ordinance also approves forms of related standard financing documents: the Preliminary Official Statement, Escrow Agreement, Bond Purchase Contract, Notice of Intention to Sell, Appendix A, the Continuing Disclosure Certificate.

Items 7 & 8 File 23-0368 & 23-0369	Department: Controller, Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objectives

- **File 23-0368** is an ordinance appropriating $275 million, including: (1) appropriation of $260,878,172 of one or more series of Refunding Certificates of Participation (COPs) Series 2023-R1 proceeds, (2) de-appropriation of $14,121,828 of COP prior reserve funds for Series 2012A, 2015-R1, and 2015A, and (3) re-appropriation of the same amount to Refunding certificates of Participation Series 2023-R1.
- **File 23-0369** is an ordinance that would: (1) authorize the execution and delivery of Certificates of Participation, in one or more series from time to time to prepay certain series of COPs; (2) approve the forms of related documents; and (3) grant general authority to City officials to take necessary actions and amend the documents to complete the debt issuance.

Key Points

- The City issues Certificates of Participation to partially fund the Capital Plan. Individual issuances of COPs normally include an optional call date provision that allows the City to refinance the outstanding principal amount after a specified date if interest rates are more favorable and produce savings for the City. The City has four outstanding series of COPs with optional call dates that can be utilized in 2023, including Series 2012A, 2014-R2, 2015-R1, and 2015A.
- According to the City's Debt Policy, refunding COPs may only be issued if the transaction produces debt service savings of at least three percent of the par value of the refunded bonds on a net present value basis. Therefore, one or more series may be dropped from the transaction to achieve a higher level of savings as interest rates change. The Ordinance authorizes the refunding of any outstanding series not refunded by the 2023 Refunding COPs at a later date.

Fiscal Impact

- The Office of Public Finance estimates that the COPs would have average annual principal and interest payments of $15,844,968 and an estimated annual interest rate of 3.62 percent. Total debt service over the anticipated 21-year term is $348,589,297.
- The issuance complies with the City's Debt Policy to limit General Fund debt service at or below 3.25 percent of discretionary General Fund revenues. The refunding COPs will only be issued if the transaction produces debt service savings of at least three percent of the par value of the refunded COPs. The net present value of the debt service savings of the proposed refunding bonds is estimated to be approximately $7,903,287, which is just equal to the three percent minimum savings threshold of the $261,185,000 outstanding par value of the COPs to be refunded.

Recommendation

- Approve the proposed ordinances.

MANDATE STATEMENT

City Administrative Code Section 10.62(b) states that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt to fund capital projects provided the annual debt service cost of such outstanding indebtedness does not exceed 3.25% of discretionary revenue as determined by the Controller and Director of Public Finance. Administrative Code Section 10.62(c) states that the Director of Public Finance may issue tax-exempt and taxable commercial paper notes to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, subject to the project's and financing plan's approval by the Board of Supervisors and Mayor.

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

BACKGROUND

The City issues Certificates of Participation (COPs) to partially fund the Capital Plan. Individual issuances of COPs normally include an optional call date provision that allows the City to refinance the outstanding principal amount after a specified date if interest rates are more favorable and produce savings for the City. The City has four outstanding series of COPs with optional call dates that can be utilized in 2023, including:

1. Series 2012A (Multiple Capital Improvement Project) COPs (2012A COPs)
2. Refunding Series 2014-R2 (Juvenile Hall Project) COPs (2014-R2 COPs)
3. Series 2015A (War Memorial Veterans Building) COPs (2015A COPs)
4. Refunding Series 2015-R1 (City Office Buildings – Multiple Properties) COPs (2015-R1 COPs)

Exhibit 1 below summarizes the four outstanding series of COPs that could be refinanced for savings.

Exhibit 1: Outstanding COPs Eligible for Refinancing

COPs Series	Par Amount Outstanding	Average Interest Rate	First Optional Call Date	Final Maturity	Average Annual Debt Service
2012A (Multiple Capital Improvement Project)	$27,815,000	4.10%	4/1/2022	4/1/2036	$2,800,000
2014-R2 (Juvenile Hall Project)	21,395,000	3.66%	4/1/2022	4/1/2034	2,390,000
2015A (War Memorial Veterans Building)	110,250,000	4.07%	4/1/2023	4/1/2045	7,780,000
2015-R1 (City Office Buildings - Multiple Properties)	101,725,000	4.07%	9/1/2023	9/1/2040	7,980,000
Total	**$261,185,000**	**4.05%**		**4/1/2045**	

Source: Office of Public Finance

DETAILS OF PROPOSED LEGISLATION

File 23-0368 is an ordinance appropriating $275 million, including: (1) appropriation of $260,878,172 of one or more series of Refunding Certificates of Participation Series 2023-R1 proceeds, (2) de-appropriation of $14,121,828 of COP prior reserve funds for Series 2012A, 2015-R1, and 2015A, and (3) re-appropriation of the same amount to Refunding certificates of Participation Series 2023-R1; and placing these funds on Controller's Reserve pending sale of the COPs.

File 23-0369 is an ordinance that would: (1) authorize the execution and delivery of Certificates of Participation, in one or more series from time to time to prepay certain series of COPs; (2) approve the forms of related documents, including a Supplement to Trust Agreement, a Supplement to Property Lease, a Supplement to Project Lease, an Escrow Agreement,[1] Official Notice of Sale and a Notice of Intention to Sell the Certificates, an Official Statement, a Purchase Contract, and a Continuing Disclosure Certificate ; and (3) grant general authority to City officials to take necessary actions, approve modifications to documents, and ratify previous related actions.

Certificates of Participation

Under the proposed ordinance, the 2023 Refunding COPs may be issued any time on or after the respective call dates for each series. Based on the tax-status and project uses of the COPs to be refunded, the 2023 Refunding COPs would be tax-exempt. The Controller's Office of Public

[1] The proposed Escrow Agreement between the City and U.S. Bank Trust Company, National Association, as escrow agent, provides for the creation of escrow funds to pay the principal and interest due on the COPs to be refunded. The escrow agent will hold any escrow obligations in an irrevocable trust fund account for the benefit of the owners of the COPs to be refunded.

Finance estimates that the COPs would be paid over 21 years with an estimated annual interest rate of 3.62 percent. However, Office of Public Finance staff state that interest rates and capital markets are currently volatile.

According to the City's Debt Policy, refunding COPs may only be issued if the transaction produces debt service savings of at least three percent of the par value of the refunded bonds on a net present value basis. Therefore, one or more series may be dropped from the transaction to achieve a higher level of savings as interest rates change. The Ordinance authorizes the refunding of any outstanding series not refunded by the 2023 Refunding COPs at a later date. The Office of Public Finance anticipates the pricing and closing of the transaction in July and August 2023.

City Property Securing COPs

COPs are structured as a lease-lease back, in which the City-owned Laguna Honda Hospital campus at 375 Laguna Honda Boulevard and the San Bruno Jail Complex located at 1 Moreland Drive serve as the leased properties to secure the City's outstanding COPs under a Master Lease.[2] New COPs series are added to the structure through subsequent supplemental agreements between the City and a third-party trustee (currently U.S. Bank Trust Company, National Association).

Supplements to Property Lease, Project Lease, and Trust Agreement

The City leases the City-owned property to the Trustee (under the Original Property Lease) and leases back the property (under the Original Project Lease).[3] The City makes annual base rental payments to the Trustee in an amount required to repay the COPs. When the COPs are fully paid, the property lease is terminated. Annual base rental payments (in effect, debt service) are paid from the City's General Fund.

Under the Original Trust Agreement, the Trustee disburses payments for the Master Lease COPs and enforces remedies in the event the City defaults on payments.

The proposed Supplement to the Property Lease and Supplement to the Property Lease require the City to make base rental payments to the Trustee annually on September 25 and March 25 over the term of the leases. The proposed Supplement to the Original Trust Agreement requires the City to deposit base rental payments to a fund maintained by the trustee. The Trustee will make debt service payments for the Master Lease COPs annually on October 1 and April 1.

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[2] The Master Lease currently supports the City's outstanding Series 2012A COPs, Series 2019-R1 COPs, Series 2020-R1 COPs, and Series 2021A COPs, and would also support the proposed 2023 Housing and Community Development COPs (File 23-0370).

[3] The City entered into the Original Trust Agreement, Original Project Lease, and Original Property Lease in 2009, and entered into five supplemental agreements/leases to the Original Trust Agreement, Original Project Lease, and Original Property Lease for subsequent series of COPs issued in 2009, 2012, 2019, 2020, and 2021. The City also intends to enter into a supplemental agreement/lease in 2023 for the 2023 Housing and Community Development COPs.

Competitive or Negotiated Sale

The proposed ordinance permits the COPs to be sold through a negotiated or a competitive sale. The Office of Public Finance will determine if a negotiated or competitive sale will be more advantageous based on market conditions closer to the sale of the COPS in consultation with its Municipal Advisor. If the COPs are sold via negotiated sale with an underwriter (or underwriters), terms, covenants, and conditions for the sale of the COPs will be detailed in the Purchase Contract. In line with City policies, for a negotiated sale the City would either select the top-ranked underwriter from its pre-qualified Underwriter Pool or issue a Request for Proposals to that same established Underwriter Pool.

FISCAL IMPACT

The $275 million appropriation includes $260,878,172 in Refunding COPs proceeds and $14,121,828 of COP prior reserve funds for three of the four COP series that would be refunded.

Proposed uses of the $275 million appropriation include $266,059,432 to refund the selected COPs series, $1,789,493 in financing costs (including issuance costs and the underwriter's discount), and $7,151,075 for market uncertainty pending the sale of the COPs.

Exhibit 1 below identifies the sources and uses for the proceeds from the sale of the COPs.

Exhibit 1: Sources and Uses for Refunding COPs

Sources and Uses	Amount
Sources	
Refunding COP Proceeds	$260,878,172
Prior Reserve Funds	14,121,828
Total Sources	**$275,000,000**
Uses*	
Refunding Escrow	$266,059,432
Cost of Issuance**	650,043
Underwriter's Discount	1,139,450
Reserve for Market Uncertainty	7,151,075
Total Uses	**$275,000,000**

Source: Proposed Appropriation Ordinance

*Appropriation amounts for cost of issuance, underwriter's discount, and reserve for market uncertainty vary from more recent Good Faith Estimates from the Office of Public Finance's Municipal Advisor.

**Includes financial advisory fees, rating agency fees, co-disclosure counsel fees, co-bond counsel fees, trustee fees, and other payments to third parties

Debt Service

The Office of Public Finance estimates that the COPs would have average annual principal and interest payments of $15,844,968 and an estimated annual interest rate of 3.62 percent. Total debt service over the anticipated 21-year term is $348,589,297.

Based on current market conditions and an estimated interest rate of 3.62 percent, the Office of Public Finance estimates that the 2023 Refunding COPs will result in $13.5 million in total debt service savings.

City's Debt Policy

According to the City's Debt Policy, refunding COPs may only be issued if the transaction produces debt service savings of at least three percent of the par value of the refunded COPs. The net present value of the debt service savings of the proposed refunding bonds is estimated to be approximately $7,903,287, which is just equal to the three percent minimum savings threshold of the $261,185,000 outstanding par value of the COPs to be refunded. As mentioned above, one or more series may be dropped from the transaction to achieve a higher level of savings as interest rates change, and the Ordinance authorizes the refunding of any outstanding series not refunded by the 2023 Refunding COPs at a later date.

The City's policy is to limit General Fund debt service at or below 3.25 percent of discretionary General Fund revenues, as set forth and maintained in the City's Capital Plan. The anticipated debt service associated with the delivery and execution of the 2023 Refunding COPs will be less than the debt service associated with the COPs being refunded. Therefore, the issuance complies with the City's Debt Policy.

RECOMMENDATION

Approve the proposed ordinances.

Refunding Certificates of Participation Series 2023-R1

BUDGET AND FINANCE COMMITTEE

- Ordinance authorizing the execution and delivery of refunding Certificates of Participation to prepay certain certificates of participation that financed and refinanced various capital improvement projects
- Supplemental ordinance appropriating the proceeds of the 2023-R1 Refunding COPs

May 10, 2023

City and County of San Francisco
Office of the Controller
Office of Public Finance

Proposed Refunding Certificates of Participation

SUMMARY OF THE PROPOSED 2023-R1 REFUNDING COPS

- OPF has identified four outstanding series of COPs as potential refunding candidates:

Outstanding Series	Par Amount Outstanding	Average Interest Rate	First Optional Call Date	Final Maturity	Average Annual Debt Service
2012A COPs	$27,815,000	4.10%	4/1/2022	4/1/2036	$2,800,000
2014-R2 COPs	$21,395,000	3.66%	4/1/2022	4/1/2034	$2,390,000
2015A COPs	$110,250,000	4.07%	4/1/2023	4/1/2045	$7,780,000
2015-R1 COPs	$101,725,000	4.07%	9/1/2023	9/1/2040	$7,980,000
Total	**$261,185,000**	**4.05%**		**4/1/2045**	**$17,100,000**

- In accordance with the City's Adopted Debt Policy, the 2023-R1 Refunding COPs will only be issued if the transaction produces minimum debt service savings of at least 3% of the par value of the refunded bonds on a net present value ("NPV") basis

- At the 3% savings threshold, NPV debt service savings are estimated to be **$7.9 million**

Proposed Refunding Certificates of Participation

ESTIMATED FINANCING TERMS

- Final Maturity: April 1, 2045
- Estimated True Interest Cost: 3.62%
- Estimated Refunding Escrow: $266.06M
- Estimated Financing Costs: $2.04M

Source: KNN Public Finance, LLC

SOURCES AND USES

Sources:	
2023-R1 Refunding COP Proceeds	
COP Proceeds (Including Market Reserve)	$260,878,172
Prior Debt Service Reserve Funds	14,121,828
Total Sources	**$275,000,000**

Uses:	
Refunding Escrow	$266,059,432
Delivery Date Expenses and Market Reserve	8,940,568
Total Uses	**$275,000,000**

Proposed Refunding Certificates of Participation

ANTICIPATED FINANCING TIMELINE

Milestones	Dates
Introduction of the Ordinance to the Board of Supervisors	April 4, 2023
Budget and Finance Committee Hearing	May 10, 2023
Board Considers Approval of the Ordinance (1st Reading)	May 16, 2023
Final Board Approval of the Ordinance (2nd Reading)	May 23, 2023
Pricing and Closing of COPs	July-August 2023

OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

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

FROM: Controller's Office of Public Finance

DATE: March 27, 2023

SUBJECT: Ordinance Authorizing Issuance of Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects)

Supplemental Appropriation Ordinance for Refunding Certificates of Participation

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Recommended Action

We respectfully request that the Board of Supervisors (the "Board") review and consider for adoption the ordinance ("Ordinance") authorizing the execution and delivery of the Series 2023-R1 Refunding Certificates of Participation (Multiple Capital Improvement Projects) ("2023 Refunding COPs") to refinance various previously outstanding Certificates of Participation ("COPs"). A supplemental ordinance appropriating the proceeds of the 2023 Refunding COPs will be introduced to the Board to accompany the Ordinance authorizing the 2023 Refunding COPs (together the "Ordinances").

Background

The City's capital planning program is partially funded through the issuance of COPs. When the City issues COPs it typically includes an optional call feature allowing the City to refinance the outstanding principal (or par amount) after a specified optional call date, should interest rates be more favorable and produce savings for the City. The City currently has four outstanding series of COPs with optional call dates in 2023, allowing the call feature to potentialy be utilized to generate savings in the coming months: the Series 2012A (Multiple Capital Improvement Project) COPs ("2012A COPs"), the Refunding Series 2014-R2 (Juevenile Hall Project) COPs ("2014-R2 COPs"), the Series 2015A (War Memorial Veterans Building) COPs ("2015A COPs"), and the Refunding Series 2015-R1 (City Office Buildings – Mulitple Properties) COPs ("2015-R1 COPs").

A summary of the four outstanding series of COPs which could potentially be refinanced for savings is provided in Table 1 below:

Table 1: Summary of the Outstanding COPs to be Refinanced

Outstanding Series	Par Amount Outstanding	Average Interest Rate	Optional Call Date	Final Maturity	Average Annual Debt Service
2012A COPs	$29,465,000	4.10%	4/1/2022	4/1/2036	$2,800,000
2014-R2 COPs	$23,015,000	3.66%	4/1/2022	4/1/2034	$2,390,000
2015A COPs	$112,110,000	4.07%	4/1/2023	4/1/2045	$7,780,000
2015-R1 COPs	$101,725,000	4.07%	9/1/2023	9/1/2040	$7,980,000
Total	**$266,315,000**	**4.05%**		**4/1/2045**	**$17,100,000**

The Current Plan of Finance

To position the City to access the market as expeditiously as possible when an opportunity to achieve savings exists, the proposed Ordinance authorizes the execution and delivery of tax-exempt COPs to refund the outstanding 2012A, 2014-R2, 2015A, and 2015-R1 COPs on or after their respective call dates. Interest rates and capital markets are particularly volatile as of the date of this memo, and the Controller's Office of Public Finance ("OPF") will continue to monitor market conditions up through the anticipated pricing and closing of the transaction in July and August 2023. In accordance with the City's approved Debt Policy, the 2023 Refunding COPs will only be issued if the transaction produces minimum debt service savings of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue's True Interest Cost ("TIC") as the discount rate. As interest rates change, one or more of the outstanding series to be refunded may be dropped from the transaction to achieve a higher level of savings. The Ordinance provides authorization to refund any outstanding series not refunded by the 2023 Refunding COPs at a later date.

For good faith estimates required by Code Section 5852.1 of the California Government Code regarding the proposed financing, see **Attachment 1**. The information set forth in **Attachment 1** is based on estimates of prevailing market conditions. Actual results may differ if assumed market conditions change.

The Certificates

Under the proposed Ordinance, the City will structure the 2023 Refunding COPs using a lease-lease back structure. This lease will be a supplemental to a lease (the "Master Lease") which currently supports the City's outstanding Series 2012A COPs, Series 2019-R1 COPs, Series 2020-R1 COPs, and Series 2021A COPs (the "Master Lease COPs") by utilizing subsequent supplement agreements as permitted by the Original Trust Agreement, Original Property Lease, and Original Project Lease, each by and between the City and a third-party trustee, currently U.S. Bank National Association (the "Trustee").

The Master Lease currently includes the City-owned Laguna Honda Hospital campus located at 375 Laguna Honda Boulevard, San Francisco, and the San Bruno Jail Complex located at 1 Moreland Drive, San Bruno (together, the "Leased Properties"). The Director of OPF can designate additional properties to be added as assets under the Master Lease as needed.

Original Property Lease and *Original Project Lease*: Pursuant to the Original Property Lease, the City leases City-owned property to the Trustee. Pursuant to the Original Project Lease, the City leases back the leased property, together with the improvements thereon, from the Trustee. The City makes annual base rental payments to the Trustee in amounts representing the fair rental value for the improved leased property

and equal to the amounts required to repay the Master Lease COPs. When the Master Lease COPs are finally paid, the Property Lease and Project Lease (each as supplemented) terminate. The City's general fund secures the payment of the City's rental payments in respect of the Master Lease COPs.

Original Trust Agreement: Pursuant to the Original Trust Agreement between the City and the Trustee acting on behalf and for the benefit of Master Lease COPs holders, the Trustee administers and disburses payments with respect to the Master Lease COPs and enforces the covenants and remedies in the event of a default by the City. The Trust Agreement provides for the terms of the Master Lease COPs, prepayment provisions, events of default, remedies in the event of default, and other related administrative provisions. The Trustee holds proceeds derived from the sale of the Master Lease COPs and disburses payments for the costs incurred for the Project, as directed by authorized City representatives.

The subsequent supplements to the Original Property and Project Leases, each between the City and the Trustee, require the City to make base rental payments on each September 25 and March 25 during the term of the supplemental leases in an amount sufficient to pay total base rental payments when due.

The subsequent supplement to the Original Trust Agreement between the City and the Trustee requires that the base rental payments be deposited in the base rental fund maintained by the trustee. On October 1 and April 1 of each year during the term of the Trust Agreement, the Trustee will apply such amounts as is necessary to make debt service payments with respect to the Master Lease COPs.

The Capital Plan

The anticipated debt service associated with the delivery and execution of the 2023 Refunding COPs will be lower than the COPs to be refunded, and therefore complies with the City's policy of limiting General Fund debt service payments at or below 3.25% of General Fund Discretionary Revenue, as set forth and maintained in the City's Capital Plan adopted per Resolution 159-21 in April 2021.

Additional Information

The forms of the related financing documents—including the Preliminary Official Statement, Escrow Agreement, Bond Purchase Contract, Notice of Intention to Sell, Appendix A, the Continuing Disclosure Certificate and related documents—will also be submitted, as described below.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the 2023 Refunding COPs. The Official Statement describes the 2023 Refunding COPs, including sources and uses of funds; security for the 2023 Refunding COPs; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City's Appendix A, the most recent Comprehensive Annual Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders and owners of the 2023 Refunding COPs.

A *Preliminary Official Statement* is distributed to prospective investors prior to the sale of the 2023 Refunding COPs and within seven days of the public offering, the Final Official Statement (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the 2023 Refunding COPs.

The Board of Supervisors and the Mayor, in adopting and approving the proposed Ordinance, approve and authorize the use and distribution of the Official Statement by the City's Municipal Advisor with respect to the 2023 Refunding COPs. In accordance with rule 15c2-12 of the Securities and Exchange Act of 1934, the Controller will certify, on behalf of the City, that the Preliminary and Final Official Statements are "deemed final" as of their respective dates.

Escrow Agreement: The Resolution approves the form of Escrow Agreement, allowing for the creation of escrow funds to pay the principal and interest due on the Prior 2012A, 2014-R2, 2015A, and 2015-R1 COPs. The escrow agent will hold any escrow obligations pursuant to the Escrow Agreement in an irrevocable trust fund account for the City for the benefit of the owners of the COPs to be refunded.

Official Notice of Sale and Notice of Intention to Sell (if the 2023 Refunding COPs are sold competitively): The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the 2023 Refunding COPs. Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notice of Sale for the 2023 Refunding COPs announces the date and time of a competitive sale, including the terms relating to the 2023 Refunding COPs; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents.

The Official Bid Form attached to the Official Notice of Sale is the form of the official bid for the purchase of the 2023 Refunding COPs. Pursuant to the Ordinance, the Controller is authorized to award the 2023 Refunding COPs to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Purchase Contract (if the 2023 Refunding COPs are sold on a negotiated basis): The City will work with its Municipal Advisor to determine whether a negotiated or competitive sale will be most advantageous for the refunding based on market conditions closer to the sale of the 2023 Refunding COPs. Should the 2023 Refunding COPs be sold via a negotiated sale with an underwriter(s), the Purchase Contract will be the document that details the terms, covenants, and conditions for the sale of the 2023 Refunding COPs through selected underwriter(s), as well as agreements regarding expenses, closing and disclosure documents. For a negotiated sale, the City would work with its Municipal Advisor to select qualified firms from the City's Underwriter Pool via a competitive Request for Proposal ("RFP") process.

Continuing Disclosure Certificate: The City covenants to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. These covenants have been made in order to assist initial purchasers of the 2023 Refunding COPs in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

Anticipated Financing Timeline

Milestones	Dates*
• Introduction of the Ordinance to the Board of Supervisors	April 4, 2023
• Budget and Finance Committee Hearing	May 10, 2023
• Board Considers Approval of the Ordinances (1st Reading)	May 16, 2023
• Final Board Approval of the Ordinances (2nd Reading)	May 23, 2023
• Sale and Closing of the 2023-R1 Refunding COPs	July-August 2023

*Please note that dates are estimated unless otherwise noted.

Please contact Anna Van Degna (Anna.VanDegna@sfgov.org, Vishal Trivedi (Vishal.Trivedi@sfgov.org), or Grant Carson (Grant.Carson@sfgov.org) if you have any questions. Your consideration of this matter is greatly appreciated.

cc: Angela Calvillo, Clerk of the Board of Supervisors
Andres Powers, Mayor's Office
Anna Duning, Mayor's Budget Director
Harvey Rose, Budget Analyst
Ben Rosenfield, Controller
Mark Blake, Deputy City Attorney
Kenneth Roux, Deputy City Attorney

Attachment 1

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following estimated information has been provided by the City's Municipal Advisor, KNN Public Finance:

1. True interest cost of the 2023 Refunding COPs: 3.62%

2. Finance charge for the 2023 Refunding COPs, including all fees and charges for third parties (including underwriter's compensation, financial advisory fees, co-bond counsel fees, disclosure counsel fees, trustee fees and other payments to third parties): $2,037,825.00

3. Amount of 2023 Refunding COP proceeds expected to be received by the City, net of payments identified in 2 above and any reserve fund or capitalized interest funded with proceeds of the 2023 Refunding COPs: $266,059,835.70

4. Total payment amount for the 2023 Refunding COPs, being the sum of (a) debt service on the 2023 Refunding COPs to final maturity, and (b) any financing costs not paid from proceeds of the 2023 Refunding COPs: $348,589,296.81

The information set forth above is based on estimates of prevailing market conditions. Actual results may differ if assumed market conditions change.

[nTH] SUPPLEMENT TO TRUST AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of [MONTH] 1, 202[3]

Relating to:

$[Amount]
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 202[3]-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

[nTH] SUPPLEMENT TO TRUST AGREEMENT

THIS [nTH] SUPPLEMENT TO TRUST AGREEMENT, dated as of [MONTH] 1, 202[3] (this "[Nth (Refunding)] Supplement to Trust Agreement"), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under its charter and the Constitution and laws of the State of California (the "City") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (as successor-in-interest to U.S. Bank National Association), a national banking association, as Trustee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the City and the Trustee have previously entered into a Property Lease, dated as of May 1, 2009 (the "Original Property Lease"), pursuant to which the City leased certain real property of the City and all works, property, improvements, structures and fixtures thereon (collectively the "Original Leased Property") to the Trustee;

WHEREAS, pursuant to a Project Lease, dated as of May 1, 2009, by and between the City and the Trustee (the "Original Project Lease"), the Trustee leased the Original Leased Property back to the City;

WHEREAS, in order to provide funds to finance the acquisition, demolition, construction, reconstruction, installation, equipping, improvement and rehabilitation of a hospital and related property located at 375 Laguna Honda Boulevard, the Trustee executed and delivered certificates of participation captioned "$163,335,000 City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects)" (the "2009A Certificates") under a Trust Agreement, dated as of May 1, 2009, between the City and the Trustee (the "Original Trust Agreement" and, together with the Original Property Lease and the Original Project Lease, the "Original Agreements");

WHEREAS, the 2009A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease;

WHEREAS, in order to provide funds to finance improvements to various City streets and other capital improvements (the "2009B Project"), the Trustee subsequently executed and delivered a series of certificates of participation captioned "$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects)" (the "2009B Certificates" and, together with the 2009A Certificates, the "2009 Certificates") under a First Supplement to Trust Agreement dated as of September 1, 2009 (the "First Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2009B Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a First Supplement to Property Lease, dated as of September 1, 2009 (the "First Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a First Supplement to Project Lease, dated as of September 1, 2009, by and between the City and the Trustee (the "First Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, the 2009B Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, on a parity basis with the 2009A Certificates;

WHEREAS, in order to provide funds for certain street improvements of the City, the Trustee subsequently executed and delivered a series of certificates of participation captioned "$42,835,000 City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second Supplement to Trust Agreement dated as of June 1, 2012 (the "Second Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2012A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a Second Supplement to Property Lease, dated as of June 1, 2012 (the "Second Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Second Supplement to Project Lease, dated as of June 1, 2012, by and between the City and the Trustee (the "Second Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, the 2012A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease and the Second Supplement to Project Lease, on a parity basis with the 2009 Certificates;

WHEREAS, a portion of the 2012A Certificates currently remain outstanding and unpaid (the "Refunded 2012A Certificates");

WHEREAS, in order to provide funds for (i) the acquisition of capital equipment, including mechanical street sweepers and other capital expenditures of the City and (ii) the prepayment of the 2009 Certificates (collectively, the "2019-R1 Project"), the Trustee executed and delivered a series of certificates of participation captioned "$116,460,000 City and County of San Francisco Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects)" (the "2019-R1 Certificates") under a Third Supplement to Trust Agreement dated as of November 1, 2019 (the "Third Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2019-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Third Supplement to Property Lease, dated as of November 1, 2019 (the "Third Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Third Supplement to Project Lease, dated as of November 1, 2019, by and between the City and the Trustee (the "Third Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, the 2019-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease and the Third Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates;

WHEREAS, the City and U.S. Bank National Association, as successor trustee (the "2010A Trustee"), previously entered into a Property Lease, dated as of September 1, 2010 (the "2010A Property Lease"), pursuant to which the City leased certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2010A Leased Property") to the 2010A Trustee;

WHEREAS, the 2010A Trustee and the City previously entered into a Project Lease, dated as of September 1, 2010 (the "2010A Project Lease"), pursuant to which the 2010A Trustee leased the 2010A Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2010A (the "2010A Certificates") pursuant to a Trust Agreement, dated as of September 1, 2010, by and between the City and the 2010A Trustee (the "2010A Trust Agreement");

WHEREAS, the 2010A Certificates evidenced direct undivided interests in the lease payments made by the City under the 2010A Project Lease;

WHEREAS, in order to provide funds for the prepayment of the then-outstanding 2010A Certificates (the "2020-R1 Project"), the Trustee executed and delivered a series of refunding certificates of participation captioned "$70,640,000 City and County of San Francisco Refunding Certificates of Participation, Series 2020-R1 (Multiple Capital Improvement Projects)" (the "2020-R1 Certificates") under a Fourth Supplement to Trust Agreement dated as of November 1, 2020 (the "Fourth Supplement to Trust Agreement"), which Fourth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, by the issuance of the 2020-R1 Certificates and the full prepayment of the 2010A Certificates on November 3, 2020, the City refinanced and fully prepaid the City's obligations under the 2010A Project Lease, including but not limited to its obligations to pay Base Rental thereunder, and upon such prepayment of such Base Rental payments, (i) the 2010A Project Lease, the 2010A Property Lease, the 2010A Trust Agreement and related agreements terminated in accordance with their terms, and (ii) title to the 2010A Leased Property vested in the City; and to evidence the foregoing, the City and the 2010A Trustee executed, delivered and caused to be recorded (as instrument number 2020-121120) in the official records of San Mateo County, California, that certain Termination Agreement by and between the City and the 2010A Trustee and dated November 3, 2020;

WHEREAS, in connection with the execution and delivery of the 2020-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fourth Supplement to Property Lease, dated as of November 1, 2020 (the "Fourth Supplement to Property Lease"), supplementing the Original Property Lease to (i) supplement the Leased Property to be subject thereto, pursuant to Section 18 of the Original Property Lease, Section 7.02 of the Original Trust Agreement and Sections 16 and 20 of the Original Project Lease (collectively, the "Leased Property Amendment Provisions"), by adding thereto certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2020 Additional Leased Property" and, together with the Original Leased Property, the "2020 Leased Property"), (ii) provide for the lease of the 2020 Leased Property by the City to the Trustee, and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fourth Supplement to Project Lease, dated as of November 1, 2020, by and between the City and the Trustee (the "Fourth Supplement to Project Lease"), supplementing the Original Project Lease to (i) supplement the Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2020 Additional Leased Property to the Original Leased Property subject thereto, (ii) provide for the lease of the 2020 Leased Property by the Trustee back to the City, and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, the 2020-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease and the Fourth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates;

WHEREAS, in order to provide funds to finance and refinance the acquisition of certain real property within the City located at 814-820 Bryant Street, 444 6th Street, 470 6th Street and 1828 Egbert Avenue and the related site demolition and preparation, including through the retirement of certain taxable commercial paper notes of the City issued for such purpose (the "2021A Project"), the Trustee executed and delivered a series of certificates of participation captioned "$76,020,000 City and County of San Francisco Certificates of Participation, Series

2021A (Multiple Capital Improvement Projects)" (the "2021A Certificates") under a Fifth Supplement to Trust Agreement dated as of May 1, 2021 (the "Fifth Supplement to Trust Agreement"), which Fifth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, in connection with the execution and delivery of the 2021A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fifth Supplement to Property Lease, dated as of May 1, 2021 (the "Fifth Supplement to Property Lease"), supplementing and amending the Original Property Lease, as previously supplemented, to (i) supplement the Leased Property subject thereto, pursuant to the Leased Property Amendment Provisions, by adding certain additional facilities and the land underlying such facilities located at 375 Laguna Honda Boulevard in the City, and all works, property, improvements, structures and fixtures therein and thereon, generally known as the South Residence building on the Laguna Honda Hospital campus (the "2021 Additional Leased Property" and, together with the 2020 Leased Property, the "2021 Leased Property"), (ii) provide for the lease of the 2021 Leased Property by the City to the Trustee and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fifth Supplement to Project Lease, dated as of May 1, 2021, by and between the City and the Trustee (the "Fifth Supplement to Project Lease"), supplementing and amending the Original Project Lease, as previously supplemented, to (i) supplement the 2020 Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2021 Additional Leased Property to the 2020 Leased Property subject thereto, (ii) provide for the lease of the Leased Property by the Trustee back to the City and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, the 2021A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease and the Fifth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates and 2020-R1 Certificates;

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2014-R2 Trustee"), previously entered into (i) a Facilities Lease, dated as of April 1, 2014 (the "2014-R2 Facilities Lease"), pursuant to which the City leased certain City-owned real property located on the Laguna Honda Hospital campus within the City, having the address 375 Woodside Avenue and generally known as the City's Juvenile Detention Center, and all improvements thereon (the "2014-R2 Leased Property") to the 2014-R2 Trustee; (ii) a Lease Agreement, dated as of April 1, 2014 (the "2014-R2 Lease Agreement"), pursuant to which the 2014-R2 Trustee leased the 2014-R2 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project)

(the "2014-R2 Certificates") pursuant to a Trust Agreement, dated as of April 1, 2014, by and between the City and the 2014-R2 Trustee (the "2014-R2 Trust Agreement"), which 2014-R2 Certificates evidence direct undivided interests in the lease payments made by the City under the 2014-R2 Lease Agreement;

WHEREAS, a portion of the 2014-R2 Certificates currently remain outstanding and unpaid (the "Refunded 2014-R2 Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2015AB Trustee"), previously entered into (i) a Property Lease, dated as of July 1, 2015 (the "2015AB Property Lease"), pursuant to which the City leased certain City-owned real property located at 401 Van Ness Avenue within the City, generally known as the War Memorial Veterans Building, and all improvements thereon (the "2015AB Leased Property") to the 2015AB Trustee and (ii) a Project Lease, dated as of July 1, 2015 (the "2015AB Project Lease"), pursuant to which the 2015AB Trustee leased the 2015AB Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the (i) City and County of San Francisco Certificates of Participation, Series 2015A (Tax-Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015A Certificates") and (ii) City and County of San Francisco Certificates of Participation, Series 2015B (Federally Taxable) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015B Certificates"), each pursuant to a Trust Agreement, dated as of July 1, 2015, by and between the City and the 2015AB Trustee (the "2015AB Trust Agreement"), which 2015A Certificates evidence direct undivided interests in a proportional amount of the lease payments made by the City under the 2015AB Lease Agreement;

WHEREAS, a portion of the 2015A Certificates currently remain outstanding and unpaid (the "Refunded 2015A Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, "2015-R1 Trustee"), previously entered into (i) a Facilities Lease, dated as of October 1, 2015 (the "2015-R1 Facilities Lease"), pursuant to which the City leased certain City-owned real property located at One South Van Ness Avenue within the City and all improvements thereon (the "2015-R1 Leased Property") to the 2015-R1 Trustee and (ii) a Lease Agreement, dated as of October 1, 2015 (the "2015-R1 Lease Agreement"), pursuant to which the 2015-R1 Trustee has leased the 2015-R1 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) (the "2015-R1 Certificates") pursuant to a Trust Agreement, dated as of October 1, 2015, by and between the City and the 2015-R1 Trustee, which 2015-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the 2015-R1 Lease Agreement;

WHEREAS, a portion of the 2015-R1 Certificates currently remain outstanding and unpaid (the "Refunded 2015-R1 Certificates" and, together with the Refunded 2012A Certificates, the

Refunded 2014-R2 Certificates, and the Refunded 2015A Certificates, the "Refunded Certificates");

WHEREAS, in order to provide funds for the prepayment, in whole or in part, of the Refunded Certificates, the Trustee is executing and delivering a series of certificates of participation captioned "$[___,___,000] City and County of San Francisco Refunding Certificates of Participation, Series 202[3]-R1 (Multiple Capital Improvement Projects)" (the "202[3]-R1 Certificates") under this [Nth (Refunding)] Supplement to Trust Agreement;

WHEREAS, a portion of the proceeds of the 202[3]-R1 Certificates were authorized to be used by the City to fund a debt service or other similar reserve account for the 202[3]-R1 Certificates, as appropriate, including the purchase of certain instruments therefor, and to pay the costs of issuing the 202[3]-R1 Certificates;

[WHEREAS, by the issuance of the 202[3]-R1 Certificates and the full prepayment of the Refunded Certificates on the date of such issuance, the City will refinance and fully prepay the City's obligations under (i) the 2014-R2 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2014-R2 Facilities Lease, the 2014-R2 Lease Agreement, the 2014-R2 Trust Agreement and related agreements will terminate in accordance with their terms and (B) title to the 2014-R2 Leased Property will vest in the City, and, to evidence the foregoing, the City and the 2014-R2 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2014-R2 Trustee, and (ii) the 2015-R1 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2015-R1 Facilities Lease, the 2015-R1 Lease Agreement, the 2015-R1 Trust Agreement and related agreements will terminate in accordance with their terms, and (B) title to the 2015-R1 Leased Property will vest in the City, and to evidence the foregoing, the City and the 2015-R1 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2015-R1 Trustee;]

WHEREAS, in connection with the execution and delivery of the 202[3]-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee are entering into a [Nth (Refunding)] Supplement to Property Lease, dated as of [MONTH] 1, 202[3] (the "[Nth] Supplement to Property Lease"), supplementing the Original Property Lease, as previously supplemented, to (i) [supplement the 2021 Leased Property, pursuant to Section 18 of the Original Property Lease, Section 7.02 of the Original Trust Agreement and Sections 16 and 20 of the Original Project Lease (collectively, the "Leased Property Amendment Provisions"), by the addition of [describe additional Leased Property site and improvements] ([collectively,] the "202[3] Additional Leased Property" and, together with the 2021 Leased Property, the "202[3] Leased Property"), (ii)] provide for the lease of the [202[3] Leased Property] by the City to the Trustee and [(iii)] provide for additional or adjusted rental to be paid by the Trustee in connection with the prepayment of the Refunded Certificates and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee are simultaneously entering into a [Nth (Refunding)] Supplement to Project

Lease, dated as of [MONTH] 1, 202[3] (the "[Nth (Refunding)] Supplement to Project Lease"), supplementing the Original Project Lease, as previously supplemented, to (i) [supplement the 2021 Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the Additional 202[3] Leased Property to the 2021 Leased Property subject thereto, (ii)] provide for the lease of [the 202[3] Leased Property] by the Trustee back to the City, and [(iii)] provide for additional or adjusted Base Rental to be paid by the City in connection with the prepayment of the Refunded Certificates and certain related matters; [and]

WHEREAS, the 202[3]-R1 Certificates are being executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease, the Fifth Supplement to Project Lease and the [Nth (Refunding)] Supplement to Property Lease, on a parity basis with the outstanding 2019-R1 Certificates, 2020-R1 Certificates, 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates; [and]

[*DETERMINE IF NEEDED*: WHEREAS, the City and the Trustee also desire by this [Nth (Refunding)] Supplement to Trust Agreement to amend certain provisions of the Original Trust Agreement to [cure an ambiguity and to] make certain modifications that do not adversely affect the interests of any of the Owners of the outstanding 2019-R1 Certificates, 2020-R1 Certificates, 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional supplements to the Original Agreements, respectively, prior to the issuance of the 202[3]-R1 Certificates, as permitted by Section 7.01 of the Original Trust Agreement;] and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree to supplement the Original Trust Agreement as follows:

Section 1. Definitions. Capitalized terms used herein without definition shall have the meanings as set forth in the Original Trust Agreement, as previously supplemented and amended. The defined terms set forth in the recitals of this [Nth (Refunding)] Supplement to Trust Agreement are incorporated by reference into this Section 1. The following additional capitalized terms used herein are hereby defined as follows:

"Escrow Agent", "Escrow Agreement", and "Escrow Fund" shall have the respective meanings ascribed to such terms in Section 3(c) hereof.

"202[3]-R1 Certificates" means the refunding certificates of participation captioned "City and County of San Francisco Refunding Certificates of Participation, Series 202[3]-R1 (Multiple Capital Improvement Projects)" authorized hereby and outstanding at any time under the Original Trust Agreement, as supplemented.

"202[3]-R1 Costs of Issuance Account" means the account of that name established pursuant to Section 4 hereof.

[“202[3]-R1 Reserve Account” means the fund of that name established pursuant to Section 5 hereof.]

Section 2. Authorization, Designation and Description of the Additional Certificates. The Trustee is hereby authorized and directed to execute and deliver the 202[3]-R1 Certificates as a series of Additional Certificates to the original purchaser or purchasers thereof. The 202[3]-R1 Certificates shall be designated as “City and County of San Francisco Refunding Certificates of Participation, Series 202[3]-R1 (Multiple Capital Improvement Projects)” which shall be executed and delivered in the aggregate principal amount of $[PAR AMOUNT]. Each 202[3]-R1 Certificate shall be executed and delivered in fully registered form and shall be numbered as determined by the Trustee. The 202[3]-R1 Certificates shall be dated [DATE], 202[3]. The 202[3]-R1 Certificates shall be executed and delivered in Authorized Denominations, and shall initially be executed and delivered in book-entry form pursuant to Section 2.11 of the Original Trust Agreement.

The 202[3]-R1 Certificates shall be Additional Certificates under the Original Trust Agreement delivered in accordance with Section 7.04 thereof and representing Base Rental on a parity basis with the outstanding 2019-R1 Certificates, 2020-R1 Certificates, 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates.

The 202[3]-R1 Certificates shall have Certificate Payment Dates of [April] 1 in the years and shall evidence and represent principal components in the amounts, with an interest component with respect thereto calculated on the basis of a 360-day year composed of twelve 30-day months at the rates, as follows:

Certificate Payment Date ([April] 1)	***Principal Amount***	***Interest Rate***
†		

† Term Certificates

The interest evidenced and represented by the 202[3]-R1 Certificates shall be payable on each Interest Payment Date, beginning on [__], 20[__], and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and shall evidence and represent the

sum of the portions of the Base Rental designated as interest components coming due on such date in each year.

The principal evidenced and represented by the 202[3]-R1 Certificates shall be payable on [April] 1, 20[__] and each [April] 1 thereafter, continuing to and including [April] 1, 20[__] and shall evidence and represent the sum of the portions of the Base Rental Payments designated as principal components coming due on each [April] 1.

The 202[3]-R1 Certificates with Certificate Payment Dates of [April] 1, 20[__] and [April] 1, 20[__] shall be subject to mandatory sinking account installment prepayment as set forth in Section 6(B) hereof.

Section 3. Application of Sale Proceeds of the 202[3]-R1 Certificates. On the Closing Date with respect to the 202[3]-R1 Certificates, an amount of proceeds from the sale thereof equal to $[NET SALE PRICE] (calculated as the principal amount represented by the 202[3]-R1 Certificates ($[__]), [plus/less] a [net/aggregate] original issue [premium/discount] of $[__][, less an underwriter's discount of $[__]]), shall be delivered to the Trustee and deposited by the Trustee as follows:

(a) The Trustee shall deposit into the 202[3]-R1 Costs of Issuance Account the sum of $[__]. Such amount shall be held in the 202[3]-R1 Costs of Issuance Account separate from any other moneys in the Costs of Issuance Fund.

(b) [The Trustee shall deposit into the 202[3]-R1 Reserve Account in the Reserve Fund the sum of $[__] representing the Reserve Requirement as applicable to the 202[3]-R1 Certificates only as of the Closing Date. The 202[3]-R1 Reserve Account shall only be available for payments with respect to the 202[3]-R1 Certificates.]

(c) The Trustee shall deposit:

(1) into the Base Rental Fund the aggregate sum of $[_____], representing certain proceeds of the 202[3]-R1 Certificates in the amount of $[_____] together with $[_____] on deposit in the funds and accounts maintained for the 2012A Certificates and released in connection with their prepayment. Such amount shall be applied to prepay the outstanding 2012A Certificates on the Closing Date with respect to the 202[3]-R1 Certificates;

(2) into the Base Rental Fund established pursuant to Section 4.05 of the 2014-R2 Trust Agreement the aggregate sum of $[_____], representing certain proceeds of the 202[3]-R1 Certificates in the amount of $[_____] together with $[_____] on deposit in the funds and accounts maintained for the 2014-R2 Certificates and released in connection with their prepayment. Such amount shall be applied to prepay the outstanding 2014-R2 Certificates on the Closing Date with respect to the 202[3]-R1 Certificates;

(3) into the Base Rental Fund established pursuant to Section 4.05 of the 2015AB Trust Agreement the aggregate sum of $[_____], representing certain proceeds of the 202[3]-R1 Certificates in the amount of $[_____] together with $[_____] on deposit in the funds and accounts maintained for the 2015A Certificates and released in connection with their

prepayment. Such amount shall be applied to prepay the outstanding 2015A Certificates on the Closing Date with respect to the 202[3]-R1 Certificates; and

(4) into the escrow fund (the "Escrow Fund") established pursuant to an Escrow Agreement dated as of even date herewith (the "Escrow Agreement") by and between the City and U.S. Bank Trust Company, National Association, as Escrow Agent (the "Escrow Agent") the aggregate sum of $[_____], representing certain proceeds of the 202[3]-R1 Certificates in the amount of $[_____] together with $[_____] on deposit in the funds and accounts maintained for the 2015-R1 Certificates and released in connection with their prepayment. Such amount shall be invested by the Escrow Agent in accordance with the terms of the Escrow Agreement, and the investment receipts and other cash, if any, on deposit in the Escrow Fund shall be applied by the Escrow Agent to prepay the outstanding 2015-R1 Certificates on the date or prepayment specified in the Escrow Agreement.

Section 4. Establishment and Application of 202[3]-R1 Costs of Issuance Account. There is hereby established in trust a special account designated as the "202[3]-R1 Costs of Issuance Account," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer such account as provided herein.

There shall be deposited in the 202[3]-R1] Costs of Issuance Account that portion of the proceeds of the 202[3]-R1 Certificates required to be deposited therein pursuant to Section 3 hereof. The Trustee shall disburse money from the 202[3]-R1 Costs of Issuance Account on such dates and in such amounts as are necessary to pay Costs of Issuance with respect to the 202[3]-R1 Certificates, in each case, promptly after receipt of, and in accordance with, a Written Request of a City Representative in the form attached to the Original Trust Agreement as Exhibit B. Any amounts remaining in the 202[3]-R1 Costs of Issuance Account on the earlier of the date on which a City Representative has notified the Trustee in writing that all Costs of Issuance with respect to the 202[3]-R1 Certificates have been paid or the date twelve (12) months from the Closing Date shall be transferred by the Trustee to the 202[3]-R1 Project Account or such other fund or account that has been approved in writing by a City Representative, and the 202[3]-R1 Costs of Issuance Account shall then be closed.

Section 5. [202[3]-R1 Reserve Requirement. The Reserve Requirement for the 202[3]-R1 Certificates shall be [___ dollars ($___.00)]. Amounts on deposit in the Reserve Fund, including without limitation the 2021A Reserve Account therein, shall not be available to support payments with respect to the 202[3]-R1 Certificates, and amounts on deposit in the 202[3]-R1 Reserve Account in the Reserve Fund shall not be available to support payments with respect to the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates or any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates.][**No 202[3]-R1 Reserve Requirement**. The Reserve Requirement for the 202[3]-R1 Certificates shall be zero dollars ($0.00). Amounts on deposit in the Reserve Fund, including without limitation the 2021A Reserve Account therein, shall not be available to support payments with respect to the 202[3]-R1 Certificates.]

Section 6. Prepayment of 202[3]-R1 Certificates. The 202[3]-R1 Certificates shall be subject to prepayment prior to their stated Certificate Payment Dates only as set forth below:

(a) Optional Prepayment of 202[3]-R1 Certificates. The 202[3]-R1 Certificates with a Certificate Payment Date on or after [_____], are subject to optional prepayment prior to their respective Certificate Payment Dates in whole or in part on any date on or after [_____], at the option of the City, in the event the City exercises its option under Section 7 of the Project Lease to prepay the principal component of the Base Rental payments, at the following prepayment prices (expressed as a percentage of the principal component to be prepaid), plus accrued interest to the date fixed for prepayment, without premium.

In the event the City gives notice to the Trustee of its intention to exercise such prepayment option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Base Rental payments as if no such notice were given. As provided in the Original Trust Agreement, The City may direct the Trustee to provide a conditional notice of prepayment of the 202[3]-R1 Certificates identified in such notice, and such notice shall specify its conditional status.

(b) Sinking Account Installment Prepayment of 202[3]-R1 Certificates. The 202[3]-R1 Certificates with a Certificate Payment Date of [April] 1, 20[__], are subject to sinking account installment prepayment prior to their Certificate Payment Date in part, by lot, on each [April] 1, beginning [April] 1, 20[__], in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal amount of the 202[3]-R1 Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Prepayment Date ([April] 1)	***Sinking Account Installment Amount***

The 202[3]-R1 Certificates with a Certificate Payment Date of [April] 1, 20[__], are subject to sinking account installment prepayment prior to their Certificate Payment Date in part, by lot, on each [April] 1, beginning [April] 1, 20[__], in the amounts set forth below, from scheduled payments of the principal component of Base Rental payments, at the principal amount of the 202[3]-R1 Certificates to be prepaid, plus accrued interest to the prepayment date, without premium:

Prepayment Date ([April] 1)	***Sinking Account Installment Amount***

(c) Special Prepayment of 202[3]-R1 Certificates. The 202[3]-R1 Certificates are subject to mandatory prepayment prior to their respective Certificate Payment Dates in whole or in part on any date, at the Prepayment Price (plus accrued but unpaid interest to the prepayment date), without premium, from amounts deposited in the Base Rental Fund pursuant to Section 4.09 or Section 4.10 of the Original Trust Agreement following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or loss of the use or possession of the

Leased Property or any portion thereof due to a title defect. Such mandatory prepayment of Base Rental shall be applied pro rata among all series of Certificates.

Section 7. 202[3]-R1 Rebate Account. There is hereby established within the Rebate Fund a special account designated the "202[3]-R1 Rebate Account," which shall be held by the Trustee and which shall be kept separate and apart from all other accounts and money held by the Trustee. Amounts received by the Trustee as Additional Rental with respect to any rebate requirement for the 202[3]-R1 Certificates as set forth in written instructions of a City Representative in accordance with the provisions of the Tax Certificate shall be deposited in the 202[3]-R1 Rebate Account. Amounts on deposit in the 202[3]-R1 Rebate Account shall only be applied to payments made to the United States of America in accordance with written instructions of a City Representative or returned to the City as directed in writing by a City Representative.

Section 8. Original Trust Agreement Still in Effect. This [Nth (Refunding)] Supplement to Trust Agreement and all the terms and provisions herein contained shall form part of the Original Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Original Trust Agreement, as amended and supplemented by the First Supplement to Trust Agreement, the Second Supplement to Trust Agreement, the Third Supplement to Trust Agreement, the Fourth Supplement to Trust Agreement [and][,] the Fifth Supplement to Trust Agreement[and the [Nth] Supplement to Trust Agreement]. The Original Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby and by the First Supplement to Trust Agreement, the Second Supplement to Trust Agreement, the Third Supplement to Trust Agreement, the Fourth Supplement to Trust Agreement [and][,] the Fifth Supplement to Trust Agreement[and the [Nth] Supplement to Trust Agreement].

Section 10. Governing Law. This [Nth (Refunding)] Supplement to Trust Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 11. Counterparts. This [Nth (Refunding)] Supplement to Trust Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this [Nth (Refunding)] Supplement to Trust Agreement as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO

By:_____
[Controller][Mayor]

[SEAL]

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM BY:

DAVID CHIU,
CITY ATTORNEY

By: _____
Deputy City Attorney

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Signatory

[Signature page to [Nth (Refunding)] Supplement to Trust Agreement – City and County of San Francisco Refunding Certificates of Participation]

EXHIBIT A

FORM OF CERTIFICATE OF PARTICIPATION

CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATE OF PARTICIPATION, SERIES 202[3]-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

Evidencing a Proportionate Interest of the
Owner Hereof in the Right to Receive
Base Rental Payments to be Made by the

CITY AND COUNTY OF SAN FRANCISCO

Certificate Payment Date	***Interest Rate***	***Original Certificate Date***	***CUSIP***
[April] 1, 20___		_____, 202[_]	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a proportionate interest in the right to receive Base Rental payments payable under a Project Lease dated as of May 1, 2009, as previously supplemented and amended and as supplemented and amended by a [Nth (Refunding)] Supplement to Project Lease dated as of [Month] 1, 202[3] (collectively, the "Project Lease"), by and between the City and County of San Francisco (the "City"), a municipal corporation, as lessee, and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the "Trustee").

The registered owner of this Certificate is entitled to receive, subject to the terms of the Project Lease and unless sooner paid in full, on the Certificate Payment Date identified above, the principal amount identified above, representing a portion of the Base Rental payments designated as principal coming due on or prior to such date, and to receive on [MONTH] 1, 202[_] and on each [April] 1 and [October] 1 thereafter (each, a "Payment Date"), until payment in full of such principal sum, the registered owner's proportionate share of the Base Rental payments designated as interest coming due on or prior to each of such dates. Such proportionate share of the portion of the Base Rental designated as interest is the result of the multiplication of the aforesaid portion of the Base Rental designated as principal by the interest rate specified above. Such proportionate share of the portion of the Base Rental designated as interest shall be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Interest with respect to this Certificate shall accrue from the Certificate Payment Date next preceding the date of execution hereof, unless (i) this Certificate is executed after the close of business on the 15th day of the month next preceding any Payment Date (the "Record Date") and before the close of business on the immediately following Payment Date, in which event interest

shall accrue with respect hereto from such Payment Date, or (ii) this Certificate is executed on or before the Record Date immediately preceding the first Payment Date, in which event interest with respect hereto shall accrue from its Original Certificate Date set forth above; provided, however, that if at the time of execution of this Certificate, interest with respect hereto is in default, interest with respect hereto shall accrue from the Payment Date to which interest has previously been paid or made available for payment or from its Original Certificate Date if no interest has been paid or made available for payment.

Amounts due hereunder in respect of principal and premium, if any, are payable in lawful money of the United States of America at the Principal Office of the Trustee (or any successor Trustee or paying agent). Amounts representing interest are payable by check mailed by first class mail to the owner of this Certificate at such owner's address as it appears on the registration books of the Trustee as of the Record Date, provided that the payment with respect to the Certificates to each Owner of at least $1,000,000 aggregate principal amount of Certificates shall be made to such Owner by wire transfer to such wire address in the United States that such Owner may request in writing for all Payment Dates following the 15th day after the Trustee's receipt of such notice. Payments of defaulted interest, if any, with respect to this Certificate shall be paid by check to the registered owner of this Certificate as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the owner of this Certificate not less than 10 days prior thereto.

The City is authorized to enter into the Project Lease pursuant to the laws of the State. The City has entered into the Project Lease for the purpose of leasing certain facilities (the "Leased Property") in connection with the performance of the City's governmental functions.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement, dated as of May 1, 2009, as previously supplemented and amended and as supplemented and amended by a [Nth (Refunding)] Supplement to Trust Agreement dated as of [MONTH] 1, 202[_] (collectively, the "Trust Agreement"), by and between the City and the Trustee. Under the Trust Agreement, the Trustee is authorized to execute and deliver the City and County of San Francisco Certificates of Participation, Series 202[__] (Multiple Capital Improvement Projects) in the aggregate principal amount of $[___]. This Certificate constitutes an Additional Certificate under the Trust Agreement delivered on parity with certain outstanding certificates of participation.

Reference is hereby made to the Project Lease and the Trust Agreement (copies of which are on file at the offices of the Trustee) for a description of the terms on which the Certificates are delivered, and the rights thereunder of the registered owners of the Certificates and the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Project Lease, to all of the provisions of which the registered owner of this Certificate, by acceptance hereof, assents and agrees.

The obligation of the City to pay Base Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental does not constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The City's obligation to pay Base Rental shall be abated during any period in which, by reason of material damage,

destruction, condemnation, non-completion or title defect, there is substantial interference with the City's right of use and occupancy of the Leased Property or any portion thereof. Failure of the City to pay Base Rental during any such period shall not constitute a default under the Project Lease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of Certificates (as defined in the Trust Agreement) then outstanding. The Trust Agreement may be amended without such consent under certain circumstances provided that the interests of the owners of the Certificates are not adversely affected. No amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Base Rental payment in accordance with such owner's Certificate.

Registration of this Certificate is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such registration of transfer a new Certificate or Certificates, of authorized denomination or denominations, for the same principal amount of Certificates (as defined in the Trust Agreement) will be issued to the transferee in exchange therefor. The City and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and shall not be affected by any notice to the contrary.

The Certificates are subject to optional prepayment, special prepayment, and mandatory sinking account prepayment as provided in the Trust Agreement.

Notice of any prepayment shall be given to the respective owners of Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice is given. The Trustee shall give notice by first-class mail, postage prepaid, at least 30 days but not more than 45 days prior to the prepayment date. Such notice shall set forth, in the case of each Certificate to be prepaid only in part, the portion of the principal thereof which is to be prepaid. Such notice may be conditional and may be canceled as provided in the Trust Agreement. Neither failure to receive such notice nor any defect in any notice so given shall affect the sufficiency of the proceedings for the prepayment of such Certificates.

If this Certificate is called for prepayment and the principal amount of this Certificate plus accrued interest due with respect hereto are duly provided therefor as specified in the Trust Agreement, then interest shall cease to accrue with respect hereto from and after the date fixed for prepayment.

The Trustee has no obligation or liability to the Certificate owners to make payments of principal or interest with respect to the Certificates, except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer the various funds and accounts established under the Trust Agreement in accordance therewith, and, to the extent provided in the Trust Agreement, to enforce the rights of the Trustee under the Project Lease. The Trustee has executed this Certificate solely in its capacity as Trustee under the Trust Agreement.

The recitals of fact contained herein shall be taken as those of the City and not the Trustee, and the Trustee does not warrant the accuracy of any recitals hereof.

This Certificate shall not be entitled to any benefit under the Trust Agreement or become valid for any purpose until it has been duly executed and delivered by the Trustee.

THE CITY HAS CERTIFIED, RECITED AND DECLARED that all things, conditions and acts required by the Constitution and laws of the State and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner, as required by law.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Certificate executed and delivered is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

DATE OF EXECUTION: [Closing Date]

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____

_____

Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM_as tenants in common

TEN ENT_as tenants by the entireties

JT TEN_as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT _____ Custodian _____

(Cust) (Minor)

under Uniform Gifts to Minors Act_____

(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED THOUGH NOT IN THE LIST ABOVE

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

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

the within-registered Certificate and hereby irrevocably constitute(s) and appoints(s) attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

_____

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without altercation or enlargement or any change whatsoever.

_____

Note: Signature(s) must be guaranteed by an eligible guarantor.

RECORDING REQUESTED BY:

CITY AND COUNTY OF SAN FRANCISCO

When Recorded Mail To:

CITY AND COUNTY OF SAN FRANCISCO
Office of the City Attorney
City Hall
1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Mark Blake

[nTH] SUPPLEMENT TO PROJECT LEASE

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Lessor

and the

CITY AND COUNTY OF SAN FRANCISCO,
as Lessee

Dated as of [MONTH] 1, 202[3]

Relating to:

$[Amount]
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 202[3]-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

NO DOCUMENTARY TRANSFER TAX IS DUE PURSUANT
TO BUSINESS TAX AND REGULATIONS CODE SECTION 11922
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THIS [nTH] SUPPLEMENT TO PROJECT LEASE, dated as of [Month] 1, 202[3] (this "[Nth (Refunding)] Supplement to Project Lease"), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under its charter and the Constitution and laws of the State of California (the "City"), as lessee, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (as successor-in-interest to U.S. Bank National Association), a national banking association, solely in its capacity as Trustee under the hereinafter defined Trust Agreement, as lessor (the "Trustee");

WI T N E S S E T H:

WHEREAS, the City and the Trustee have previously entered into a Property Lease, dated as of May 1, 2009 (the "Original Property Lease"), pursuant to which the City has leased certain real property and all works, property, improvements, structures and fixtures thereon (collectively, the "Original Leased Property") to the Trustee;

WHEREAS, the City and the Trustee have previously entered into a Project Lease, dated as of May 1, 2009, recorded in the Official Records of San Francisco on May 26, 2009, in Reel J898, Image 0417, DOC-2009-1769826-00 (the "Original Project Lease"), under which the Trustee has leased the Original Leased Property back to the City;

WHEREAS, in order to provide funds for certain capital improvements of the City consisting of health care and assisted living facilities located at 375 Laguna Honda Boulevard in the City (the "2009A Project"), the Trustee executed and delivered certificates of participation captioned "$163,335,000 City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects)" (the "2009A Certificates") under a Trust Agreement, dated as of May 1, 2009, between the City and the Trustee (the "Original Trust Agreement" and, together with the Original Property Lease and the Original Project Lease, the "Original Agreements");

WHEREAS, the 2009A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease in connection with the financing of the 2009A Project and certain related matters;

WHEREAS, in order to provide funds for certain street improvements of the City (the "2009B Project"), the Trustee subsequently executed and delivered a series of certificates of participation captioned "$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects)" (the "2009B Certificates" and, together with the 2009A Certificates, the "2009 Certificates") under a First Supplement to Trust Agreement dated as of September 1, 2009 (the "First Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2009B Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a First Supplement to Property Lease, dated as of September 1, 2009 (the "First Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a First Supplement to Project Lease, dated as of

September 1, 2009, by and between the City and the Trustee (the "First Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, the 2009B Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, on a parity basis with the 2009A Certificates;

WHEREAS, in order to provide funds for certain street improvements of the City (the "2012A Project"), the Trustee subsequently executed and delivered a series of certificates of participation captioned "$42,835,000 City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second Supplement to Trust Agreement dated as of June 1, 2012 (the "Second Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2012A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a Second Supplement to Property Lease, dated as of June 1, 2012 (the "Second Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Second Supplement to Project Lease, dated as of June 1, 2012, by and between the City and the Trustee (the "Second Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, the 2012A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease and Second Supplement to Project Lease, on a parity basis with the 2009 Certificates;

WHEREAS, a portion of the 2012A Certificates currently remain outstanding and unpaid (the "Refunded 2012A Certificates");

WHEREAS, in order to provide funds for (i) the acquisition of capital equipment, including mechanical street sweepers and other capital expenditures of the City and (ii) the prepayment of the 2009 Certificates (collectively, the "2019-R1 Project"), the Trustee executed and delivered a series of certificates of participation captioned "$116,460,000 City and County of San Francisco Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects)" (the "2019-R1 Certificates") under a Third Supplement to Trust Agreement dated as of November 1, 2019 (the "Third Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2019-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Third

Supplement to Property Lease, dated as of November 1, 2019 (the "Third Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Third Supplement to Project Lease, dated as of November 1, 2019, by and between the City and the Trustee (the "Third Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, the 2019-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease and the Third Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates;

WHEREAS, the City and U.S. Bank National Association, as successor trustee (the "2010A Trustee"), previously entered into a Property Lease, dated as of September 1, 2010 (the "2010A Property Lease"), pursuant to which the City leased certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2010A Leased Property") to the 2010A Trustee;

WHEREAS, The 2010A Trustee and the City previously entered into a Project Lease, dated as of September 1, 2010 (the "2010A Project Lease"), pursuant to which the 2010A Trustee leased the 2010A Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2010A (the "2010A Certificates") pursuant to a Trust Agreement, dated as of September 1, 2010, by and between the City and the 2010A Trustee (the "2010A Trust Agreement");

WHEREAS, the 2010A Certificates evidenced direct undivided interests in the lease payments made by the City under the 2010A Project Lease;

WHEREAS, in order to provide funds for the prepayment of the then-outstanding 2010A Certificates (the "2020-R1 Project"), the Trustee executed and delivered a series of refunding certificates of participation captioned "$70,640,000 City and County of San Francisco Refunding Certificates of Participation, Series 2020-R1 (Multiple Capital Improvement Projects)" (the "2020-R1 Certificates") under a Fourth Supplement to Trust Agreement dated as of November 1, 2020 (the "Fourth Supplement to Trust Agreement"), which Fourth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, by the issuance of the 2020-R1 Certificates and the full prepayment of the 2010A Certificates on November 3, 2020, the City refinanced and fully prepaid the City's obligations under the 2010A Project Lease, including but not limited to its obligations to pay Base

Rental thereunder, and upon such prepayment of such Base Rental payments, (i) the 2010A Project Lease, the 2010A Property Lease, the 2010A Trust Agreement and related agreements terminated in accordance with their terms, and (ii) title to the 2010A Leased Property vested in the City; and to evidence the foregoing, the City and the 2010A Trustee executed, delivered and caused to be recorded (as instrument number 2020-121120) in the official records of San Mateo County, California, that certain Termination Agreement by and between the City and the 2010A Trustee and dated November 3, 2020;

WHEREAS, in connection with the execution and delivery of the 2020-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fourth Supplement to Property Lease, dated as of November 1, 2020 (the "Fourth Supplement to Property Lease"), supplementing the Original Property Lease to (i) supplement the Leased Property to be subject thereto, pursuant to Section 18 of the Original Property Lease, Section 7.02 of the Original Trust Agreement and Sections 16 and 20 of the Original Project Lease (collectively, the "Leased Property Amendment Provisions"), by adding thereto certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2020 Additional Leased Property" and, together with the Original Leased Property, the "2020 Leased Property"), (ii) provide for the lease of the 2020 Leased Property by the City to the Trustee, and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fourth Supplement to Project Lease, dated as of November 1, 2020, by and between the City and the Trustee (the "Fourth Supplement to Project Lease"), supplementing the Original Project Lease to (i) supplement the Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2020 Additional Leased Property to the Original Leased Property subject thereto, (ii) provide for the lease of the 2020 Leased Property by the Trustee back to the City, and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, the 2020-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease and the Fourth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates;

WHEREAS, in order to provide funds to finance and refinance the acquisition of certain real property within the City located at 814-820 Bryant Street, 444 6th Street, 470 6th Street and 1828 Egbert Avenue and the related site demolition and preparation, including through the retirement of certain taxable commercial paper notes of the City issued for such purpose (the "2021A Project"), the Trustee executed and delivered a series of certificates of participation captioned "$76,020,000 City and County of San Francisco Certificates of Participation, Series 2021A (Multiple Capital Improvement Projects)" (the "2021A Certificates") under a Fifth Supplement to Trust Agreement dated as of May 1, 2021 (the "Fifth Supplement to Trust Agreement"), which Fifth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, in connection with the execution and delivery of the 2021A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fifth Supplement to Property Lease, dated as of May 1, 2021 (the "Fifth Supplement to Property Lease"), supplementing and amending the Original Property Lease, as previously supplemented, to (i) supplement the Leased Property subject thereto, pursuant to the Leased Property Amendment Provisions, by adding certain additional facilities and the land underlying such facilities located at 375 Laguna Honda Boulevard in the City, and all works, property, improvements, structures and fixtures therein and thereon, generally known as the South Residence building on the Laguna Honda Hospital campus (the "2021 Additional Leased Property" and, together with the 2020 Leased Property, the "2021 Leased Property"), (ii) provide for the lease of the 2021 Leased Property by the City to the Trustee and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fifth Supplement to Project Lease, dated as of May 1, 2021, by and between the City and the Trustee (the "Fifth Supplement to Project Lease"), supplementing and amending the Original Project Lease, as previously supplemented, to (i) supplement the 2020 Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2021 Additional Leased Property to the 2020 Leased Property subject thereto, (ii) provide for the lease of the 2021 Leased Property by the Trustee back to the City and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, the 2021A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease and the Fifth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates and 2020-R1 Certificates;

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2014-R2 Trustee"), previously entered into a (i) Facilities Lease, dated as of April 1, 2014 (the "2014-R2 Facilities Lease"), pursuant to which the City leased certain City-owned real property located on the Laguna Honda Hospital campus within the City, having the address 375 Woodside Avenue and generally known as the City's Juvenile Detention Center, and all improvements thereon (the "2014-R2 Leased Property") to the 2014-R2 Trustee and (ii) a Lease Agreement, dated as of April 1, 2014 (the "2014-R2 Lease Agreement"), pursuant to which the 2014-R2 Trustee leased the 2014-R2 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project) (the "2014-R2 Certificates") pursuant to a Trust Agreement, dated as of April 1, 2014, by and between the City and the 2014-R2 Trustee (the "2014-R2 Trust Agreement"), which 2014-R2 Certificates evidence direct undivided interests in the lease payments made by the City under the 2014-R2 Lease Agreement;

WHEREAS, a portion of the 2014-R2 Certificates currently remain outstanding and unpaid (the "Refunded 2014-R2 Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2015AB Trustee"), previously entered into (i) a Property Lease, dated as of July 1, 2015 (the "2015AB Property Lease"), pursuant to which the City leased certain City-owned real property located at 401 Van Ness Avenue within the City, generally known as the War Memorial Veterans Building, and all improvements thereon (the "2015AB Leased Property") to the 2015AB Trustee and (ii) a Project Lease, dated as of July 1, 2015 (the "2015AB Project Lease"), pursuant to which the 2015AB Trustee leased the 2015AB Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the (i) City and County of San Francisco Certificates of Participation, Series 2015A (Tax-Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015A Certificates") and (ii) City and County of San Francisco Certificates of Participation, Series 2015B (Federally Taxable) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015B Certificates"), each pursuant to a Trust Agreement, dated as of July 1, 2015, by and between the City and the 2015AB Trustee (the "2015AB Trust Agreement"), which 2015A Certificates evidence direct undivided interests in a proportional amount of the lease payments made by the City under the 2015AB Lease Agreement;

WHEREAS, a portion of the 2015A Certificates currently remain outstanding and unpaid (the "Refunded 2015A Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2015-R1 Trustee"), previously entered into (i) a Facilities Lease, dated as of October 1, 2015 (the "2015-R1 Facilities Lease"), pursuant to which the City leased certain City-owned real property located at One South Van Ness Avenue within the City and all improvements thereon (the "2015-R1 Leased Property") to the 2015-R1 Trustee and (ii) a Lease Agreement, dated as of October 1, 2015 (the "2015-R1 Lease Agreement"), pursuant to which the 2015-R1 Trustee has leased the 2015-R1 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) (the "2015-R1 Certificates") pursuant to a Trust Agreement, dated as of October 1, 2015, by and between the City and the 2015-R1 Trustee, which 2015-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the 2015-R1 Lease Agreement;

WHEREAS, a portion of the 2015-R1 Certificates currently remain outstanding and unpaid (the "Refunded 2015-R1 Certificates" and, together with the Refunded 2012A Certificates, the Refunded 2014-R2 Certificates, and the Refunded 2015A Certificates, the "Refunded Certificates");

WHEREAS, in order to provide funds for the prepayment, in whole or in part, of the Refunded Certificates, the Trustee is executing and delivering a series of certificates of participation captioned "$[___,___,000] City and County of San Francisco Refunding Certificates of

Participation, Series 202[3]-R1 (Multiple Capital Improvement Projects)" (the "202[3]-R1 Certificates") under the [Nth (Refunding)] Supplement to Trust Agreement, dated as of [MONTH] 1, 202[3], by and between the City and the Trustee (the "[Nth (Refunding)] Supplement to Trust Agreement" and, collectively with the Original Trust Agreement, the First Supplement to Trust Agreement, the Second Supplement to Trust Agreement, the Third Supplement to Trust Agreement, the Fourth Supplement to Trust Agreement [and][,] the Fifth Supplement to Trust Agreement[and the [Nth] Supplement to Trust Agreement], the "Trust Agreement");

[WHEREAS, by the issuance of the 202[3]-R1 Certificates and the full prepayment of the Refunded Certificates on the date of such issuance, the City will refinance and fully prepay the City's obligations under (i) the 2014-R2 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2014-R2 Facilities Lease, the 2014-R2 Lease Agreement, the 2014-R2 Trust Agreement and related agreements will terminate in accordance with their terms and (B) title to the 2014-R2 Leased Property will vest in the City, and, to evidence the foregoing, the City and the 2014-R2 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2014-R2 Trustee, and (ii) the 2015-R1 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2015-R1 Facilities Lease, the 2015-R1 Lease Agreement, the 2015-R1 Trust Agreement and related agreements will terminate in accordance with their terms, and (B) title to the 2015-R1 Leased Property will vest in the City, and to evidence the foregoing, the City and the 2015-R1 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2015-R1 Trustee;]

WHEREAS, in connection with the execution and delivery of the 202[3]-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee will enter into the [Nth (Refunding)] Supplement to Property Lease dated as of [MONTH] 1, 202[3], by and between the City and the Trustee (the "[Nth (Refunding)] Supplement to Property Lease" and, together with the Original Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease [and][,] the Fifth Supplement to Property Lease [and the [Nth] Supplement to Property Lease], the "Property Lease"), supplementing and amending the Original Property Lease to (i) [supplement the 2021 Leased Property subject thereto, pursuant to the Leased Property Amendment Provisions, by [describe additional Leased Property sites and improvements] ([collectively,] the "202[3] Additional Leased Property" and, together with the 2021 Leased Property, the "202[3] Leased Property"), (ii)] provide for the lease of the [202[3] Leased Property] by the City to the Trustee and [(iii)] provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the prepayment of the Refunded Certificates and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee are simultaneously entering into this [Nth (Refunding)] Supplement to Project Lease, dated as of [MONTH] 1, 202[3] (the "[Nth (Refunding)] Supplement to Project Lease" and, collectively with the Original Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease], the "Project Lease"), supplementing and amending the Original Project Lease to: (i) [supplement the 2021 Leased Property, pursuant to the Leased Property Amendment Provisions,

by adding the 202[3] Additional Leased Property to the 2021 Leased Property subject thereto, (ii)] provide for the lease of the [202[3] Leased Property] by the Trustee back to the City and [(iii)]] provide for additional or adjusted rental to be paid by the City in connection with the prepayment of the Refunded Certificates and certain related matters;

WHEREAS, the 202[3]-R1 Certificates are being executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Project Lease on a parity basis with the outstanding 2019-R1 Certificates, 2020-R1 Certificates, 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates;

WHEREAS, the Original Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease] have been recorded in the Official Records of San Francisco, and the recording information for the recorded Original Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease] is referenced in Exhibit C hereto; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree to supplement and amend the Original Project Lease, as previously supplemented, as follows:

Section 1. [Amendment to Original Project Lease Relating to Site and Leased Property. The Original Project Lease, as previously supplemented and amended by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease], is hereby further supplemented and amended to replace Exhibit A thereto with Exhibit A hereto, and the term "Site" as set forth in the Original Property Lease, as previously supplemented and amended, is hereby amended to include the Site described in the Original Property Lease, as previously supplemented and amended, and such additional real property, if any, described in Exhibit A attached hereto, inclusive. For clarity, the term "Leased Property" in the Project Lease as modified by the terms of this [Nth (Refunding)] Supplement to Project Lease, shall continue to have the meaning set forth in the Original Project Lease, which definition by its terms includes such modifications thereto made by the Fourth Supplement to Project Lease, the Fifth Supplement to Project Lease[, the [Nth] Supplement to Project Lease] and this [Nth] Supplement to Project Lease.

Section 2.] Base Rental. The City agrees to pay, from any legally available funds, additional aggregate Base Rental in the amounts set forth under the caption "Base Rental Schedule" in Exhibit B hereto, which constitutes the principal and interest represented by the 202[3]-R1 Certificates. The additional Base Rental consists of annual rental payments with principal and interest components, the interest components being paid semiannually as interest on the principal components computed on the basis of a 360-day year composed of twelve 30-day months. The Base Rental payable by the City shall be due on April 1 and October 1 in each year and payable on each

March 25 and September 25 during the Project Lease Term, commencing [_____] 25, 20[__]. Such Base Rental provided in this Section [2] and Exhibit B hereto is supplemental to the amounts due as provided in Section 1 and Exhibit A of the Third Supplement to Project Lease, to the amounts due as provided in Section 2 and Exhibit A of the Fourth Supplement to Project Lease [and] to the amounts due as provided in Section 2 and Exhibit A of the Fifth Supplement to Project Lease [and to the amounts due as provided in Section 2 and Exhibit A of the [Nth] Supplement to Project Lease].

The City shall deposit the Base Rental with the Trustee for application by the Trustee in accordance with the terms of the Original Trust Agreement. If any such date of deposit is not a Business Day, such deposit shall be made on the next succeeding Business Day. In no event shall the amount of Base Rental payable exceed the aggregate amount of principal and interest required to be paid or prepaid on the corresponding Interest Payment Date as represented by the Outstanding Certificates, according to their tenor.

The City has determined that such total rental in any Fiscal Year is not and will not be in excess of the total fair rental value of the Leased Property for such Fiscal Year. In making such determination, consideration has been given to the uses and purposes served by the Leased Property and the benefits therefrom that will accrue to the parties by reason of this [Nth (Refunding)] Supplement to Project Lease and to the general public by reason of the City's lease and use of the Leased Property.

Section [3]. Amendment and Restatement of the Second Paragraph of Section 2 of the Original Project Lease Relating to Project Lease Term. The Second Paragraph of Section 2 of the Original Project Lease is hereby amended and restated as follows: The term of the Project Lease shall begin on May 27, 2009, and end on the earliest of

(a) April 1, 20[__] or

(b) at such earlier date as the Certificates and all other amounts due hereunder and under the Trust Agreement have been paid or provision for their payment have been made in accordance with Section 11.01 of the Trust Agreement, or

(c) the date of termination of the Project Lease due to casualty or condemnation in accordance with the terms of Section 5 or 6 of the Project Lease;

provided, however, that, to the extent permitted by law, if Base Rental has been abated in any year in accordance with Section 3.5 of the Project Lease or has otherwise gone unpaid in whole or in part, the term of the Project Lease shall end on the earlier of the date falling 10 years after the date set forth in subparagraph (a) above, or April 1, 20[YEAR IN CLAUSE (a) PLUS 10], or the date on which no Certificates remain Outstanding and all Additional Rental has been paid.

Section [4]. Original Project Lease Still in Effect. This [Nth (Refunding)] Supplement to Project Lease and all the terms and provisions herein contained shall form part of the Original Project Lease, as previously supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease], as fully and with the same effect as if all such terms and provisions had been set forth in the Original Project Lease. The Original Project Lease, as previously supplemented by the First

Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease], is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section [5]. Insurance. A new Section 4.3[(_)] is hereby added to Section 4.3 of the Original Project Lease as follows:

[(_)] The City shall deliver to the Trustee, on the date of execution and delivery of the 202[3]-R1 Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) with respect to the additional Leased Property identified in Exhibit A-1 attached hereto, which policy, when combined with the policy of title insurance issued in connection with the issuance and delivery of the 2019-R1 Certificates, the policy of title insurance issued in connection with the issuance and delivery of the 2020-R1 Certificates, the policy of title insurance issued in connection with the issuance and delivery of the 2021A Certificates and the policy(ies) of title insurance issued in connection with the issuance and delivery of any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates, shall be in an aggregate amount at least equal to the initial aggregate principal amount of the 202[3]-R1 Certificates and the then-outstanding aggregate principal amounts of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates, inclusive, showing a leasehold interest in such additional Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the 202[3]-R1 Certificates and the then-outstanding aggregate principal amounts of the 2019-R1 Certificates, the 2020-R1 Certificates, the 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates.

Section [6]. Governing Law. This [Nth (Refunding)] Supplement to Project Lease shall be governed by and construed in accordance with the laws of the State of California.

Section [7]. Counterparts. This [Nth (Refunding)] Supplement to Project Lease may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this [Nth (Refunding)] Supplement to Project Lease as of the date first above written.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

CITY AND COUNTY OF SAN FRANCISCO

By:_____
[Controller][Mayor]

[SEAL]

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Deputy City Attorney

[Signature page to [Nth (Refunding)] Supplement to Project Lease – City and County of San Francisco Refunding Certificates of Participation]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me,_____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me,_____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

CERTIFICATE OF ACCEPTANCE BY CITY AND COUNTY OF SAN FRANCISCO

This is to certify that the interest in real property conveyed by the [Nth] Supplement to Project Lease, dated as of [MONTH 1, 202[3], from U.S. Bank Trust Company, National Association to the City and County of San Francisco, a charter city and county and municipal corporation, is hereby accepted by the undersigned on behalf of the Board of Supervisors pursuant to authority conferred by ordinance of the Board of Supervisors adopted by the Board of Supervisors on [_____], 2023, and signed by the Mayor on [_____], 2023, and the grantee consents to recordation thereof.

Dated: ____, 202[_]

CITY AND COUNTY OF SAN FRANCISCO

By: _____
[Controller][Mayor]

[SEAL]

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

DAVID CHIU
CITY ATTORNEY

By: _____
Deputy City Attorney

EXHIBIT A

A-1

DESCRIPTION OF THE SITES

Parcel One:

The sites consisting of the footprints of those certain buildings known as the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building, each located on a portion of the real property described below and shown on the Site Plan attached to the lease(s) referenced in Exhibit C hereto, including all rights of access reasonably necessary to enter, leave and make reasonable use of such buildings. Such sites and rights of access are located on a portion of those parcels of land in the City and County of San Francisco, State of California, described as follows (as Parcel One on the succeeding page).

Parcel Two:

The site of the property generally known as the San Bruno Complex (County Jail No. 3), 1 Moreland Drive, San Bruno, California 94006 located on the real property described as follows (as Parcel Two on the succeeding page).

[Parcel Three:

Add brief description(s) other parcel(s) of additional Leased Property, if any.]

A-2

[TO BE CONFIRMED]

LEGAL DESCRIPTIONS OF THE SITES

Parcel One:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

The sites consisting of the footprints of those certain buildings shown as the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building, each located on a portion of the real property described below and shown on the Site Plan attached to the lease(s) referenced in Exhibit C hereto, including all rights of access reasonably necessary to enter, leave and make reasonable use of such buildings. Such sites and rights of access are located on a portion of those parcels of land in the City and County of San Francisco, State of California, described as follows:

All that certain real property as shown on Record of Survey No. 5617, recorded May 26, 2009 as Instrument No. 09-I769617-00, in Book CC of Survey Maps at Page 143, in the Office of the County Recorder of San Francisco County said real property more particularly described as follows:

Beginning at Southwest corner of that certain map entitled "Midtown Terrace Subdivision No. 3" recorded July 27, 1955 in Book R of Maps, Page 68 in the Office of the Recorder of said San Francisco County; Thence,

North 89° 54' 00" East, 485.75 feet to the beginning of a non-tangent curve, concave to the Northeast, with a radius of 25.00 feet, whose radius point bears North 35° 01' 01" East; thence,

Southeasterly along said curve 15.32 feet, through a central angle of 35°07'01"; thence,

North 89° 54' 00" East, 179.19 feet to the beginning of a curve, concave to the Southwest with a radius of 15.00 feet; thence,

Southeasterly along said curve 23.30 feet, through a central angle of 88° 59' 45" to a point on the Westerly line of Panorama Drive (60.00 feet wide), said point also being the beginning of a reverse curve, concave to the Northeast with a radius of 280.00 feet; thence,

Southeasterly along said curve 175.42 feet, through a central angle of 35° 53' 45"; thence,

Continuing along said Westerly line, South 37 ° 00' 00" East, 58.45 feet; thence,

Leaving said Westerly line, South 89° 50' 26" West, 433.99 feet; thence,

South 25° 07' 46" West, 742.14 feet to a point on the North line of Woodside Avenue (80.00 feet wide); thence,

Along said North line, North 53° 52' 14" West 54.59 feet to the beginning of a curve, concave to the South with a radius of 148.50 feet; thence,

Westerly along said curve 48.61 feet through a central angle of 18° 45' 20"; thence,

Leaving said North line, North 17° 22' 26" East 137.50 feet; thence,

North 72° 37' 34" West 350.00 feet; thence,

South 17° 22' 26" West 137.50 feet to a point on said North line of Woodside Avenue; thence,

Along said North line, North 72° 37' 34" West 64.98 feet to the beginning of a curve, concave to the South with a radius of 80.00 feet; thence,

Westerly along said curve 3.36 feet, through a central angle of 2° 24' 20"; thence,

North 75° 01' 54" West 130.76 feet to the beginning of a curve, concave to the South with a radius of 80.00 feet; thence,

Westerly along said curve 4.61 feet through a central angle of 3° 18' 02"; thence,

North 78° 19' 56" West 351.04 feet to the beginning of a curve, concave Southerly with a radius of 293.09 feet; thence,

Westerly along said curve 60.78 feet through a central angle of 11° 52' 58"; thence,

South 89° 47' 06" West 138.66 feet to the beginning of a curve, concave to the Northeast with a radius of 53.00 feet; thence,

Northwesterly along said curve 50.88 feet through a central angle of 55° 00' 04" (transitioning to the Easterly line of Laguna Honda Boulevard (variable width)); thence,

Along said Easterly line, North 35° 12' 50" West 95.18 feet to the beginning of a curve, concave to the East with a radius of 60.00 feet; thence,

Northerly along said curve 48.84 feet through a central angle of 46°38' 28" to a non-tangent line; thence,

North 41° 12' 27" East 61.00 feet to the beginning of a curve, concave Westerly with a radius of 217.76 feet; thence,

Northerly along said curve 253.29 feet through a central angle of 66° 38' 49" to the beginning of a reverse curve, concave to the East with a radius of 111.00 feet; thence,

Northerly along said curve 54.55 through a central angle of 28° 09' 23" to the beginning of a reverse curve, concave to the West with a radius of 74.00 feet; thence,

Northwesterly along said curve 73.95 feet through a central angle of 57° 15' 24"; thence,

North 54° 32' 22" West 112.03 feet; thence,

North 39° 19' 20" West 515.88 feet to the beginning of a curve, concave to the Northeast with a radius of 550.00 feet; thence,

Northerly along said curve 191.99 feet through a central angle of 20° 00' 00"; thence,

North 19° 19' 20" West 223.38 feet to the beginning of a curve, concave to the Southwest with a radius of 709.99 feet; thence,

Northwesterly along said curve 232.44 feet through a central angle of 18° 45' 27" to the beginning of a reverse curve, concave to the Southeast with a radius of 70.00 feet; thence,

Northerly along said curve 120.35 feet (transitioning to the Southerly line of Clarendon Avenue (variable width) to the beginning of a compound curve concave to the South with a radius of 328.22 feet; thence,

Northeasterly along said curve 133.28 feet through a central angle of 23° 15' 58"; thence,

North 83° 41' 44" East 429.27 feet to the beginning of a curve, concave to the South with a radius of 233.58 feet; thence,

Southeasterly along said curve 109.19 feet through a central angle of 26° 47' 00"; thence,

South 69° 31' 16" East 176.45 feet; thence,

Leaving said Southerly line of Clarendon Avenue, South 44°45' 48" East 463.19 feet; thence,

North 89° 41' 23" East 722.81 feet to the Westerly line of said Midtown Terrace; thence,

South 0° 09' 51" East 771.80 feet to the point of beginning of this description.

APN: Lot 007, Block 2842

Parcel Two:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BRUNO, IN THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A:

Beginning at the point of intersection of the Southerly boundary of Sharp Park; as Conveyed to the City and County of San Francisco by Deed from Adolph B. Spreckels, dated March 31, 1916 and recorded December 12, 1916, in Book 258 of Deeds, at Page 389 and by Deed from Samuel G. Murphy, dated June 6, 1917 and recorded July 23, 1917 in Book 263 of Deeds, at Page 475, Records of San Mateo County, and the Southwesterly boundary of the property of Jersey Farm Company, as said point is defined by a granite monument at .the intersection of fence lines and running thence Northwesterly along the Northeasterly boundary of Sharp Park, North 31° 20' 00" West 2618.22 feet; thence East 421.66 feet; thence North 24° 26' 31" East 294.13 feet; thence North 27° 59" 56" East 429.61 'feet; thence North 71° 53' 26" East 156.58 feet; thence South 63° 20' 42" East 245.31 feet; thence South 89° 52' 42" East 386:25 feet; thence North 57° 17' 52" East 227.14 feet; thence North 87° 58' 09" East 274.78 feet; thence North 58° 48' 53" East 259.57 feet; thence South 49° 22'40" East 166.75 feet; thence South 70° 11' 59" East 122.08 feet; thence North 67° 02' 00" East 167.11 feet; thence South 31° 04' 55" East 785.79 feet; thence South 43° 47' 53" East 184.42 feet; thence South 68° 49’ 00" East 160.41 feet; thence North 72° 17' 52" East 117.20 feet; thence North 57° 14' 42" East 399.79 feet; thence North 64° 02' 54" East 139.70 feet; thence South 6° 23' 45" East 340.78 feet; thence South 22° 04' 52" West 356.20 feet; thence South 11° 07' 04" West 237.69 feet; thence South 25° 38' 07" East 300.91 feet; thence South 36° 16' 36" East 992.17 feet; thence South 8° 06' 39" West 201.0 feet; thence South 70°.17' 32" West 217.72 feet; thence South 50° 26' 14" West 153.55 feet; thence South 22° 06' 38" West 95.32 feet; thence South 6° 56' 53" East 133.52 feet; thence South 26° 54' 30" East 135.99 feet; thence South 33° 03' 27" East 218.14 feet; thence South 9° 07’ 12" East 164.60 feet; thence South 64° 50' 04" West 430.05 feet; thence North 83° 29' 43" West 2201.00 feet; thence North 31° 20' 00" West 599.48 feet, to the point of beginning. Being a portion of the San Pedro Rancho and of the Buri Buri Rancho.

Excepting Therefrom that property granted to the United States of America by Deed dated May 19, 1941 and recorded November 7, 1941 in Book 992 at Page 128, Official Records of San Mateo County, State of California.

Parcel B:

A right of way easement to construct, reconstruct, maintain, repair and use a road over a strip of land 40 feet wide, 20 feet measured at right angles each side of the following described center line:

Beginning at a concrete monument on the Southwesterly line of the right of way of the Skyline Boulevard, marked P.C. 350+52.02 which bears South 40° 24' East from a concrete monument marked A' 346 - 70.53 P.O.C., P. 346 - 59.97 P.T. and running thence South 15° 14' East 225.92 feet on said Southwesterly line; thence continuing on said right of way North 74° 46' East 19.37 feet to the true, point of beginning of this description; thence Southeasterly on the arc of a curve to the left tangent to a line deflected 81° 54' 16" to the right from the preceding course with a radius of 500 feet, a central angle of 7° 42' 51", an arc distance of

67.32 feet; thence Southeasterly tangent to the preceding curve 107.51 feet; thence Southeasterly on the arc of a curve to the right tangent to the preceding course with a radius of 1250 feet, a central angle of 21° 02' 35" an arc distance of 459.09 feet; thence Southeasterly tangent to the preceding curve, 182.23 feet; thence Southeasterly, Southerly and Southwesterly on the arc of a curve to the right, tangent to the preceding course with a radius of 400 feet, a central angle of 90° 10' 22", an arc distance of 629.92 feet; thence Southwesterly tangent to the preceding curve 448.41 feet to the Easterly boundary of Parcel 1, hereinbefore described, distant thereon South 6° 23' 45" East, 25 feet from the Northeast corner of said Parcel 1.

JPN: 017-053-530-01A

APN: 017-530-010

[Add legal description(s) other parcel(s) of additional Leased Property, if any.]

EXHIBIT B

BASE RENTAL SCHEDULE*

Payment Date	*Principal*	*Interest*	*Semi-Annual Base Rental*	*Annual Base Rental*

[Breakdown of [___] and [___] Base Rental Payments to be included on following pages or in a closing certificate]

* Base Rental is payable on each September 25th and March 25th prior to the Payment Date as provided under the Project Lease.

EXHIBIT C

Original Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease and the Fifth Supplement to Project Lease

1. Project Lease dated May 1, 2009, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, and recorded May 26, 2009, Instrument No. 2009-I769826, of Official Records of San Francisco.

2. First Supplement to Project Lease dated September 1, 2009, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, recorded September 16, 2009, Instrument No. 2009-I835940, of Official Records of San Francisco.

3. Second Supplement to Property Lease dated May 1, 2012, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, recorded June 5, 2012, Instrument No. 2012-J425673, of Official Records of San Francisco.

4. Third Supplement to Project Lease dated November 1, 2019, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, recorded November 20, 2019, Instrument No. 2019-K859389-00, of Official Records of San Francisco.

5. Fourth Supplement to Project Lease dated November 1, 2020, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, recorded November 2, 2020, Instrument No. 2020042604, of Official Records of San Francisco.

6. Fifth Supplement to Project Lease dated May 1, 2021, executed by U.S. Bank National Association the United States of America, solely in its capacity as Trustee under the Trust Agreement, as sublessor, and City and County of San Francisco, a municipal corporation, as sublessee, recorded May 11, 2021, Instrument No. 2021078501, of Official Records of San Francisco.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

CITY AND COUNTY OF SAN FRANCISCO
Office of the City Attorney
City Hall
1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Mark Blake

[nTH] SUPPLEMENT TO PROPERTY LEASE

By and Between the

THE CITY AND COUNTY OF SAN FRANCISCO,
as Lessor

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Lessee

Dated as of [MONTH] 1, 202[3]

Relating to:

$[Amount]
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 202[3]-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

NO DOCUMENTARY TRANSFER TAX IS DUE PURSUANT
TO BUSINESS TAX AND REGULATIONS CODE SECTION 11922
AND THIS DOCUMENT IS EXEMPT FROM RECORDING FEES
PURSUANT TO GOVERNMENT CODE SECTION 27383

THIS [nTH] SUPPLEMENT TO PROPERTY LEASE, dated as of [MONTH] 1, 202[3] (this "[Nth (Refunding)] Supplement to Property Lease"), by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under its charter and the Constitution and laws of the State of California (the "City"), as lessor, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (as successor-in-interest to U.S. Bank National Association), a national banking association, solely in its capacity as Trustee under the hereinafter defined Trust Agreement, as lessee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the City and the Trustee have previously entered into a Property Lease, dated as of May 1, 2009, recorded in the Official Records of San Francisco on May 26, 2009, in Reel J898, Image 0416, DOC-2009-1769825-00 (the "Original Property Lease"), pursuant to which the City has leased certain real property and all works, property, improvements, structures and fixtures thereon (collectively, the "Original Leased Property") to the Trustee;

WHEREAS, the City and the Trustee have previously entered into a Project Lease, dated as of May 1, 2009 (the "Original Project Lease"), under which the Trustee has leased the Original Leased Property back to the City;

WHEREAS, in order to provide funds for certain capital improvements of the City consisting of health care and assisted living facilities located at 375 Laguna Honda Boulevard in the City (the "2009A Project"), the Trustee executed and delivered certificates of participation captioned "$163,335,000 City and County of San Francisco Certificates of Participation, Series 2009A (Multiple Capital Improvement Projects)" (the "2009A Certificates") under a Trust Agreement, dated as of May 1, 2009, between the City and the Trustee (the "Original Trust Agreement" and, together with the Original Property Lease and the Original Project Lease, the "Original Agreements");

WHEREAS, the 2009A Certificates evidence direct undivided interests in the lease payments made by the City under the Original Project Lease in connection with the financing of the 2009A Project and certain related matters;

WHEREAS, in order to provide funds for certain street improvements of the City (the "2009B Project"), the Trustee subsequently executed and delivered a series of certificates of participation captioned "$37,885,000 City and County of San Francisco Certificates of Participation, Series 2009B (Multiple Capital Improvement Projects)" (the "2009B Certificates" and, together with the 2009A Certificates, the "2009 Certificates") under a First Supplement to Trust Agreement dated as of September 1, 2009 (the "First Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2009B Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a First Supplement to Property Lease, dated as of September 1, 2009 (the "First Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a First Supplement to Project Lease, dated as of September 1, 2009, by and between the City and the Trustee (the "First Supplement to Project

Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2009B Project and certain related matters;

WHEREAS, the 2009B Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, on a parity basis with the 2009A Certificates;

WHEREAS, in order to provide funds for certain street improvements of the City (the "2012A Project"), the Trustee subsequently executed and delivered a series of certificates of participation captioned "$42,835,000 City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects)" (the "2012A Certificates") under a Second Supplement to Trust Agreement dated as of June 1, 2012 (the "Second Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2012A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee previously entered into a Second Supplement to Property Lease, dated as of June 1, 2012 (the "Second Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional rental to be paid by the Trustee in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Second Supplement to Project Lease, dated as of June 1, 2012, by and between the City and the Trustee (the "Second Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional Base Rental to be paid by the City in connection with the financing of the 2012A Project and certain related matters;

WHEREAS, the 2012A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the Base Rental payments to be made by the City under the Original Project Lease, as supplemented by the Second Supplement to Project Lease, on a parity basis with the 2009 Certificates;

WHEREAS, a portion of the 2012A Certificates currently remain outstanding and unpaid (the "Refunded 2012A Certificates");

WHEREAS, in order to provide funds for (i) the acquisition of capital equipment, including mechanical street sweepers and other capital expenditures of the City and (ii) the prepayment of the 2009 Certificates (collectively, the "2019-R1 Project"), the Trustee executed and delivered a series of certificates of participation captioned "$116,460,000 City and County of San Francisco Refunding Certificates of Participation, Series 2019-R1 (Multiple Capital Improvement Projects)" (the "2019-R1 Certificates") under a Third Supplement to Trust Agreement dated as of November 1, 2019 (the "Third Supplement to Trust Agreement");

WHEREAS, in connection with the execution and delivery of the 2019-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Third Supplement to Property Lease, dated as of November 1, 2019 (the "Third Supplement to Property Lease"), supplementing the Original Property Lease to provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Third Supplement to Project Lease, dated as of November 1, 2019, by and between the City and the Trustee (the "Third Supplement to Project Lease"), supplementing the Original Project Lease to provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2019-R1 Project and certain related matters;

WHEREAS, the 2019-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease and the Third Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates;

WHEREAS, the City and U.S. Bank National Association, as successor trustee (the "2010A Trustee"), previously entered into a Property Lease, dated as of September 1, 2010 (the "2010A Property Lease"), pursuant to which the City leased certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2010A Leased Property") to the 2010A Trustee;

WHEREAS, The 2010A Trustee and the City previously entered into a Project Lease, dated as of September 1, 2010 (the "2010A Project Lease"), pursuant to which the 2010A Trustee leased the 2010A Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2010A (the "2010A Certificates") pursuant to a Trust Agreement, dated as of September 1, 2010, by and between the City and the 2010A Trustee (the "2010A Trust Agreement");

WHEREAS, the 2010A Certificates evidenced direct undivided interests in the lease payments made by the City under the 2010A Project Lease;

WHEREAS, in order to provide funds for the prepayment of the then-outstanding 2010A Certificates (the "2020-R1 Project"), the Trustee executed and delivered a series of refunding certificates of participation captioned "$70,640,000 City and County of San Francisco Refunding Certificates of Participation, Series 2020-R1 (Multiple Capital Improvement Projects)" (the "2020-R1 Certificates") under a Fourth Supplement to Trust Agreement dated as of November 1, 2020 (the "Fourth Supplement to Trust Agreement"), which Fourth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, by the issuance of the 2020-R1 Certificates and the full prepayment of the 2010A Certificates on November 3, 2020, the City refinanced and fully prepaid the City's obligations under the 2010A Project Lease, including but not limited to its obligations to pay Base Rental thereunder, and upon such prepayment of such Base Rental payments, (i) the 2010A Project Lease, the 2010A Property Lease, the 2010A Trust Agreement and related agreements terminated in accordance with their terms, and (ii) title to the 2010A Leased Property vested in the City; and to evidence the foregoing, the City and the 2010A Trustee executed, delivered and caused to be recorded (as instrument number 2020-12110) in the official records of San Mateo County, California, that

certain Termination Agreement by and between the City and the 2010A Trustee and dated November 3, 2020;

WHEREAS, in connection with the execution and delivery of the 2020-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fourth Supplement to Property Lease, dated as of November 1, 2020 (the "Fourth Supplement to Property Lease"), supplementing the Original Property Lease to (i) supplement the Leased Property to be subject thereto, pursuant to Section 18 of the Original Property Lease, Section 7.02 of the Original Trust Agreement and Sections 16 and 20 of the Original Project Lease (collectively, the "Leased Property Amendment Provisions"), by adding thereto certain City-owned real property located at 1 Moreland Drive, San Bruno, California and all works, property, improvements, structures and fixtures thereon, generally known as the San Bruno Complex (County Jail No. 3) (the "2020 Additional Leased Property" and, together with the Original Leased Property, the "2020 Leased Property"), (ii) provide for the lease of the 2020 Leased Property by the City to the Trustee, and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fourth Supplement to Project Lease, dated as of November 1, 2020, by and between the City and the Trustee (the "Fourth Supplement to Project Lease"), supplementing the Original Project Lease to (i) supplement the Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2020 Additional Leased Property to the Original Leased Property subject thereto, (ii) provide for the lease of the 2020 Leased Property by the Trustee back to the City, and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2020-R1 Project and certain related matters;

WHEREAS, the 2020-R1 Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease and the Fourth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates;

WHEREAS, in order to provide funds to finance and refinance the acquisition of certain real property within the City located at 814-820 Bryant Street, 444 6th Street, 470 6th Street and 1828 Egbert Avenue and the related site demolition and preparation, including through the retirement of certain taxable commercial paper notes of the City issued for such purpose (the "2021A Project"), the Trustee executed and delivered a series of certificates of participation captioned "$76,020,000 City and County of San Francisco Certificates of Participation, Series 2021A (Multiple Capital Improvement Projects)" (the "2021A Certificates") under a Fifth Supplement to Trust Agreement dated as of May 1, 2021 (the "Fifth Supplement to Trust Agreement"), which Fifth Supplement to Trust Agreement supplemented the Original Trust Agreement, as previously supplemented;

WHEREAS, in connection with the execution and delivery of the 2021A Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee entered into a Fifth Supplement to Property Lease, dated as of May 1, 2021 (the "Fifth Supplement to Property Lease"), supplementing and amending the Original Property Lease, as previously supplemented, to (i) supplement the Leased Property subject thereto, pursuant to the Leased Property Amendment

Provisions, by adding certain additional facilities and the land underlying such facilities located at 375 Laguna Honda Boulevard in the City, and all works, property, improvements, structures and fixtures therein and thereon, generally known as the South Residence building on the Laguna Honda Hospital campus (the "2021 Additional Leased Property" and, together with the 2020 Leased Property, the "2021 Leased Property"), (ii) provide for the lease of the 2021 Leased Property by the City to the Trustee and (iii) provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee simultaneously entered into a Fifth Supplement to Project Lease, dated as of May 1, 2021, by and between the City and the Trustee (the "Fifth Supplement to Project Lease"), supplementing and amending the Original Project Lease, as previously supplemented, to (i) supplement the 2020 Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 2021 Additional Leased Property to the 2020 Leased Property subject thereto, (ii) provide for the lease of the 2021 Leased Property by the Trustee back to the City and (iii) provide for additional or adjusted Base Rental to be paid by the City in connection with the financing of the 2021A Project and certain related matters;

WHEREAS, the 2021A Certificates were executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Original Project Lease, as supplemented by the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease and the Fifth Supplement to Project Lease, on a parity basis with the then-outstanding 2012A Certificates and the outstanding 2019-R1 Certificates and 2020-R1 Certificates;

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2014-R2 Trustee"), previously entered into (i) a Facilities Lease, dated as of April 1, 2014 (the "2014-R2 Facilities Lease"), pursuant to which the City leased certain City-owned real property located on the Laguna Honda Hospital campus within the City, having the address 375 Woodside Avenue and generally known as the City's Juvenile Detention Center, and all improvements thereon (the "2014-R2 Leased Property") to the 2014-R2 Trustee; (ii) Lease Agreement, dated as of April 1, 2014 (the "2014-R2 Lease Agreement"), pursuant to which the 2014-R2 Trustee leased the 2014-R2 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project) (the "2014-R2 Certificates") pursuant to a Trust Agreement, dated as of April 1, 2014, by and between the City and the 2014-R2 Trustee (the "2014-R2 Trust Agreement"), which 2014-R2 Certificates evidence direct undivided interests in the lease payments made by the City under the 2014-R2 Lease Agreement;

WHEREAS, a portion of the 2014-R2 Certificates currently remain outstanding and unpaid (the "Refunded 2014-R2 Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2015AB Trustee"), previously entered into (i) a Property Lease, dated as of July 1, 2015 (the "2015AB Property Lease"), pursuant to which the City

leased certain City-owned real property located at 401 Van Ness Avenue within the City, generally known as the War Memorial Veterans Building, and all improvements thereon (the "2015AB Leased Property") to the 2015AB Trustee and (ii) a Project Lease, dated as of July 1, 2015 (the "2015AB Project Lease"), pursuant to which the 2015AB Trustee leased the 2015AB Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the (i) City and County of San Francisco Certificates of Participation, Series 2015A (Tax-Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015A Certificates") and (ii) City and County of San Francisco Certificates of Participation, Series 2015B (Federally Taxable) (War Memorial Veterans Building Seismic Upgrade and Improvements) (the "2015B Certificates"), each pursuant to a Trust Agreement, dated as of July 1, 2015, by and between the City and the 2015AB Trustee (the "2015AB Trust Agreement"), which 2015A Certificates evidence direct undivided interests in a proportional amount of the lease payments made by the City under the 2015AB Lease Agreement;

WHEREAS, a portion of the 2015A Certificates currently remain outstanding and unpaid (the "Refunded 2015A Certificates");

WHEREAS, the City and U.S. Bank National Association, as trustee (as succeeded by U.S. Bank Trust Company, National Association, the "2015-R1 Trustee"), previously entered into (i) a Facilities Lease, dated as of October 1, 2015 (the "2015-R1 Facilities Lease"), pursuant to which the City leased certain City-owned real property located at One South Van Ness Avenue within the City and all improvements thereon (the "2015-R1 Leased Property") to the 2015-R1 Trustee and (ii) a Lease Agreement, dated as of October 1, 2015 (the "2015-R1 Lease Agreement"), pursuant to which the 2015-R1 Trustee has leased the 2015-R1 Leased Property back to the City;

WHEREAS, the City previously caused the execution and delivery of the City and County of San Francisco Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) (the "2015-R1 Certificates") pursuant to a Trust Agreement, dated as of October 1, 2015, by and between the City and the 2015-R1 Trustee, which 2015-R1 Certificates evidence direct undivided interests in the lease payments made by the City under the 2015-R1 Lease Agreement;

WHEREAS, a portion of the 2015-R1 Certificates currently remain outstanding and unpaid (the "Refunded 2015-R1 Certificates" and, together with the Refunded 2012A Certificates, the Refunded 2014-R2 Certificates, and the Refunded 2015A Certificates, the "Refunded Certificates");

WHEREAS, in order to provide funds for the prepayment, in whole or in part, of the Refunded Certificates, the Trustee is executing and delivering a series of certificates of participation captioned "$[___,___,000] City and County of San Francisco Refunding Certificates of Participation, Series 202[3]-R1 (Multiple Capital Improvement Projects)" (the "202[3]-R1 Certificates") under the [Nth] (Refunding) Supplement to Trust Agreement, dated as of [MONTH] 1, 202[3], by and between the City and the Trustee (the "[Nth (Refunding)] Supplement to Trust Agreement" and, collectively with the Original Trust Agreement, the First Supplement to Trust Agreement, the Second Supplement to Trust Agreement, the Third Supplement to Trust Agreement, the Fourth Supplement to Trust Agreement [and][,] the Fifth Supplement to Trust Agreement[and the [Nth] Supplement to Trust Agreement], the "Trust Agreement");

[WHEREAS, by the issuance of the 202[3]-R1 Certificates and the full prepayment of the Refunded Certificates on the date of such issuance, the City will refinance and fully prepay the City's obligations under (i) the 2014-R2 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2014-R2 Facilities Lease, the 2014-R2 Lease Agreement, the 2014-R2 Trust Agreement and related agreements will terminate in accordance with their terms and (B) title to the 2014-R2 Leased Property will vest in the City, and, to evidence the foregoing, the City and the 2014-R2 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2014-R2 Trustee, and (ii) the 2015-R1 Facilities Lease, including but not limited to its obligations to pay Base Rental thereunder, and, upon such prepayment of such Base Rental payments, (A) the 2015-R1 Facilities Lease, the 2015-R1 Lease Agreement, the 2015-R1 Trust Agreement and related agreements will terminate in accordance with their terms, and (B) title to the 2015-R1 Leased Property will vest in the City, and to evidence the foregoing, the City and the 2015-R1 Trustee shall cause to be executed, delivered and recorded in the official records of the City and County of San Francisco, California, a Termination Agreement by and between the City and the 2015-R1 Trustee;]

WHEREAS, in connection with the execution and delivery of the 202[3]-R1 Certificates, pursuant to Section 5 of the Original Property Lease, the City and the Trustee are entering into this [Nth (Refunding)] Supplement to Property Lease dated as of [MONTH] 1, 202[3], by and between the City and the Trustee (the "[Nth (Refunding)] Supplement to Property Lease" and, together with the Original Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease [and][,] the Fifth Supplement to Property Lease [and the [Nth] Supplement to Property Lease], the "Property Lease"), supplementing and amending the Original Property Lease to (i) [supplement the 2021 Leased Property subject thereto, pursuant to the Leased Property Amendment Provisions, by adding [describe additional Leased Property sites and improvements] ([collectively,] the "202[3] Additional Leased Property" and, together with the 2021 Leased Property, the "202[3] Leased Property"), (ii)] provide for the lease of the [202[3] Leased Property] by the City to the Trustee and [(iii)] provide for additional or adjusted rental to be paid by the Trustee in connection with the financing of the prepayment of the Refunded Certificates and certain related matters;

WHEREAS, in connection therewith, under Section 3.2 of the Original Project Lease, the City and the Trustee are simultaneously entering into a [Nth (Refunding)] Supplement to Project Lease, dated as of [MONTH] 1, 202[3] (the "[Nth (Refunding)] Supplement to Project Lease" and, collectively with the Original Project Lease, the First Supplement to Project Lease, the Second Supplement to Project Lease, the Third Supplement to Project Lease, the Fourth Supplement to Project Lease [and][,] the Fifth Supplement to Project Lease [and the [Nth] Supplement to Project Lease], the "Project Lease"), supplementing and amending the Original Project Lease to (i) [supplement the 2021 Leased Property, pursuant to the Leased Property Amendment Provisions, by adding the 202[3] Additional Leased Property to the 2021 Leased Property subject thereto, (ii)] provide for the lease of the [202[3] Leased Property] by the Trustee back to the City and [(iii)] provide for additional or adjusted rental to be paid by the City in connection with the prepayment of the Refunded Certificates and certain related matters;

WHEREAS, the 202[3]-R1 Certificates are being executed and delivered as Additional Certificates pursuant to Section 7.04 of the Original Trust Agreement, and evidence direct undivided interests in the lease payments made by the City under the Project Lease on a parity basis with the

outstanding 2019-R1 Certificates, 2020-R1 Certificates, 2021A Certificates and any other certificates of participation of the City authorized and issued pursuant to additional, respective, executed and delivered supplements to the Original Agreements, prior to the issuance of the 202[3]-R1 Certificates;

WHEREAS, the Original Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease [and][,] the Fifth Supplement to Property Lease [and the [Nth] Supplement to Property Lease] have been recorded in the Official Records of San Francisco, and the recording information for the recorded Original Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease [and][,] the Fifth Supplement to Property Lease [and the [Nth] Supplement to Property Lease] is referenced in Exhibit B hereto; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree to supplement and amend the Original Property Lease, as previously supplemented, as follows:

Section 1. [Lease of Leased Property; Effect of this [Nth (Refunding)] Amendment to Property Lease.

(a) The City hereby leases to the Trustee the real property owned by the City described in Exhibit A attached hereto (the "Site"), together with the buildings and improvements now situated or hereinafter constructed thereon (collectively, the "Leased Property"), subject (i) to the terms hereof and of the Original Property Lease, as previously supplemented and amended, and (ii) to Permitted Encumbrances. The term "Site" as set forth in the Original Property Lease, as previously supplemented and amended, is hereby amended to include the Site described in the Original Property Lease, as previously supplemented and amended, and such additional real property, if any, described in Exhibit A attached hereto, inclusive. The City also grants to the Trustee such rights of ingress and egress to the Site as the Trustee may require in order to fulfill its obligations hereunder and under the Project Lease.

(b) On and after the date of this [Nth (Refunding)] Amendment to Property Lease, each reference in the Original Property Lease and in each of the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease, the Fifth Supplement to Property Lease[, the [Nth (Refunding)] Supplement to Project Lease] and this [Nth (Refunding)] Supplement to Property Lease to the "Leased Property" shall include the "Leased Property" as set forth in Exhibit A hereto, inclusive of the "Site" as defined in Section 1(a) hereof. Except as expressly provided in this [Nth (Refunding)] Amendment to Property Lease, the Original Property Lease as amended and supplemented by the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease [and][,] the Fifth Supplement to Property Lease [and the [Nth] Supplement to Property Lease] shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented hereby.

Section 2.] Ownership of Leased Property. The City represents that it is the sole owner of and holds fee title to the Leased Property, subject to Permitted Encumbrances.

Section [3]. Rent. As additional consideration to the City payable under Section 5 of the Original Property Lease, the City and the Trustee hereby agree that the Trustee shall pay to the City an advance rent in the amount of the net proceeds of the 202[3]-R1 Certificates as additional prepaid rental and additional rent of $1 per year as consideration for this [Nth (Refunding)] Supplement to Property Lease over its term. Such moneys are to be deposited in the 202[3]-R1 Project Fund and other funds and accounts as provided in the [Nth] Supplement to Trust Agreement.

Section [4]. Governing Law. This [Nth (Refunding)] Supplement to Property Lease shall be governed by and construed in accordance with the laws of the State of California.

Section [5]. Counterparts. This [Nth (Refunding)] Supplement to Property Lease may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this [Nth (Refunding)] Supplement to Property Lease to be executed and attested by their proper officers thereunto duly authorized, as of the day and year first above written.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

CITY AND COUNTY OF SAN FRANCISCO

By: _____
[Controller][Mayor]

[SEAL]

ATTEST:

By: _____
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Deputy City Attorney

[Signature page to [Nth (Refunding)] Supplement to Property Lease – City and County of San Francisco Refunding Certificates of Participation]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me,_____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____ before me,_____, Notary Public,

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

_____
SIGNATURE OF NOTARY PUBLIC

EXHIBIT A

A-1

DESCRIPTION OF THE SITES

Parcel One:

The sites consisting of the footprints of those certain buildings known as the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building, each located on a portion of the real property described below and shown on the Site Plan attached to the lease(s) referenced in Exhibit C hereto, including all rights of access reasonably necessary to enter, leave and make reasonable use of such buildings. Such sites and rights of access are located on a portion of those parcels of land in the City and County of San Francisco, State of California, described as follows (as Parcel One on the succeeding page).

Parcel Two:

The site of the property generally known as the San Bruno Complex (County Jail No. 3), 1 Moreland Drive, San Bruno, California 94006 located on the real property described as follows (as Parcel Two on the succeeding page).

[Parcel Three:

[Add brief description(s) other parcel(s) of additional Leased Property, if any.]]

A-2

[TO BE CONFIRMED]

LEGAL DESCRIPTION OF THE SITES

Parcel One:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

The sites consisting of the footprints of those certain buildings shown as the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building, each located on a portion of the real property described below and shown on the Site Plan attached to the lease(s) referenced in Exhibit C hereto, including all rights of access reasonably necessary to enter, leave and make reasonable use of such buildings. Such sites and rights of access are located on a portion of those parcels of land in the City and County of San Francisco, State of California, described as follows:

All that certain real property as shown on Record of Survey No. 5617, recorded May 26, 2009 as Instrument No. 09-I769617-00, in Book CC of Survey Maps at Page 143, in the Office of the County Recorder of San Francisco County said real property more particularly described as follows:

Beginning at Southwest corner of that certain map entitled "Midtown Terrace Subdivision No. 3" recorded July 27, 1955 in Book R of Maps, Page 68 in the Office of the Recorder of said San Francisco County; Thence,

North 89° 54' 00" East, 485.75 feet to the beginning of a non-tangent curve, concave to the Northeast, with a radius of 25.00 feet, whose radius point bears North 35° 01' 01" East; thence,

Southeasterly along said curve 15.32 feet, through a central angle of 35°07'01"; thence,

North 89° 54' 00" East, 179.19 feet to the beginning of a curve, concave to the Southwest with a radius of 15.00 feet; thence,

Southeasterly along said curve 23.30 feet, through a central angle of 88° 59' 45" to a point on the Westerly line of Panorama Drive (60.00 feet wide), said point also being the beginning of a reverse curve, concave to the Northeast with a radius of 280.00 feet; thence,

Southeasterly along said curve 175.42 feet, through a central angle of 35° 53' 45"; thence,

Continuing along said Westerly line, South 37 ° 00' 00" East, 58.45 feet; thence,

Leaving said Westerly line, South 89° 50' 26" West, 433.99 feet; thence,

South 25° 07' 46" West, 742.14 feet to a point on the North line of Woodside Avenue (80.00 feet wide); thence,

Along said North line, North 53° 52' 14" West 54.59 feet to the beginning of a curve, concave to the South with a radius of 148.50 feet; thence,

Westerly along said curve 48.61 feet through a central angle of 18° 45' 20"; thence,

Leaving said North line, North 17° 22' 26" East 137.50 feet; thence,

North 72° 37' 34" West 350.00 feet; thence,

South 17° 22' 26" West 137.50 feet to a point on said North line of Woodside Avenue; thence,

Along said North line, North 72° 37' 34" West 64.98 feet to the beginning of a curve, concave to the South with a radius of 80.00 feet; thence,

Westerly along said curve 3.36 feet, through a central angle of 2° 24' 20"; thence,

North 75° 01' 54" West 130.76 feet to the beginning of a curve, concave to the South with a radius of 80.00 feet; thence,

Westerly along said curve 4.61 feet through a central angle of 3° 18' 02"; thence,

North 78° 19' 56" West 351.04 feet to the beginning of a curve, concave Southerly with a radius of 293.09 feet; thence,

Westerly along said curve 60.78 feet through a central angle of 11° 52' 58"; thence,

South 89° 47' 06" West 138.66 feet to the beginning of a curve, concave to the Northeast with a radius of 53.00 feet; thence,

Northwesterly along said curve 50.88 feet through a central angle of 55° 00' 04" (transitioning to the Easterly line of Laguna Honda Boulevard (variable width)); thence,

Along said Easterly line, North 35° 12' 50" West 95.18 feet to the beginning of a curve, concave to the East with a radius of 60.00 feet; thence,

Northerly along said curve 48.84 feet through a central angle of 46°38' 28" to a non-tangent line; thence,

North 41° 12' 27" East 61.00 feet to the beginning of a curve, concave Westerly with a radius of 217.76 feet; thence,

Northerly along said curve 253.29 feet through a central angle of 66° 38' 49" to the beginning of a reverse curve, concave to the East with a radius of 111.00 feet; thence,

Northerly along said curve 54.55 through a central angle of 28° 09' 23" to the beginning of a reverse curve, concave to the West with a radius of 74.00 feet; thence,

Northwesterly along said curve 73.95 feet through a central angle of 57° 15' 24"; thence,

North 54° 32' 22" West 112.03 feet; thence,

North 39° 19' 20" West 515.88 feet to the beginning of a curve, concave to the Northeast with a radius of 550.00 feet; thence,

Northerly along said curve 191.99 feet through a central angle of 20° 00' 00"; thence,

North 19° 19' 20" West 223.38 feet to the beginning of a curve, concave to the Southwest with a radius of 709.99 feet; thence,

Northwesterly along said curve 232.44 feet through a central angle of 18° 45' 27" to the beginning of a reverse curve, concave to the Southeast with a radius of 70.00 feet; thence,

Northerly along said curve 120.35 feet (transitioning to the Southerly line of Clarendon Avenue (variable width) to the beginning of a compound curve concave to the South with a radius of 328.22 feet; thence,

Northeasterly along said curve 133.28 feet through a central angle of 23° 15' 58"; thence,

North 83° 41' 44" East 429.27 feet to the beginning of a curve, concave to the South with a radius of 233.58 feet; thence,

Southeasterly along said curve 109.19 feet through a central angle of 26° 47' 00"; thence,

South 69° 31' 16" East 176.45 feet; thence,

Leaving said Southerly line of Clarendon Avenue, South 44°45' 48" East 463.19 feet; thence,

North 89° 41' 23" East 722.81 feet to the Westerly line of said Midtown Terrace; thence,

South 0° 09' 51" East 771.80 feet to the point of beginning of this description.

APN: Lot 007, Block 2842

Parcel Two:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN BRUNO, IN THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel A:

Beginning at the point of intersection of the Southerly boundary of Sharp Park; as Conveyed to the City and County of San Francisco by Deed from Adolph B. Spreckels, dated March 31, 1916 and recorded December 12, 1916, in Book 258 of Deeds, at Page 389 and by Deed from Samuel G. Murphy, dated June 6, 1917 and recorded July 23, 1917 in Book 263 of Deeds, at Page 475, Records of San Mateo County, and the Southwesterly boundary of the property of Jersey Farm Company, as said point is defined by a granite monument at .the intersection of fence lines and running thence Northwesterly along the Northeasterly boundary of Sharp Park, North 31° 20' 00" West 2618.22 feet; thence East 421.66 feet; thence North 24° 26' 31" East 294.13 feet; thence North 27° 59" 56" East 429.61 'feet; thence North 71° 53' 26" East 156.58 feet; thence South 63° 20' 42" East 245.31 feet; thence South 89° 52' 42" East 386:25 feet; thence North 57° 17' 52" East 227.14 feet; thence North 87° 58' 09" East 274.78 feet; thence North 58° 48' 53" East 259.57 feet; thence South 49° 22'40" East 166.75 feet; thence South 70° 11' 59" East 122.08 feet; thence North 67° 02' 00" East 167.11 feet; thence South 31° 04' 55" East 785.79 feet; thence South 43° 47' 53" East 184.42 feet; thence South 68° 49’ 00" East 160.41 feet; thence North 72° 17' 52" East 117.20 feet; thence North 57° 14' 42" East 399.79 feet; thence North 64° 02' 54" East 139.70 feet; thence South 6° 23' 45" East 340.78 feet; thence South 22° 04' 52" West 356.20 feet; thence South 11° 07' 04" West 237.69 feet; thence South 25° 38' 07" East 300.91 feet; thence South 36° 16' 36" East 992.17 feet; thence South 8° 06' 39" West 201.0 feet; thence South 70°.17' 32" West 217.72 feet; thence South 50° 26' 14" West 153.55 feet; thence South 22° 06' 38" West 95.32 feet; thence South 6° 56' 53" East 133.52 feet; thence South 26° 54' 30" East 135.99 feet; thence South 33° 03' 27" East 218.14 feet; thence South 9° 07’ 12" East 164.60 feet; thence South 64° 50' 04" West 430.05 feet; thence North 83° 29' 43" West 2201.00 feet; thence North 31° 20' 00" West 599.48 feet, to the point of beginning. Being a portion of the San Pedro Rancho and of the Buri Buri Rancho.

Excepting Therefrom that property granted to the United States of America by Deed dated May 19, 1941 and recorded November 7, 1941 in Book 992 at Page 128, Official Records of San Mateo County, State of California.

Parcel B:

A right of way easement to construct, reconstruct, maintain, repair and use a road over a strip of land 40 feet wide, 20 feet measured at right angles each side of the following described center line:

Beginning at a concrete monument on the Southwesterly line of the right of way of the Skyline Boulevard, marked P.C. 350+52.02 which bears South 40° 24' East from a concrete monument marked A' 346 - 70.53 P.O.C., P. 346 - 59.97 P.T. and running thence South 15° 14' East 225.92 feet on said Southwesterly line; thence continuing on said right of way North 74° 46' East 19.37 feet to the true, point of beginning of this description; thence Southeasterly on the arc of a curve to the left tangent to a line deflected 81° 54' 16" to the right from the preceding course with a radius of 500 feet, a central angle of 7° 42' 51", an arc distance of

67.32 feet; thence Southeasterly tangent to the preceding curve 107.51 feet; thence Southeasterly on the arc of a curve to the right tangent to the preceding course with a radius of 1250 feet, a central angle of 21° 02' 35" an arc distance of 459.09 feet; thence Southeasterly tangent to the preceding curve, 182.23 feet; thence Southeasterly, Southerly and Southwesterly on the arc of a curve to the right, tangent to the preceding course with a radius of 400 feet, a central angle of 90° 10' 22", an arc distance of 629.92 feet; thence Southwesterly tangent to the preceding curve 448.41 feet to the Easterly boundary of Parcel 1, hereinbefore described, distant thereon South 6° 23' 45" East, 25 feet from the Northeast corner of said Parcel 1.

JPN: 017-053-530-01A

APN: 017-530-010

[Add legal description(s) other parcel(s) of additional Leased Property, if any.]

EXHIBIT B

Original Property Lease, the First Supplement to Property Lease, the Second Supplement to Property Lease, the Third Supplement to Property Lease, the Fourth Supplement to Property Lease and the Fifth Supplement to Property Lease

1. Property Lease dated May 1, 2009, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded May 26, 2009, Instrument No. 2009-I769825, of Official Records of San Francisco.

2. First Supplement to Property Lease dated September 1, 2009, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded September 16, 2009, Instrument No. 2009-I835939, of Official Records of San Francisco.

3. Second Supplement to Property Lease dated May 1, 2012, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded June 5, 2012, Instrument No. 2012-J425672, of Official Records of San Francisco.

4. Third Supplement to Property Lease dated November 1, 2019, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded November 20, 2019, Instrument No. 2019-K859388-00, of Official Records of San Francisco.

5. Fourth Supplement to Property Lease dated November 1, 2020, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded November 2, 2020, Instrument No. 2020042603, of Official Records of San Francisco.

6. Fifth Supplement to Property Lease dated May 1, 2021, executed by City and County of San Francisco, a municipal corporation, as lessor, and U.S. Bank National Association, a national banking association, duly organized and existing under and by virtue of the laws of the United States of America, solely in its capacity as Trustee under the Trust Agreement, as lessee, recorded May 11, 2021, Instrument No. 2021078502, of Official Records of San Francisco.

ESCROW AGREEMENT
(SERIES [_____] CERTIFICATES)

By and Between

THE CITY AND COUNTY OF SAN FRANCISCO

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Escrow Bank

Dated as of [MONTH] 1, 2023

Relating to

CITY AND COUNTY OF SAN FRANCISCO

[_____]

ESCROW AGREEMENT
(SERIES _____ CERTIFICATES)

THIS ESCROW AGREEMENT (SERIES _____ CERTIFICATES), dated as of _____1, 2023 (the "Escrow Agreement"), by and between the City and County of San Francisco ("City") and U.S. Bank Trust Company, National Association, as escrow bank (the "Escrow Bank"), is entered into in accordance with Ordinance No. _____ of the City, adopted by the Board of Supervisors on _____, 2023, and duly approved by the Mayor of the City on _____, 2023, to refund certain outstanding certificates of participation of the City.

W I T N E S S E T H:

WHEREAS, the City previously caused to be issued its _____ (the "Refunded Certificates") in the original aggregate principal amount of $_____; and

WHEREAS, the Refunded Certificates were issued pursuant to (i) Ordinance No. _____ adopted by the Board of Supervisors of the City on _____, 20__, duly approved by the Mayor of the City on _____, 20__ (the "Refunded Certificates Ordinance") and (ii) the Trust Agreement dated as of May 1, 2009, by and between the City and U.S. Bank Trust Company National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee," such agreement the "Original Trust Agreement"), as amended and supplemented by the [Nth] Supplement to Trust Agreement dated as of ___ 1, 20__, by and between the City and the Trustee (the "[Nth] Supplement to Trust Agreement" and together with the Original Trust Agreement, the "Trust Agreement"); and

WHEREAS, the City has determined to issue its Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects) in the aggregate principal amount of $_____ (the "Certificates") for the purpose of providing moneys, a portion of which will be used to optionally prepay on _____, 20__ ("Prepayment Date") the outstanding Refunded Certificates, at a prepayment price equal to 100% of the outstanding aggregate principal amount thereof, together with interest accrued with respect to the Refunded Certificates through the Prepayment Date ("Prepayment Price"); and

WHEREAS, by irrevocably depositing with the Escrow Agent a specified amount of the proceeds from the sale of the Certificates and directing the Escrow Agent to invest such amounts in certain investments satisfying the criteria set forth in Section 11.01 of the Trust Agreement (the "Defeasance Securities"), the Escrow Agent will have money sufficient to pay on _____, 2023, the Prepayment Price of the $_____ outstanding principal amount of the Refunded Certificates to be prepaid on such date, together with accrued interest thereon; and

WHEREAS, the City has taken action to cause to be issued or delivered to the Escrow Bank for deposit in or credit to the escrow funds established and maintained by it moneys to be held and invested as described herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Escrow Bank agree as follows:

SECTION 1. Deposit of Moneys. On _____, 2023 (the "Closing Date"), the City shall cause to be transferred to the Escrow Bank $_____ (comprised of (i) a portion of the net sale proceeds of the Certificates in the amount $_____, [(ii) $_____representing a pro rata

portion of the $_____ good faith deposit (the "Good Faith Deposit") received _____, as custodian, on _____, 2023 and credited against the net sale proceeds of the Certificates,] and (iii) $_____ consisting of moneys held under the Trust Agreement), to be held in irrevocable escrow by the Escrow Bank separate and apart from all other securities, investments or moneys on deposit with the Escrow Bank, in a fund hereby created and established and to be known as the "Escrow Fund," and to be applied solely as provided in this Escrow Agreement. The City confirms that such moneys are at least equal to an amount sufficient to pay the Prepayment Price of the Refunded Certificates on the Prepayment Date.

The Escrow Bank shall invest $_____ of the moneys deposited into the Escrow Fund under this Section 1 in the following Defeasance Securities, and the Escrow Bank shall hold the remaining $_____ in cash, uninvested.

Type	Maturity Date	Principal Amount	Interest Rate	Purchase Price
_____	_____, 2023	$_____	_____%	$_____

SECTION 2. Use of Moneys. The Escrow Bank acknowledges receipt of the moneys described in Section 1 and agrees:

(a) To hold the moneys described in Section 1 hereof in the Escrow Fund and invest such moneys as described in Section 1 hereof; and

(b) to make the payments required under Section 3 hereof at the times set forth in Section 3 hereof.

SECTION 3. Prepayment of the Refunded Certificates. On the Prepayment Date, the Escrow Bank shall transfer from the Escrow Fund amounts sufficient to pay the Prepayment Price of the Refunded Certificates on the Prepayment Date. Such transfers shall constitute the respective payments of the principal and interest with respect to the Refunded Certificates and Prepayment Price due from the City. The holders of the Refunded Certificates shall have a first lien on the moneys in the Escrow Fund which are allowable and sufficient to pay their Refunded Certificates until such moneys are used and applied as provided in this Escrow Agreement. Any cash or securities held in the Escrow Fund are irrevocably pledged only to the holders of the Refunded Certificates. Upon deposit of the moneys set forth in Section 1 hereof with the Escrow Bank pursuant to the provisions of Section 1 hereof, the holders of the Refunded Certificates shall cease to be entitled to any lien, benefit or security under the Trust Agreement.

SECTION 4. Performance of Duties. The Escrow Bank agrees to perform the duties set forth herein.

SECTION 5. Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the City or

any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds deposited therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement; provided, however, that the City shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank's respective agents and employees. In no event shall the City or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section 5. The indemnities contained in this Section 5 shall survive the termination of this Escrow Agreement or the earlier removal or resignation of the Escrow Bank.

SECTION 6. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the funds deposited in the Escrow Fund to accomplish the defeasance of the Refunded Certificates or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the City, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the funds deposited in the Escrow Fund to accomplish the refunding of the Refunded Certificates on the Prepayment Date or to the validity of this Escrow Agreement as to the City and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank undertakes to perform such duties and only such duties as are specifically and expressly set forth in this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Bank. The Escrow Bank may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City.

The liability of the Escrow Bank to make the payments required by this Escrow Agreement shall be limited to the moneys in the Escrow Fund.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank shall not be liable for the accuracy of any calculations provided herein.

Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it

shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Bank without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The City shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or prepayment expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. The permissive rights of the Escrow Bank to do things enumerated in this Escrow Agreement shall not be construed as a duty, and the Escrow Bank shall not be answerable for other than its negligence or willful misconduct.

The Escrow Bank shall be entitled to request and receive written instructions, including funds transfer instructions ("Instructions") given pursuant to this Escrow Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation

the risk of the Escrow Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 7. Irrevocable Instructions as to Notice. The Escrow Bank shall mail a notice of optional prepayment with respect to the Refunded Certificates no later than _____, 2023 in the form attached hereto as Exhibit A, in accordance with the provisions of the Trust Agreement, and file such notice with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"). The Escrow Bank is hereby further instructed to mail and to file with EMMA within five (5) business days of the Closing Date a notice of defeasance of the Refunded Certificates in the form attached hereto as Exhibit B. The sole remedy for the Escrow Bank's failure to file such notice on EMMA shall be an action by the holders of the Refunded Certificates in mandamus for specific performance or similar remedy to compel performance. The Escrow Bank hereby acknowledges that upon the funding of the Escrow Fund as provided in this Escrow Agreement, it is in receipt of the items constituting all of the conditions precedent to the prepayment of the Refunded Certificates under the Trust Agreement, the Refunded Certificates shall be paid in accordance with the Trust Agreement and after the Escrow Bank's receipt of the documents required to be delivered to it in connection with the defeasance of the Refunded Certificates pursuant to the Trust Agreement, the Refunded Certificates shall cease to be entitled to any lien, benefit or security under the Trust Agreement.

SECTION 8. Amendments. This Escrow Agreement is made for the benefit of the City and the holders from time to time of the Refunded Certificates and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Bank and the City; provided, however, but only after the receipt by the Escrow Bank of an opinion of nationally recognized bond counsel that the exclusion from gross income of interest on the Certificates and the Refunded Certificates will not be adversely affected for federal income tax purposes, the City and the Escrow Bank may, without the consent of, or notice to, such holders, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not materially adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Escrow Agreement for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the holders of the Refunded Certificates any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Bank; and (iii) to include under this Escrow Agreement additional funds, securities or properties. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 8, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Certificates or that any instrument executed hereunder complies with the conditions and provisions of this Section 8.

SECTION 9. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either: (i) the date upon which the Refunded Certificates have been paid in accordance with this Escrow Agreement; or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Bank and all amounts owed to the Escrow Bank shall have been paid in full. Any unclaimed money which remains in the Escrow Funds for two years

from the date upon which the Refunded Certificates have been paid in accordance with this Escrow Agreement shall be remitted by the Escrow Bank (without liability for interest) to the City.

SECTION 10. Compensation. The Escrow Bank shall receive its reasonable fees and expenses as previously agreed to; provided, however, that under no circumstances shall the Escrow Bank be entitled to any lien nor will it assert a lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Bank under this Escrow Agreement.

SECTION 11. Resignation or Removal of Escrow Bank.

(a) The Escrow Bank may resign and be discharged from its duties and obligations hereunder at any time by giving 30 days prior written notice in writing to the City. The Escrow Bank may be removed: (1) by: (i) the filing with the City of an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of each series of Refunded Certificates then remaining unpaid; and (ii) the delivery of a copy of the instruments filed with the City to the Escrow Bank; or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Escrow Agreement upon application by the City or the holders of 5% in aggregate principal amount of the Refunded Certificates then remaining unpaid.

(b) No resignation or removal of the Escrow Bank shall become effective until a successor Escrow Bank has been appointed hereunder and until the cash held under this Escrow Agreement is transferred to the new Escrow Bank. The City or the holders of a majority in principal amount of the Refunded Certificates then remaining unpaid may, by an instrument or instruments filed with the City, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the City. If no successor Escrow Bank is appointed by the City or the holders of such Refunded Certificates then remaining unpaid, within 45 days after notice of any such resignation or removal, the holder of any such Refunded Certificates or any retiring Escrow Bank may apply to a court of competent jurisdiction for the appointment of a successor Escrow Bank.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City or the Escrow Bank to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 13. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

SECTION 14. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

SECTION 15. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Escrow Agreement, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Escrow Bank are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions

are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Escrow Agreement, and no interest shall accrue for the period after such nominal date.

SECTION 16. Assignment. This Escrow Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the City, except such assignment in connection with a merger, conversion or consolidation as described in Section 6 hereof shall not require such prior written consent of the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers and attested as of the date and year first written above.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Benjamin Rosenfield
Controller

[SIGNATURES CONTINUED ON NEXT PAGE.]

[SIGNATURE PAGE CONTINUED.]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Escrow Bank

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FULL OPTIONAL PREPAYMENT

City and County of San Francisco
Certificates of Participation
Series [_____], (_____)

NOTICE IS HEREBY GIVEN, that the City and County of San Francisco (the "City") has called for prepayment on _____, 2023 (the "Prepayment Date") all of the certificates of participation listed below (collectively, the "Certificates") at a prepayment price of 100% (the "Prepayment Price"), together with accrued interest to the Prepayment Date. On the Prepayment Date, there will become due and payable the Prepayment Price of the Certificates, together with interest accrued thereon to the Prepayment Date. From and after the Prepayment Date, interest shall cease to accrue on the Certificates and the Certificates shall be surrendered.

CITY AND COUNTY OF SAN FRANCISCO CERTIFICATES OF PARTICIPATION
SERIES [_____]

CUSIP NUMBER (Base: _____)	MATURITY DATE (_____)	AMOUNT

Payment of the Prepayment Price on the Certificates called for prepayment, together with accrued interest thereon to the Prepayment Date, will be paid only upon presentation and surrender thereof in the following manner (if delivery is by mail, registered mail with return receipt request is recommended):

Office of the Treasurer-Tax Collector
1 Dr. Carlton B. Goodlett Place
Room 140
San Francisco, California 94102

IMPORTANT NOTICE

Withholding of 24% of gross prepayment proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Escrow Bank has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

The City and the Escrow Bank shall not be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness as indicated in the notice or as printed on any bond. They are included solely for convenience of the Owners.

Dated: _____ __, 2023.

City and County of San Francisco
By: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION as Escrow Bank.

EXHIBIT B

NOTICE OF DEFEASANCE

City and County of San Francisco
Certificates of Participation
Series [_____], (_____)

Notice is hereby given to the owners of the outstanding certificates of participation described below (the "Refunded Certificates"): (i) that there has been deposited with U.S. Bank Trust Company, National Association, as escrow bank (the "Escrow Bank") pursuant to the Escrow Agreement (_____), dated as of _____ 1, 2023, by and between the City and County of San Francisco (the "City") and the Escrow Bank moneys, as permitted by both the ordinance of the Board of Supervisors of the City pursuant to which the Refunded Certificates were issued (the "Refunded Certificates Ordinance") and the trust agreement pursuant to which the Refunded Certificates were issued (the "Trust Agreement"), that are sufficient (as evidenced by a verification report delivered to the Escrow Bank) and available to prepay the Refunded Certificates on ____, 2023, at a prepayment price equal to 100% of the aggregate principal amount of the Refunded Certificates plus accrued interest with respect thereto; and (ii) that the Refunded Certificates are deemed to be paid and all obligations of the City under the Refunded Certificates Ordinance and the Trust Agreement with respect to all Refunded Certificates have ceased and terminated, except as expressly set forth therein. The Refunded Certificates that have been defeased are as follows:

CITY AND COUNTY OF SAN FRANCISCO CERTIFICATES OF PARTICIPATION
SERIES [_____]

CUSIP NUMBER (Base: _____)	MATURITY DATE (_____)	AMOUNT

All Refunded Certificates shall be surrendered at the following address:

Delivery Instructions:

Office of the Treasurer-Tax Collector
1 Dr. Carlton B. Goodlett Place
Room 140
San Francisco, California 94102

No representation is made as to the correctness of the CUSIP number either as printed on any Refunded Certificates or as contained herein and any error in the CUSIP number shall not affect the validity of the proceedings for Prepayment of the Refunded Certificates.

In accordance with the Trust Agreement, all liability of the City in respect of such Refunded Certificates shall cease and terminate and be completely discharged and satisfied and all payments of the interest on, and the principal or prepayment price of, such Refunded Certificates shall be paid only from moneys on deposit with the Trustee and available as aforesaid.

Dated this ___ day of _____, 2023.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

$_____*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

PURCHASE CONTRACT

_____, 2023

City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 338
San Francisco, California 94102

Ladies and Gentlemen:

The undersigned _____, acting on behalf of itself (the "Representative") and the other Underwriters named on the signature page of this Purchase Contract (collectively, the "Underwriters"), offers to enter into the following agreement with the City and County of San Francisco (the "City") to purchase the certificates of participation captioned above (the "Certificates"). Upon the acceptance of this offer by the City, this Purchase Contract will be binding upon the City and the Underwriters. This offer is made subject to the acceptance of this Purchase Contract by the City on or before 5:00 P.M. California time on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by facsimile transmission or otherwise) from the Representative delivered to the City at any time prior to the acceptance of this Purchase Contract by the City. If the Underwriters withdraw this offer, or the Underwriters' obligation to purchase the Certificates is otherwise terminated pursuant to Section 8(c) hereof, then and in such case the City shall be without any further obligation to the Underwriters, including the payment of any costs set forth under Section 10(b) hereof, and the City shall be free to sell the Certificates to any other party.

Capitalized terms used in this Purchase Contract and not otherwise defined herein shall have the respective meanings set forth for such terms in the Trust Agreement dated as of May 1, 2009, by and between the City and U.S. Bank Trust Company National Association, as successor in interest to U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented to the date hereof (the "Original Trust Agreement"), including as supplemented by a [Nth] Supplement to Trust Agreement dated as of ___ 1, 2023, by and between the City and the Trustee (the "[Nth] Supplement to Trust Agreement" and together with the Original Trust Agreement, the "Trust Agreement").

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriters are not acting as a fiduciary of the City, but rather are acting solely in their capacity as Underwriters for their own account. The Representative represents and warrants to the City that it has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the other Underwriters. Any

authority, discretion or other power conferred upon the Underwriters by this Purchase Contract may be exercised jointly by all of the Underwriters or by the Representative on their behalf.

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Purchase Contract, the Underwriters hereby jointly and severally agree to purchase from the City, and the City agrees to sell and deliver to the Underwriters, all (but not less than all) of the $_____ aggregate principal amount of the Certificates.

The Certificates shall be dated the date of delivery thereof and shall have the maturities, subject to the right of prior prepayment, and bear interest at the rates per annum and have the yields all as set forth on Schedule I attached hereto. The Certificates shall be subject to optional and mandatory prepayment and sinking account prepayments prior to maturity as described in the [Nth] Supplement to Trust Agreement. The Certificates shall be substantially in the form described in, and shall be executed, delivered and secured under and pursuant to, the [Nth] Supplement to Trust Agreement. The Certificates shall be as otherwise described in the Official Statement (as hereinafter defined).

The purchase price for the Certificates shall be $_____, calculated as the principal amount of the Certificates in the amount of $_____, [plus an original issue premium in the amount of $_____ and] less an underwriters' discount in the amount of $_____. The net purchase price due at Closing for the Certificates shall be the aggregate of the purchase price for the Certificates less the amount of the Good Faith Deposit required by Section 9 hereof.

Interest with respect to the Certificates will be exempt from State of California personal income taxes, all as further described in the Official Statement.

Section 2. Official Statement. The City ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Certificates, dated _____ __, 2023 (together with the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "Preliminary Official Statement"), in connection with the execution and delivery of the Certificates by the Underwriters prior to the availability of the Official Statement. The City represents that the Preliminary Official Statement was deemed final as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings and other terms of the Certificates dependent on such matters.

The City shall provide the Underwriters, within seven (7) business days after the date hereof, with the Official Statement in a form that permits the Underwriters to comply with Rule 1c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB"), which Official Statement shall be in the form of the Preliminary Official Statement with such changes thereto as are necessary to reflect the sale of the Certificates or as have been approved by the Representative (which approval shall not be unreasonably withheld), as requested by the Representative. The City authorizes and approves the distribution by the Underwriters of the Official Statement in connection with the execution and delivery of the Certificates. The City authorizes the

Representative to file, and the Representative hereby agrees to file at or prior to the Closing Date (as defined herein), the Official Statement with the MSRB on its Electronic Municipal Market Access (EMMA) system in accordance with Rule G-32. The Official Statement, including the appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto on or prior to the Closing Date is herein referred to as the "Official Statement."

Section 3. Authorization and Purpose of the Certificates. The City has the authority to execute and deliver the Certificates pursuant to the provisions of Ordinance No. _____ (the "Ordinance"), providing for the execution and delivery of City and County of San Francisco Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects) in the amount of $_____ adopted by the Board of Supervisors of the City (the "Board of Supervisors") on _____ , 2023.

The Certificates are being executed and delivered pursuant to the Trust Agreement. The Certificates will represent direct, undivided fractional interests in certain rental payments (the "*Base Rental Payments*") to be made by the City pursuant to a Project Lease, dated as of May 1, 2009 (the "*Original Project Lease*") between the City and Trustee, as amended and supplemented to the date hereof, including as amended and supplemented by the [Nth] Supplement to Project Lease dated as of ____ 1, 2023, by and between the City and the Trustee (the "[Nth] Supplement to Project Lease" and together with the Original Project Lease, the "Project Lease"). Pursuant to the Project Lease, the City will pay the Base Rental Payments in consideration for use and occupancy of certain real property owned by the City (the "*Leased Property*"), which the City will lease to the Trustee pursuant to a Property Lease, dated as of May 1, 2009 (the "*Original Property Lease*") between the City and Trustee, as amended and supplemented to the date hereof, including as supplemented by the [Nth] Supplement to Property Lease, dated as of ____ 1, 2023, by and between the City and the Trustee (the "[Nth] Supplement to Property Lease" and together with the Original Property Lease, the "Property Lease") and the City will sublease the Leased Property back from the Trustee pursuant to the Project Lease.

The Certificates are being executed and delivered for the purpose of providing funds to (i) prepay the City's outstanding (1) Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects), (2) Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project), (3) Certificates of Participation, Series 2015A (Tax Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements) and (4) Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) (the "Refunded 2015-R1 Certificates" and collectively, the "Refunded Certificates"); (ii) fund the 2023-R1 Reserve Account of the Reserve Fund; and (iii) pay the costs of execution and delivery of the Certificates. On the Closing Date, a portion of the proceeds of the Certificates, [including the Good Faith Deposit (defined herein)] will be deposited into an escrow fund relating to the Refunded 2015-R1 Certificates held by U.S. Bank Trust Company, National Association, as escrow bank (in such capacity, the "Escrow Bank"), under an Escrow Agreement dated as of ____, 2023 (the "Escrow Agreement"), by and between the City and the Escrow Bank.

The Certificates shall be payable solely from, and secured solely by, a pledge of and charge and lien upon the Base Rental Payments to be made by the City pursuant to the Project Lease and are payable to the Trustee by the City from its General Fund for the right by the City to use and occupy the Leased Property for so long as the City has such use and occupancy of the Leased Property. The City has covenanted under the Project Lease that it will take such action as may be necessary to include the Base Rental Payments in its annual budget and to make the necessary annual appropriates therefor.

This Purchase Contract, the Trust Agreement, the Project Lease, the Property Lease, the [Nth] Supplement to Project Lease and the [Nth] Supplement to Property Lease, the Escrow Agreement and the Continuing Disclosure Certificate (defined herein) are sometimes together referred to in this Purchase Contract as the "City Documents."

Section 4. City Representations, Covenants and Agreements. The City represents and covenants and agrees with each of the Underwriters that as of the date hereof, unless otherwise stated:

(a) The City has full legal right, power and authority to enter into the City Documents, to adopt the Ordinance, and to observe, perform and consummate the covenants, agreements and transactions contemplated by the City Documents and the Ordinance; by all necessary official action of the City, the City has duly adopted the Ordinance prior to or concurrently with the acceptance hereof and has approved the Preliminary Official Statement and the Official Statement; the Ordinance is in full force and effect and have not been amended, modified, rescinded or challenged by referendum; the City has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations contained in, the Ordinance and the City Documents; the City has duly authorized and approved the execution and delivery of the Official Statement; and the City is in compliance in all material respects with the obligations in connection with the execution and delivery of the Certificates on its part contained in the Ordinance and the City Documents, to the extent applicable as of the date hereof.

(b) As of its date and as of the date thereof, the Preliminary Official Statement (except for information regarding The Depository Trust Company ("DTC") and its book-entry only system) did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(c) From the date of delivery of the Official Statement (as hereinafter defined) up to and including the end of the underwriting period (as such term is defined in Rule 15c2-12) [but in no event for more than 25 days after the Closing Date], the Official Statement (except for information regarding DTC and its book-entry only system) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. For purposes of this Purchase Contract, the end of the underwriting period shall be deemed to be the Closing Date (as hereinafter defined), unless the Underwriters notify the City to the contrary on or prior to such date.

(d) If the Official Statement is supplemented or amended pursuant to Section 4(e), at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date or the end of the underwriting period, as the case may be, the Official Statement as so supplemented or amended (except for information regarding DTC and its book-entry only system) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) If between the date of delivery of the Official Statement and the end of the underwriting period (i) any event occurs or any fact or condition becomes known to the City that might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Representative thereof, and (ii) if in the reasonable opinion of the City or the Representative such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the City will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld.

(f) The City is not in material violation of, or in material breach of or in material default under, any applicable constitutional provision, charter provision, law or administrative regulation or order of the State or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the City is a party or to which the City or any of its properties is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument; and the execution and delivery of the City Documents, the adoption of the Ordinance and compliance with the provisions of the City Documents and the Ordinance will not conflict with or constitute a material breach of or material default under any constitutional provision, charter provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is subject, which breach, default or conflict would have a material adverse effect on the ability of the City to make Base Rental Payments or perform its obligations under the City Documents.

(g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, with service of process having been accomplished, or to the best knowledge of the City after due inquiry, threatened by a prospective party or their counsel in writing addressed to the City, (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Certificates, or the payment of the principal and interest with respect to the Certificates, or the application of the proceeds of the Certificates; (iii) in any way contesting or affecting the validity of, or the tax-exempt status of interest on, the Certificates, the Ordinance, or the

City Documents, or contesting the powers of the City or any authority for the execution and delivery of the Certificates, the approval of the Ordinance or the execution and delivery by the City of the City Documents or the Official Statement; (iv) which would likely result in any material adverse effect on its ability to pay the Base Rental Payments; or (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(h) The City will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the City in cooperation with the Representative as may be reasonably requested (i) to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Representative, and (ii) to determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions; provided, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(i) The City Documents when executed or adopted by the City, and the Certificates when executed and authenticated, will be legal, valid and binding obligations of the City enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium, other laws affecting creditors rights generally, and to limitations on remedies against cities and counties under California law.

(j) All material authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of, its respective obligations under City Documents and the Ordinance have been duly obtained or when required for future performance are expected to be obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Certificates.

(k) The financial statements of the City for the fiscal year ended June 30, 2022, set forth as an Appendix to the Official Statement fairly present the financial position of the City as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein and, other than as set forth in the Official Statement, were prepared in conformity with generally accepted accounting principles applied on a consistent basis.

(l) The City will undertake, pursuant to the Ordinance and a continuing disclosure certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events pursuant to paragraph (b)(5) of Rule 15c2-12 (the "Continuing Disclosure Certificate"). An accurate description of this undertaking is set forth in the

Preliminary Official Statement and will also be set forth in the Official Statement. Except as disclosed in the Preliminary Official Statement and the Official Statement, the City has not failed to comply in any material respect with its continuing disclosure obligations under Rule 15c2-12in the last five years.

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

Section 5. Underwriters' Representations, Covenants and Agreements. Each of the Underwriters represents and covenants and agrees with the City that:

(a) The Representative has been duly authorized to enter into this Purchase Contract and to act hereunder by and on behalf of the Underwriters.

(b) It shall comply with the San Francisco Business Tax Resolution and shall, if not otherwise exempt from such Resolution, provide to the City a Business Tax Registration Certificate on or prior to the date hereof.

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

(d) It shall comply with all SEC and MSRB rules applicable to the offering, sale and delivery of the Certificates to the ultimate purchaser.

(e) It shall comply with the City's policy and practice that the City shall not pay, and the Underwriters shall not pass through to the City, any fees that are assessed on the Underwriters as part of the Governmental Accounting Standards Board fee, as well as the MSRB Underwriting and Transaction Assessment, the SIFMA Municipal Assessment or any other industry related fees that are required to be paid solely by the Underwriters.

Section 6. Public Offering.

(a) It shall be a condition to the City's obligations to sell and to deliver the Certificates to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Certificates that the entire $_____ principal amount of the Certificates shall be issued, sold and delivered by or at the direction of the City and purchased, accepted and paid for by the Underwriters at the Closing. On or prior to the Closing, the Representative will provide the City with information regarding the reoffering prices and yields on the Certificates, in such form as the City may reasonably request.

(b) The Underwriters agree to make a bona fide public offering of all the Certificates, at prices not in excess of the initial public offering prices as set forth in the Official Statement. The Underwriters may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement. Each of the Underwriters will provide, consistent with the requirements of MSRB, for the delivery

of a copy of the Official Statement to each customer who purchases a Certificate during the underwriting period. Each of the Underwriters further agree that it will comply with applicable laws and regulations, including without limitation Rule 15c2-12, in connection with the offering and sale of the Certificates.

(c) Issue Price.

(1) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Co-Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates. All actions to be taken by the City under this section to establish the issue price of the Certificates may be taken on behalf of the City by its Co-Municipal Advisors (defined herein), and any notice or report provided to the City may be provided to the Co-Municipal Advisors.

(2) Except as otherwise set forth in Schedule A to Schedule I attached hereo, the City will treat the first price at which 10% of each maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of Certificates. For purposes of this section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(3) If Schedule I attached hereto includes Schedule A the Representative confirms that the Underwriters have offered the Certificates to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the correspecting yield or yields, set forth in such Schedule A, except as otherwise set forth therein. Such Schedule A, should it exist also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriters will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the City when the Underwriters have sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(4) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to

(A) (1) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Certifies of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires;

(B) to promptly notify the Representative of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Securities to the public (each such term being used as defind below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Certifies of that maturity allocated to it have been sold or it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable

periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(5) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(6) The Underwriters acknowledge that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),

(iii) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

Section 7. Closing. At ____ a.m., California time, on _____ __, 2023, or at such other time as shall have been mutually agreed upon by the City and the Representative (the "Closing Date" or the "Closing"), the City will deliver or cause to be delivered to the account of the Representative (through DTC) the Certificates duly executed on behalf of the City, together with the other certificates, opinions and documents set forth in Section 8(d); and the Representative will accept such delivery (through DTC) and pay by wire transfer the purchase price of the Certificates set forth in Section 1.

Payment for the delivery of the Certificates shall be coordinated at the offices of Squire Patton Boggs (US) LLP (and together with Husch Blackwell LLP, "Co-Special Counsel"), in San Francisco, California, or at such other place as may be mutually agreed upon by the City and the Underwriters. Such payment and delivery is called the "Closing." The Representative shall order CUSIP identification numbers and the City shall cause such CUSIP identification numbers to be printed on the Certificates, but neither the failure to print any such number on any Certificate nor any error with respect thereto shall constitute cause for failure or refusal by the Representative to accept delivery of and pay for the Certificates in accordance with the terms of this Purchase Contract. Physical delivery of the Certificates shall be made to the City Treasurer, as agent for DTC under the Fast Automated Securities Transfer System, or as otherwise instructed by the Underwriters, and will be in printed form, will be prepared and delivered in registered form and will be registered in the name of Cede & Co., as nominee of DTC. The Certificates will be made available to the Representative for checking not less than two (2) business days prior to the Closing.

Section 8. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of the obligations to be performed hereunder and under such documents

and instruments to be delivered at or prior to the Closing, and the Underwriters' obligations under this Purchase Contract are and shall also be subject to the following conditions:

(a) the representations and warranties of the City herein shall be true, complete and correct on the date thereof and on and as of the Closing Date, as if made on the Closing Date;

(b) at the time of the Closing, the City Documents and the Ordinance shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Representative;

(c)(1) the Underwriters shall have the right to cancel their obligation to purchase the Certificates by written notification from the Representative to the City, after good faith discussions with the City, if at any time after the date of this Purchase Contract and prior to the Closing any of the following occurs and in the reasonable judgement of the Representative would have the effect of materially adversely affecting, directly or indirectly, the market price or marketability of the Certificates, the ability of the Underwriters to enforce contracts for the Certificates or the sale at the contemplated offering price by the Underwriters of the Certificates:

(i) any event shall have occurred or any fact or condition shall have become known which, in the sole reasonable judgment of the Underwriters following consultation with the City, Co-Special Counsel and Co-Disclosure Counsel (hereinafter defined), either (A) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (B) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and in either such case, the City refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Certificates or the ability of the Underwriters to enforce contracts for the sale of the Certificates;

(ii) legislation shall be enacted, or a decision by a court of the United States shall be rendered, or any action shall be taken by, or on behalf of, the SEC which in the reasonable opinion of the Underwriters has the effect of requiring the Certificates to be registered under the Securities Act of 1933, as amended, or requires the qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies;

(iii) any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Certificates or obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements

of, the Underwriters; or

(iv) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(2) The Underwriters shall also have the right to cancel their obligation to purchase the Certificates by written notification from the Representative to the City, after good faith discussion with the City, if at any time after the date of this Purchase Contract and prior to the Closing if any of the following occurs and in the reasonable judgment of the Representative would have the effect of materially adversely affecting, directly or indirectly, the market price or marketability of the Certificates, the ability of the Underwriters to enforce contracts for the Certificates or the sale at the contemplated offering price by the Underwriters of the Certificates:

(i) there shall have occurred any materially adverse change in the affairs or financial condition of the City, except for changes which the Official Statement discloses are expected to occur;

(ii) there shall have occurred or any notice shall have been given of any, downgrading, suspension, withdrawal, or negative change in credit watch status by Moody's Investors Service, S&P Global Ratings and Fitch Ratings Inc. or any other national rating service to any of the City's obligations (including the ratings to be accorded the Certificates);

(iii) any proceeding shall have been commenced or be threatened in writing by the SEC against the City;

(iv) an amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the California legislature or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to the California legislature or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of

California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived pursuant to the Resolutions which may have the purpose or effect, directly or indirectly, of affecting the tax status of the City, its property or income, its securities (including the Certificates) or any tax exemption granted or authorized by State of California legislation or, in the reasonable judgment of the Representative, materially and adversely affecting the market for the Certificates or the market price generally of obligations of the general character of the Certificates;

(v) the declaration of war or engagement in, or escalation of, military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States;

(vi) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange or the establishment of minimum prices on such national securities exchanges, or the establishment of material restrictions (not in force as the date hereof) upon trading securities generally by any governmental authority or any national securities exchange or a material disruption in commercial banking or securities settlement or clearances services shall have occurred;

(vii) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the SEC, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the delivery, offering or sale of obligations of the general character of the Certificates, or the delivery, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(viii) the purchase of and payment for the Certificates by the Underwriters, or the resale of the Certificates by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

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

(1) the Official Statement, together with any supplements or amendments thereto in the event the Official Statement has been supplemented or amended, with the

Official Statement and each supplement or amendment (if any) signed on behalf of the City by its authorized officer;

(2) a copy of each executed City Document;

(3) a copy of the adopted Ordinance, certified by the Clerk of the Board of Supervisors as having been duly enacted by the Board of Supervisors of the City and as being in full force and effect;

(4) a certificate of the City executed by its authorized officer(s), substantially in the form attached hereto as Exhibit B;

(5) an opinion of the City Attorney of the City addressed solely to the City substantially in the form attached hereto as Exhibit C;

(6) opinions of Co-Special Counsel, in substantially the form set forth in Appendix F to the Official Statement;

(7) supplemental opinions of Co-Special Counsel, addressed to the City and the Underwriters, dated the Closing Date and substantially in the form attached hereto as Exhibit D;

(8) negative assurance letters from Hawkins Delafield & Wood LLP and Stradling, Yocca, Carlson & Rauth, A Professional Corporation (collectively, "Co-Disclosure Counsel"), addressed to the City and the Representative, or if not addressed to the Representative, with a reliance letter to the Representative substantially in the form attached hereto as Exhibit E;

(9) an opinion of _____, Underwriters' Counsel ("Underwriters' Counsel"), dated the Closing Date and addressed to the Underwriters in form and substance acceptable to the Underwriters;

(10) Tax Certificate of the City regarding the Certificates in form satisfactory to Co-Special Counsel;

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

(12) evidence satisfactory to the Representative that Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings, Inc. have assigned the ratings to the Certificates set forth in the Official Statement;

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

(14) an opinion of counsel to the Escrow Bank, addressed to the City and Underwriters and dated the Closing Date, in form and substance satisfactory to the Underwriters and Co-Special Counsel;

(15) a defeasance opinion, dated the Closing Date, of Co-Special Counsel with respect to the Refunded 2015-R1 Certificates;

(16) a verification report issued by _____ regarding the sufficiency of the securities and cash on deposit in the Escrow Fund (as defined in the Escrow Agreement) to pay the redemption prices of and the debt service due on the Refunded 2015-R1 Certificates;

(17) a certificate of the Escrow Bank, dated the date of closing, signed by a duly authorized officer of the Escrow Bank, to the effect that (i) the Escrow Bank has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (ii) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the other parties thereto, the Escrow Agreement constitute the valid and binding agreement of the Escrow Bank enforceable against the Escrow Bank in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Bank and, to the best knowledge of the Escrow Bank, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Bank is subject or by which it is bound; (iv) the Escrow Bank has complied in all respects with the covenants and agreements contained in the Escrow Agreement, as of the date thereof; (v) all approvals, consents and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Escrow Bank of its duties and obligations under the Escrow Agreement have been obtained and are in full force and effect as of the date hereof; (vi) the Escrow Agreement were duly executed and delivered by a duly authorized officer of the Escrow Bank; and (vii) no litigation is pending or, to the best knowledge of the Escrow Bank, threatened (either in state or federal courts) against the Escrow Bank in any way contesting or affecting the validity or enforceability of the Escrow Agreement; and

(18) such additional legal opinions, certificates, instruments or other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date of this Purchase Contract and as of the Closing Date, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract shall be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Representative and Underwriters' Counsel. If the City is unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Certificates contained in this

Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Certificates are terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under further obligations hereunder, except that the respective obligations of the City and the Underwriters set forth in Section 10 of this Purchase Contract shall continue in full force and effect.

Section 9. Good Faith Deposit. To secure the City from any loss resulting from the failure of the Underwriters to comply with the terms of this Purchase Contract, the Representative has sent to the City Treasurer a wire transfer (in immediately available funds) payable to the order of the City Treasurer, for the benefit of the City, in the amount of $_____, (the "Good Faith Deposit"), the receipt of which is hereby acknowledged by the City. The Good Faith Deposit will, immediately upon the City's acceptance of this offer, become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. At the Closing, the Underwriters shall pay or cause to be paid the net aggregate purchase price of the Certificates (as specified in Section 1 of this Purchase Contract) which takes into account the Good Faith Deposit. If the Underwriters fail to pay the purchase price in full upon tender of the Certificates (other than for a reason expressly set forth in Section 8 of this Purchase Contract), the Underwriters will have no right to recover the Good Faith Deposit or to any allowance or credit therefor, and the Good Faith Deposit, together with any interest thereon, will be retained by the City as and for liquidated damages for such failure by the Underwriters. Retention of the Good Faith Deposit shall constitute the City's sole and exclusive remedy and full liquidated damages for the Underwriters' failure (other than for a reason expressly set forth herein) to purchase and accept delivery of the Certificates pursuant to the terms of this Purchase Contract. Upon such retention, the Underwriters shall be released and discharged from any and all claims for damages by the City against the Underwriters related to such failure and any other defaults by Underwriters hereunder. The Underwriters and the City hereby acknowledge and agree that the amount fixed pursuant to this Section for liquidated damages does not constitute a penalty and is a reasonable estimate of the damages that the City would sustain in the event of the Underwriters' failure to purchase and to accept delivery of the Certificates pursuant to the terms of this Purchase Contract. The amount is agreed upon and fixed as liquidated damages because of the difficulty of ascertaining as of the date hereof the amount of damages that would be sustained in such event. Each of the Underwriters waives any right to claim that actual damages resulting from such failure are less than the amount of such liquidated damages.

Section 10. Expenses.

(a) Except for those expenses assigned to the Underwriters pursuant to Section 10(b) hereof, the Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations under this Purchase Contract and the fulfillment of the conditions imposed hereunder, including but not limited to: (i) the fees and disbursements of Co-Special Counsel, Co-Disclosure Counsel as well as those of KNN Public Finance Inc. LLC, Berkeley, California and NHA Advisors, LLC, San Rafael, California (together, the "Co-Municipal Advisors"); (ii) the fees and disbursements of any counsel, auditors, engineers, consultants or others retained by the City in connection with the transactions contemplated herein; (iii) the costs of preparing and printing the Certificates; (iv) the costs of the printing of the Official Statement (and any amendment or supplement prepared pursuant to Section 4(e) of this Purchase

Contract); and (v) any fees charged by investment rating agencies for the rating of the Certificates. The City shall pay for any expenses incurred on behalf of its employees which are directly related to the offering of the Certificates, including, not limited to, meals, transportation, and lodging of those employees.

(b) The Underwriters shall pay all expenses incurred by the Underwriters in connection with the offering and distribution of the Certificates, including but not limited to: (i) all advertising expenses in connection with the offering of the Certificates; (ii) the costs of printing the Blue Sky memorandum used by the Underwriters: (iii) all out-of-pocket disbursements and expenses incurred by the Underwriters in connection with the offering and distribution of the Certificates, including the fees of the CUSIP Service Bureau for the assignment of CUSIP numbers; and (iv) all other expenses incurred by the Underwriters in connection with the offering and distribution of the Certificates, including the fees and disbursements of Underwriters' Counsel. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Certificates.

Section 11. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing to the City at the address set forth above and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to the Representative:

If to the City:

City and County of San Francisco
Office of Public Finance
City Hall, Room 338
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Telephone: (415) 554-5956
Fax: (415) 554-4864

If to the Underwriters:

_____
_____
_____
_____
Telephone: _____
Fax: _____

Section 12. Parties in Interest. This Purchase Contract is made solely for the benefit of the City and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue of this Purchase Contract. All of the representations, warranties and agreements of the City contained in this Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Certificates, pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

Section 13. Invalid or Unenforceable Provisions. In the event that any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 14. Counterparts. This Purchase Contract may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. This Purchase Contract may be signed in counterparts, and upon delivery to the other party of such signed Purchase Contract, which delivery may be by facsimile transmission, shall constitute the binding agreement of each party to this Purchase Contract.

Section 15. Governing Law; Venue. This Purchase Contract shall be governed by and interpreted under the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Purchase Contract shall be in the City and County of San Francisco.

Section 16. Mandatory City Contracting Requirements. The City Contracting Requirements are set forth in Attachment A, and are incorporated herein by this reference.

Section 17. Headings. The Section headings in this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 18. Entire Agreement. This Purchase Contract, when accepted by the City, shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter with the consent of the City) and no other person shall acquire or have any right hereunder by virtue hereof. All of the City's representations, warranties and agreements in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Certificates hereunder, and (c) any termination of this Purchase Contract.

Section 19. No Fiduciary or Advisory Role; Arm's Length Transaction. The Underwriters and the City acknowledge and agree that (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm's-length commercial transaction between City, on the one hand, and the Underwriters, on the other hand, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as a municipal advisor, a financial advisor, or a fiduciary of the City, and may have financial and other interests that differ from those of the City, (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the City with respect to the offering of the Certificates or the discussions, undertakings and procedures leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has provided or is currently providing services or advice to City on other matters), (iv) the only obligations the Underwriters have to the City with respect to the transactions contemplated hereby are expressly set forth in this Purchase Contract, and (v) the City and the Underwriters have consulted with their respective legal, financial and other advisors to the extent they deemed appropriate in connection with the offering of the Certificates. None of the Underwriters is acting

as a Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended) in connection with the matters contemplated by this Purchase Contract.

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

Very truly yours,

[UNDERWRITERS]

By: _____, as Representative

By:_____
[Title]

CITY AND COUNTY OF SAN FRANCISCO

By:_____
Authorized Signatory

ACCEPTED at [_____] [a.m./p.m.] Pacific Time this ___ day of _____, 2023

APPROVED AS TO FORM:

DAVID CHIU,
CITY ATTORNEY

By: _____
MARK D. BLAKE
Deputy City Attorney

ATTACHMENT A

CITY CONTRACTING PROVISIONS

The following provisions shall apply to this Purchase Contract as if set forth in the text thereof. Capitalized terms used but not defined in this attachment shall have the meanings given in this Purchase Contract.

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* Each Underwriter shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Each Underwriter shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)- (k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. Each Underwriter is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2.* Each Underwriter does not as of the date of this Purchase Contract, and will not during the term of this Purchase Contract, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Purchase Contract. By entering into this Purchase Contract, each Underwriter confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Pursuant to San Francisco Environment Code Section 804(b), the City urges each Underwriter not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require each Underwriter to remove from, City facilities personnel of such Underwriter who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing,

furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. Each Underwriter shall provide the services specified in this Purchase Contract in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. Each Underwriter acknowledges that this Purchase Contract and all records related to its formation, such Underwriter's performance under this Purchase Contract, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Purchase Contract, each Underwriter acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of each Underwriter's board of directors; each Underwriter's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in such Underwriter; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Underwriter. Each Underwriter certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. If Administrative Code Chapter 12P applies to this Purchase Contract, each Underwriter shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of the Chapter 12P is available on the web at http://sfgov.org/olse/mco. Each Underwriter is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Purchase Contract, each Underwriter certifies that it complies with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. If Administrative Code

Chapter 12Q applies to this Purchase Contract, each Underwriter shall comply the requirements of Chapter 12Q. For each Covered Employee, the respective Underwriter shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If an Underwriter chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at http://sfgov.org/olse/hcao. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by an Underwriter shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10. Prohibition on Political Activity with City Funds. In performing under this Purchase Contract, each Underwriter shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Purchase Contract from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Purchase Contract requires the City to disclose "Private Information" to an Underwriter within the meaning of San Francisco Administrative Code Chapter 12M, each Underwriter shall use such information consistent with the restrictions stated in Chapter 12M and in this Purchase Contract and only as necessary in performing the services provided under this Purchase Contract. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Purchase Contract, each Underwriter may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to an Underwriter, such information must be held by such Underwriter in confidence and used only in performing this Purchase Contract. Each Underwriter shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Each Underwriter agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Purchase Contract. The text of Chapter 12T is available on the web at http://sfgov.org/olse/fco. A partial listing of some of the Underwriters' obligations under Chapter 12T is set forth in this Section. Each Underwriter is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Purchase Contract shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to an Underwriter's operations to the extent those operations are in furtherance of the performance of this Purchase Contract, shall apply only to applicants and employees who would be or are performing work in furtherance of this Purchase Contract, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Reserved.

14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Purchase Contract. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. Conflict of Interest. By entering into this Purchase Contract, each Underwriter certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Purchase Contract.

16. Food Service Waste Reduction Requirements. Each Underwriter shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Distribution of Beverages and Water. Each Underwriter agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Purchase Contract. Each Underwriter agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Purchase Contract.

18. Consideration of Salary History. Each Underwriter shall comply with San

Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Each Underwriter is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Purchase Contract or in furtherance of this Purchase Contract, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Each Underwriter is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at https://sfgov.org/olse/consideration-salary-history. Each Underwriter is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

19. Laws Incorporated by Reference. The full text of the laws listed in this Attachment A, including enforcement and penalty provisions, are incorporated into this Purchase Contract by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Attachment A are available at http://www.amlegal.com/codes/client/san-francisco_ca/

20. First Source Hiring Program. Each Underwriter must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Purchase Contract, and each Underwriter is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by an Underwriter under this Purchase Contract may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, “Covered Services”). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Purchase Contract as if fully set forth herein and will apply to any Covered Services performed by each Underwriter.

22. Contractor Vaccination Policy.

(a) Each Underwriter acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency (“Emergency Declaration”), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator (“Contractor Vaccination Policy”), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors.

(b) A Contract subject to the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the Contractor or Subcontractor work in-person with City employees in connection with the work or services performed under the agreement at a City owned, leased, or controlled facility. Such agreements include, but are not limited to, professional services contracts, general services contracts, public works contracts, and grants. Contract includes such agreements currently

in place or entered into during the term of the Emergency Declaration. Contract does not include an agreement with a state or federal governmental entity or agreements that do not involve the City paying or receiving funds.

(c) In accordance with the Contractor Vaccination Policy, each Underwriter agrees that:

(i) Where applicable, each Underwriter shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are either fully vaccinated for COVID-19 or obtain from such Underwriter an exemption based on medical or religious grounds; and

(ii) If an Underwriter grants Covered Employees an exemption based on medical or religious grounds, such Underwriter will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form ("Exemptions Form"), which can be found at https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors (navigate to "Exemptions" to download the form).

SCHEDULE I
MATURITY SCHEDULE

$_____

Refunding Certificates of Participation, Series 2023-R1
(Multiple Capital Improvement Projects)

Maturity Date ([_____] 1)	Principal Amount	Interest Rate	Yield	Price

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE
Pertaining to

$[-]*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

UNDERWRITER'S CERTIFICATE

[-] ("**[**shortened name of Representative**]**"), for itself and as representative of the Underwriters (collectively, the "Underwriting Group") for the certificates identified above (the "Issue"), issued by the City and County of San Francisco (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price**.

(A) The Underwriting Group offered, on or before the Sale Date, each Maturity of the Issue to the Public for purchase at the respective initial offering prices listed in the final Official Statement, dated **[-]**, for the Issue (the "Initial Offering Prices"). A copy of the pricing wire or equivalent communication for the Issue is attached to this certificate as Schedule A. The aggregate of the Initial Offering Prices of each Maturity is $**[-]** (the "Issue Price").

(B) As set forth in the Purchase Contract the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Issue, they would neither offer nor sell any portion of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Issue at a price that is higher than the respective Initial Offering Price for that Maturity of the Issue during the Holding Period.

(C) Definitions.

"Holding Period" means, for each Hold-the-Offering-Price Maturity of the Issue, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (**[**DATE**]**), or (ii) the date on which the Underwriting Group has sold at least 10% of such Maturity of the Issue to the Public at a price that is no higher than the Initial Offering Price for such Maturity.**]**

"Maturity" means Certificates of the Issue with the same credit and payment terms. Certificates of the Issue with different maturity dates, or Certificates of the Issue with the same maturity date but different stated interest rates, are treated as separate Maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Issue. The Sale Date of the Issue is **[**DATE**]**.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Issue to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Issue to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Issue to the Public).

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's tax compliance certificate or in Attachment A to it.

(2) **Yield.** The Yield on the Issue is [-]%, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price of the Issue as stated in paragraph (1) **[**and computed with the adjustments stated in paragraphs (7) and (8)**]**.

(3) **Weighted Average Maturity.** The weighted average maturity (defined below) of the Issue is [-] years and the remaining weighted average maturity of the Current Refunded Certificates is [-] years. The weighted average maturity of an issue is equal to the sum of the products of the issue price of each maturity of the issue and the number of years to the maturity date of the respective maturity (taking into account mandatory but not optional redemptions), divided by the issue price of the entire issue.

(4) **Underwriter's Discount**. The Underwriter's discount is $[-], being the amount by which the aggregate Issue Price (as set forth in paragraph (1)) exceeds the price paid by **[**name of underwriter**]** to the Issuer for the Issue.

(5) [**Discount Maturities Subject to Mandatory Early Redemption**. No Maturity that is subject to mandatory early redemption has a stated redemption price that exceeds the Sale Price or Initial Offering Price, as applicable, of such Maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of years to its weighted average maturity date.**]**

[Or]

(5) [**Discount Maturities Subject to Mandatory Early Redemption**. The stated redemption price at maturity of the Maturities that mature in the year**[**s**]** 20[-], which Maturities are the only Maturities of the Issue that are subject to mandatory early redemption **[revise as appropriate]**, exceeds the Sale Price or Initial Offering Price, as applicable, of such Maturities by more than one-fourth of 1% multiplied by the product of the stated redemption price at maturity and the number of years to the weighted average maturity date of such Maturities. Accordingly, in computing the Yield on the Issue stated in paragraph (2), those Maturities were treated as redeemed on each mandatory early redemption date at their present value rather than at their stated principal amount.**]**

(6) [**Premium Maturities Subject to Optional Redemption**. No Maturity:

- Is subject to optional redemption within five years of the Issuance Date of the Issue.
- That is subject to optional redemption has an Initial Offering Price or Sale Price, as applicable, that exceeds its stated redemption price at maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of complete years to its first optional redemption date.**]**

[Or]

(6) [**Premium Maturities Subject to Optional Redemption**. The Maturities that mature in the year**[**s**]** 20[-] are the only Maturities that are subject to optional redemption before maturity and have an Initial Offering Price or Sale Price, as applicable, that exceeds their stated redemption price at maturity by more than one fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Issue stated in paragraph (2), each such Maturity was treated as retired on its optional redemption date or at maturity to result in the lowest yield on that Maturity. No Maturity is subject to optional redemption within five years of the Issuance Date of the Issue.**]**

[Or]

[(5) **No Discount or Premium Maturities**. No Maturity was sold at an original issue discount or premium.**]**

[(6 or 7) **No Stepped Coupon Maturities**. No Maturity bears interest at an increasing interest rate.

The signer is an officer of the Underwriter and duly authorized to execute and deliver this Certificate of the Underwriter. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Squire Patton Boggs (US) LLP and Husch Blackwell LLP, as Co-Special Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Certificates.

Dated: [ISSUE DATE]

[[NAME OF UNDERWRITER]**]**

By:_____

Title:_____

EXHIBIT B

$_____*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

FORM OF CERTIFICATE OF THE CITY

The undersigned _____, _____ and _____, respectively, of the City and County of San Francisco ("the City"), acting in their official capacities, hereby certify as follows in connection with the execution, delivery and sale of the certificates of participation captioned above (the "Certificates"):

1. The City is a chartered city and county duly organized and validly existing under its Charter and the Constitution of the State of California (the "State"), with full right, power and authority to (a) manage, control, hold and convey property for the use and benefit of the City, and (b) enter into and perform all of the transactions contemplated by the _____ the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the City and the Purchase Contract, dated _____ __, 20__ (the "Purchase Contract"), between the City and _____, acting on its behalf and on behalf of _____, as underwriters. The Continuing Disclosure Certificate and the Purchase Contract are sometimes referred to in this Certificate as the "City Documents." Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Purchase Contract.

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

Name	Office	Signature

3. The representations and warranties of the City contained in the Purchase Contract are true, complete and correct as of the Closing Date as if made on such Closing Date.

4. The City has duly authorized the execution and delivery of the City Documents and is authorized to perform the obligations on its part to be performed under the City Documents, and each of the City Documents constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms.

5. Except for any information about book-entry or The Depository Trust Company, included therein, as to which we express no opinion or view, as of the date thereof, the Official Statement as of its date did not, and as of the date hereof, does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. The City is not in breach of or in default under any applicable law or administrative regulation of the State or the United States of America or any applicable judgment or decree or any loan agreement, note, ordinance, resolution, agreement or other instrument to which the City is party or otherwise subject, which breach or default would in any way materially and adversely affect the City Documents or the performance of any of the City's obligations thereunder. No event has occurred and is continuing that with the passage of time or giving of notice, or both, would constitute such a breach or default. The execution and delivery by the City of the City Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject; nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge, encumbrance or security interest of any nature whatsoever upon any of the revenues, property or assets of the City, except as expressly provided or permitted by the Ordinance.

7. No litigation is pending (with service of process having been accomplished) or, to the knowledge of the undersigned, threatened (a) to restrain or enjoin the execution of or the delivery of the Certificates, the execution of and performance by the City under the City Documents or the use and occupancy by the City of the Leased Property or (b) in any way contesting or affecting the validity of the Certificates, the City Documents or the performance by the City under the City Documents.

8. There is no litigation pending (with service of process having been accomplished), or, to the knowledge of the undersigned, threatened against the City or involving any of the property or assets under the control of the City, including, without limitation, the Leased Property that involves the possibility of any judgment or uninsured liability which may result in any material adverse change in the business, properties or assets or in the condition, financial, physical, legal or otherwise, of the City or of the Leased Property.

9. The City does hereby certify that Ordinance No. _____, adopted by the Board of Supervisors of the City on _____, 20__ and signed by the Mayor of the City on _____, 20__, was duly adopted at proceedings duly conducted by the City and that such Ordinance is in full force and effect and have not been amended, modified or rescinded as of the date hereof.

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

Dated: _____ __, 202__.

EXHIBIT C

FORM OF OPINION OF CITY ATTORNEY

EXHIBIT D

FORM OF SUPPLEMENTAL OPINION OF CO-SPECIAL COUNSEL

EXHIBIT E

FORM OF NEGATIVE ASSURANCE LETTERS

NOTICE OF INTENTION TO SELL

$_____*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

NOTICE IS HEREBY GIVEN that the City and County of San Francisco (the "*City*") intends to offer the above-captioned certificates of participation (the "*Certificates*") for public sale on or around:

_____, _____, 2023*
at ____ a.m.* (California time)

(subject to modification, postponement or cancellation in accordance with the Official Notice of Sale)

by electronic bids **only** through Ipreo LLC's BiDCOMP™/PARITY® System ("*Parity*").

The City reserves the right to postpone or cancel the sale of the Certificates prior to the time bids are to be received or to change the terms thereof upon notice given through [Thomson Reuters and/or Bloomberg Business News] (collectively, the "*News Services*") and/or Parity as described herein below. If no bid is awarded for the Certificates, the City may reschedule the sale of the Certificates to another date or time by providing notification through Parity and/or the News Services.

The Certificates will be offered for public sale subject to the terms and conditions of the Official Notice of Sale, dated on or around _____, 2023 (the "*Official Notice of Sale*") relating to the Certificates. Additional information regarding the proposed sale of the Certificates, including copies of the Preliminary Official Statement for the Certificates, dated on or around _____, 2023 (the "*Preliminary Official Statement*"), and the Official Notice of Sale, are expected to be available electronically at [ImageMaster: www.munios.com] on or around _____, 2023, and may also be obtained electronically from the City's Co-Municipal Advisors: KNN Public Finance, LLC, 2054 University Avenue, Suite 300, Berkeley, California 94704, telephone (510) 208-8226, attention: Melissa Shick (email: mshick@knninc.com) and NHA Advisors, LLC, 4040 Civic Center Drive, Suite 200, San Rafael, California, 94903, telephone (415) 785-2025 ext. 2006, attention: Rob Schmidt (email: Rob@NHAadvisors.com). Failure of any bidder to receive such notice shall not affect the legality of the sale.

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

Dated: _____

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

_____

$_____*[*]
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

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

SALE DATE:	_____, 2023[*] (Subject to postponement, cancellation, modification or amendment in accordance with this Official Notice of Sale)
TIME:	_____ a.m.[*], California time
PLACE:	Controller's Office of Public Finance 1 Dr. Carlton B. Goodlett Place, Room 338, San Francisco, California 94102
DELIVERY DATE:	_____, 2023[*]

[*] Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

$_____*

CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION,
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

NOTICE IS HEREBY GIVEN that electronic bids will be received through the Ipreo LLC's BiDCOMP™/PARITY® System ("**Parity**") at www.newissuehome.i-deal.com for the purchase of all, but not less than all, of the City and County of San Francisco's (the "City") above-captioned certificates of participation (the "**Certificates**") as more particularly described herein. Bidding procedures and sale terms are as follows:

Issue: The Certificates are described in the City's Preliminary Official Statement for the Certificates dated _____, 2023 (the "**Preliminary Official Statement**").

Time: Bids for the Certificates must be received electronically by ____ a.m., California time, on _____, 2023 (subject to postponement or cancellation in accordance with this Official Notice of Sale).

Place: Bidders may only submit electronic bids in the manner and subject to the terms and conditions described under "TERMS OF SALE - Form of Bids; Delivery of Bids" below, but no bid will be received after the time for receiving bids specified above.

THE RECEIPT OF BIDS ON _____, 2023 MAY BE POSTPONED OR CANCELLED AT OR PRIOR TO THE TIME BIDS ARE TO BE RECEIVED. NOTICE OF SUCH POSTPONEMENT OR CANCELLATION WILL BE COMMUNICATED BY OR ON BEHALF OF THE CITY THROUGH THOMSON REUTERS AND/OR BLOOMBERG BUSINESS NEWS (COLLECTIVELY, THE "NEWS SERVICES") AND/OR PARITY (AS DESCRIBED IN "TERMS OF SALE - FORM OF BIDS; DELIVERY OF BIDS" BELOW) AS SOON AS PRACTICABLE FOLLOWING SUCH POSTPONEMENT OR CANCELLATION. Notice of the new date and/or time for receipt of bids shall be given through Parity and/or the News Services as soon as practicable following a postponement and no later than [1:00] p.m., California time, on the business day preceding the new date for receiving bids.

* Preliminary, subject to change.

As an accommodation to bidders, notice of such postponement and of the new sale date and time will be given to any bidder requesting such notice from:

KNN Public Finance, Inc. LLC
2054 University Avenue, Suite 300
Berkeley, CA 94704
Telephone: (510) 208-8226
Attention: Melissa Shick (email: mshick@knninc.com)

NHA Advisors, LLC
4040 Civic Center Drive, Suite 200
San Rafael, California, 94903
Telephone: (415) 785-2025 ext. 2006
Attention: Rob Schmidt (email: Rob@NHAadvisors.com)

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

The City reserves the right to modify or amend this Official Notice of Sale in any respect, including, without limitation, increasing or decreasing the principal amount of any serial maturity or sinking account installment prepayment for the Certificates and adding or deleting serial or term maturity and sinking account installment prepayment dates, along with corresponding principal amounts with respect thereto; provided, that any such modification or amendment will be communicated to potential bidders through the News Services and/or Parity not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale. Bidders are required to bid upon the Certificates as so modified or amended. See "TERMS OF SALE - Right to Modify or Amend."

Bidders are referred to the Preliminary Official Statement for additional information regarding the City, the Certificates, the security for the Certificates and other matters. See "CLOSING PROCEDURES AND DOCUMENTS - Official Statement." Capitalized terms used and not defined in this Official Notice of Sale shall have the meanings ascribed to them in the Preliminary Official Statement.

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

TERMS RELATING TO THE CERTIFICATES

THE AUTHORITY FOR EXECUTION AND DELIVERY, PURPOSES, PAYMENT OF PRINCIPAL AND INTEREST, PREPAYMENT, DEFEASANCE, SOURCES AND

USES OF FUNDS, SECURITY AND SOURCES OF PAYMENT, FORM OF LEGAL OPINIONS OF CO-SPECIAL COUNSEL AND OTHER INFORMATION REGARDING THE CERTIFICATES ARE PRESENTED IN THE PRELIMINARY OFFICIAL STATEMENT, WHICH EACH BIDDER IS DEEMED TO HAVE OBTAINED AND REVIEWED PRIOR TO BIDDING FOR THE CERTIFICATES. THIS OFFICIAL NOTICE OF SALE GOVERNS ONLY THE TERMS OF SALE, BIDDING, AWARD AND CLOSING PROCEDURES FOR THE CERTIFICATES. THE DESCRIPTION OF THE CERTIFICATES CONTAINED IN THIS OFFICIAL NOTICE OF SALE IS QUALIFIED IN ALL RESPECTS BY THE DESCRIPTION OF THE CERTIFICATES CONTAINED IN THE PRELIMINARY OFFICIAL STATEMENT.

Issue. The Certificates will be executed and delivered as fully registered certificates without coupons in book-entry form in denominations of $5,000 or any integral multiple of that amount, as designated by the winning bidder of the Certificates (the "**Purchaser**"), all dated the date of delivery, which is expected to be _____,_2023*. If the sale is postponed, notice of the new date of the sale will also set forth the new expected date of delivery of the Certificates.

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

Interest Rates. Interest on the Certificates will be payable on [October] 1, 202[_], and semi-annually thereafter on April 1 and October 1 of each year (each an "**Interest Payment Date**"). Interest shall be calculated on the basis of a 360-day year, comprised of twelve 30-day months from the dated date of the Certificates. Bidders may specify any number of separate rates, and the same rate or rates may be repeated as often as desired, provided:

(i) each interest rate specified in any bid for the Certificates must be a multiple of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum;

(ii) the maximum interest rate bid for any maturity shall not exceed __% per annum;

(iii) the minimum interest rate bid for any Certificate maturing on or after _____, 20[__] shall be __% per annum;

(iv) no Certificate shall bear a zero rate of interest;

(v) each Certificate shall bear interest from its dated date to its stated maturity date at the single rate of interest specified in the bid; and

(vi) all Certificates maturing at any one time shall bear the same rate of interest.

* Preliminary, subject to change.

See the Preliminary Official Statement – "THE CERTIFICATES - Payment of Principal and Interest."

Principal Payments of the Certificates. The Certificates shall be serial and/or term Certificates, as specified by each bidder. Principal shall be payable on [April] 1 of each year, commencing on [April] 1, 20[__], as shown below. Subject to the City's right to modify or amend this Official Notice of Sale (see "TERMS OF SALE - Right to Modify or Amend"), the final maturity of the Certificates shall be [April] 1, 20[__]. The principal amount of the Certificates maturing or subject to sinking account installment prepayment in any year shall be in integral multiples of $5,000. For any term Certificates specified, the principal amount for a given year may be allocated only to a single term Certificate and must be part of an uninterrupted annual sequence from the first sinking account installment prepayment to the term Certificate maturity. The principal amounts of the serial maturities or sinking account installment prepayments for the Certificates are shown below for information purposes only. **Bidders for the Certificates will provide bids for all of the Principal Amounts.**

Subject to the City's right to modify or amend this Official Notice of Sale (see "TERMS OF SALE - Right to Modify or Amend"), and to adjustment as provided in this Official Notice of Sale (see "–Adjustment of Principal Payments"), the principal amount of the serial maturity or sinking account installment prepayment for the Certificates in each year is as follows:

[Remainder of page intentionally left blank.]

Certificates of Participation

Certificate Payment Date (____ 1)	Principal Amount*
TOTAL	

Adjustment of Principal Payments. The principal amounts set forth in this Official Notice of Sale reflect certain estimates of the City with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. **The City reserves the right to change the principal payment schedule set forth above for the Certificates after the determination of the winning bidder, by adjusting one or more of the principal payments of the Certificates, in increments of $5,000, as determined in the sole discretion of the City. Any such adjustment will not change the average per Certificate dollar amount of the underwriter's discount. Any such adjustment will be communicated to the winning bidder within 24 hours after receipt of such bid by the City. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no winning bid may be withdrawn.**

See also "TERMS OF SALE - Right to Modify or Amend" regarding the City's right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or sinking account installment prepayment for the Certificates and adding or deleting serial or term maturity

* Preliminary, subject to change.

and sinking account installment prepayment dates, along with corresponding principal amounts with respect thereto.

A BIDDER AWARDED THE CERTIFICATES BY THE CITY WILL NOT BE PERMITTED TO WITHDRAW ITS BID, CHANGE THE INTEREST RATES IN ITS BID OR THE REOFFERING PRICES IN ITS REOFFERING PRICE CERTIFICATE FOR ANY REASON, INCLUDING AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL PAYMENTS OF THE CERTIFICATES IN ACCORDANCE WITH THIS OFFICIAL NOTICE OF SALE.

Prepayment.

(i) Optional Prepayment of the Certificates. The Certificates with a Certificate Payment Date on or before [April] 1, 20[__] will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The Certificates with a Certificate Payment Date on or after [April] 1, 20[__], are subject to prepayment prior to their respective stated Certificate Payment Dates, in whole or in part on any date on or after [April] 1, 20[__] at the option of the City, in the event the City exercises its option under the Project Lease to prepay the principal component of the Base Rental payments at a prepayment price equal to 100% of the principal component to be prepaid, plus accrued interest to the date fixed for prepayment, without premium. See the Preliminary Official Statement – "THE CERTIFICATES – Prepayment of the Certificates - *Optional Prepayment*."

(ii) Special Mandatory Prepayment. The Certificates will be subject to mandatory prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date, at a Prepayment Price equal to the principal amount thereof (plus accrued but unpaid interest to the prepayment date), without premium, from amounts deposited in the Base Rental Fund pursuant to the Trust Agreement following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or loss of the use or possession of the Leased Property or any portion thereof due to a title defect. Such mandatory prepayment of Base Rental will be applied pro rata among all certificates of participation outstanding under the Trust Agreement, including the Certificates. See the Preliminary Official Statement – "THE CERTIFICATES – Prepayment of the Certificates – *Special Mandatory Prepayment*."

(iii) Mandatory Sinking Account Installment Prepayment. The Certificates with a Certificate Payment Date of [April] 1, 20__ are subject to sinking account installment prepayment prior to their stated final Certificate Payment Date, in part, by lot, from scheduled payments of the principal component of Base Rental payments, at the principal amount thereof, plus accrued interest to the prepayment date, without premium, on [April] 1 in each of the years and in the amounts set forth below:

Sinking Account Payment Date ([April] 1)	Sinking Account Installment Amount

†

† Certificate Payment Date.

See the Preliminary Official Statement – "THE CERTIFICATES – Prepayment of the Certificates – *Mandatory Sinking Account Installment Prepayment*."

Legal Opinions and Tax Matters. Upon delivery of the Certificates, Squire Patton Boggs (US) LLP and Husch Blackwell LLP, Co-Special Counsel to the City ("**Co-Special Counsel**"), will deliver their separate legal opinions as to the validity, enforceability and tax status of the Certificates.

The proposed form of the opinions of Co-Special Counsel is set forth in Appendix F to the Preliminary Official Statement. Copies of the opinions of Co-Special Counsel will be furnished to the Purchaser upon delivery of the Certificates.

See the Preliminary Official Statement – "TAX MATTERS."

TERMS OF SALE

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

Form of Bids; Delivery of Bids. Each bid for the Certificates must be: (1) for not less than all of the Certificates offered for sale; (2) unconditional; and (3) submitted via Parity by not later than _____ a.m., California time, on the sale date. Bids must be delivered by electronic transmission and conform to the procedures established by Parity. The submission of a bid electronically via Parity shall constitute and be deemed the bidder's signature on the bid for the purchase of the Certificates. All bids must be in accordance with the terms and conditions set forth in this Official Notice of Sale, together with any adjustments made by the City pursuant hereto. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

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

Bids will be received exclusively through Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact the Co-Municipal Advisors at the number provided above or Parity at: (212) 404-8107.

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

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

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

The following five (5) steps constitute the City's process for a final award of the Certificates:

(1) The Co-Municipal Advisors, on behalf of the City, will give a verbal notice of award of the Certificates to the apparent winning bidder (the "**Apparent Winning Bidder**") to be determined as described below under "–Basis of Award;"

(2) Such Apparent Winning Bidder shall, promptly after such verbal award, but no later than one hour after the City has given notice of such verbal award, fax or email to the City (in c/o its Co-Municipal Advisors and to the City's Director of Public Finance at email addresses provided for such purpose) a signed copy of their bid;

(3) The Apparent Winning Bidder shall provide the Good Faith Deposit, as described under "–Good Faith Deposit;"

(4) The Co-Municipal Advisors will email to the Apparent Winning Bidder confirmation of the final principal amortization schedule and purchase price for the Certificates, after adjustments, if any, are made, as described under "TERMS RELATING TO THE CERTIFICATES - Adjustment of Principal Payments;" and

(5) The City will email to the Apparent Winning Bidder its written final award (the "**Certificate of Award**").

Upon completion of the steps described above, the Apparent Winning Bidder will be deemed the Purchaser of the Certificates and will be contractually bound by the terms of this Official Notice of Sale to purchase the Certificates, which contract shall consist of: (a) this Official Notice of Sale; (b) the information that is transmitted electronically by the bidder through Parity; and (c) any adjustments to the final principal amortization schedule and purchase price made as described under "TERMS RELATED TO THE CERTIFICATES - Adjustment of Principal Payments."

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

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

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

Good Faith Deposit. To secure the City from any loss resulting from the failure of the Apparent Winning Bidder to comply with the terms of its bid, the Apparent Winning Bidder for the Certificates must provide to the City a good faith deposit in the amount of [$_____] (the "**Good Faith Deposit**").

Upon the determination by the City of the Apparent Winning Bidder of the Certificates, the Co-Municipal Advisors will (i) provide to the Apparent Winning Bidder the wire transfer information and (ii) request the Apparent Winning Bidder to immediately wire the Good Faith Deposit to the City. No later than ninety (90) minutes after the time the Co-Municipal Advisors request the Apparent Winning Bidder to wire the Good Faith Deposit to the City, the Apparent

Winning Bidder must wire the Good Faith Deposit to the City and provide the Federal wire reference number of such Good Faith Deposit to the Co-Municipal Advisors. In the event that the Apparent Winning Bidder does not wire the Good Faith Deposit to the City or does not provide the Federal wire reference number of such Good Faith Deposit to the Co-Municipal Advisors within the time specified above, the City may reject the bid of the Apparent Winning Bidder and award the Certificates to a responsible bidder that submitted a conforming bid that represents the next lowest true interest cost to the City.

No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit will immediately become the property of the City. The Good Faith Deposit will be held and invested for the exclusive benefit of the City. The Good Faith Deposit, without interest thereon, will be credited against the purchase price of the Certificates purchased by the Purchaser at the time of delivery thereof.

If the purchase price is not paid in full upon tender of the Certificates, the City shall retain the Good Faith Deposit and the Purchaser will have no right in or to the Certificates or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Certificates would not be validly delivered to the Purchaser in the form and manner proposed, except pursuant to a right of cancellation. See "CLOSING PROCEDURES AND DOCUMENTS - Right of Cancellation." In the event of nonpayment for the Certificates by the winning bidder, the City reserves any and all rights granted by law to recover the full purchase price of the Certificates and, in addition, any damages suffered by the City.

Reoffering Prices, Establishment of Issue Price and Issue Price Certificate.

(a) The winning bidder for the Certificates shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or, if the competitive sale requirements (defined below) are not satisfied and the parties agree that the 10% test shall apply to the Certificates the sales price or prices of each maturity of the Certificates, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Co-Special Counsel.

(b) The City intends that Treasury Regulation Sections 1.148-1(f)(2)(iii) and 1.148-1(f)(3)(i) (providing a special rule for competitive sales and defining the term "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "**competitive sale requirements**") because:

(1) the City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the City intends to receive bids for the Certificates from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Certificates as specified in the bid.

(c) In the event that the competitive sale requirements are not satisfied for the Certificates, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of any maturity of the Certificates (the "**10% test**") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Certificates as the issue price of that maturity (the "**hold-the-offering-price rule**"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Certificates satisfies the 10% test as of the date and time of the award of the Certificates. The City shall promptly advise the winning bidder, at or before the time of award of the Certificates, which maturities of the Certificates shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Certificates. Bidders should prepare their bids on the assumption that some or all of the maturities of the Certificates will be subject to the hold-the-offering-price rule in order to establish the issue prices of the Certificates. For purposes of this section, Certificates maturing on the same date but having different interest rates (and CUSIP numbers) shall be treated as separate maturities of the Certificates.

(d) By submitting a bid for the Certificates, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Certificates, the winning bidder agrees to promptly report to the City the prices at which the unsold Certificates of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the

10% test has been satisfied as to the Certificates of that maturity or until all Certificates of that maturity have been sold.

(f) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of such Certificates to the public, the agreement of each dealer that is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of such Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(g) By submitting a bid for the Certificates, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of such Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the winning bidder that the hold-the-offering price rule no longer applies to such maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of such Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the winning bidder or such underwriter that the hold-the-offering price rule no longer applies to such maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Certificates to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),

(iii) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Certificates are awarded by the City to the winning bidder.

Right of Rejection and Waiver of Irregularity. The City reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid which does not materially affect such bid or change the ranking of the bids.

Right to Modify or Amend. Other than with respect to postponement or cancellation as described in this Official Notice of Sale, and in addition to the City's right to adjust the payment amounts of the Certificates as provided in "TERMS RELATING TO THE CERTIFICATES - Adjustment of Principal Payments," the City reserves the right to modify or amend this Official Notice of Sale in any respect including, without limitation, increasing or decreasing the principal amount of any serial maturity or sinking account installment prepayment for the Certificates and adding or deleting serial or term maturity and sinking account installment prepayment dates, along with corresponding principal amounts with respect thereto; provided, that, subject to the terms of this Official Notice of Sale (see "TERMS RELATING TO THE CERTIFICATES - Adjustment of Principal Payments") any such modification or amendment will be communicated to potential bidders through Parity and/or the News Services not later than 1:00 p.m., California time, on the business day preceding the date for receiving bids. Failure of any potential bidder to receive notice of any modification or amendment will not affect the sufficiency of any such notice or the legality of the sale.

Postponement or Cancellation of Sale. The City may postpone or cancel the sale of the Certificates at or prior to the time for receiving bids. Notice of such postponement or cancellation shall be given through Parity and/or the News Services as soon as practicable following such

postponement or cancellation. If a sale is postponed, notice of a new sale date will be given through Parity and/or the News Services as soon as practicable following a postponement and no later than 1:00 p.m., California time, on the business day preceding the new date for receiving bids. Failure of any potential bidder to receive notice of postponement or cancellation will not affect the sufficiency of any such notice.

Prompt Award. The Controller's Office of Public Finance will take official action awarding the Certificates or rejecting all bids with respect to the Certificates not later than 30 hours after the time for receipt of bids for the Certificates, unless such time period is waived by the Purchaser.

Equal Opportunity. Pursuant to the spirit and intent of the City's Local Business Enterprise ("**LBE**") Ordinance, Chapter 14B of the Administrative Code of the City, the City strongly encourages the inclusion of Local Business Enterprises certified by the San Francisco Human Rights Commission in prospective bidding syndicates. A list of certified LBEs may be obtained from the San Francisco Human Rights Commission, 25 Van Ness Avenue, Room 800, San Francisco, California 94102; telephone: (415) 252-2500.

Sales Outside of the United States. The Purchaser must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Certificates to persons outside the United States.

Insurance. No bids with municipal bond insurance will be accepted.

CLOSING PROCEDURES AND DOCUMENTS

Delivery and Payment. **Delivery of the Certificates will be made through the facilities of DTC in New York, New York, and is presently expected to take place on or about _____, 2023***. Payment for the delivery of the Certificates shall be coordinated at the offices of Squire Patton Boggs (US) LLP, in San Francisco, California, or at such other place as may be mutually agreed upon by the City and the Purchaser. Such payment and delivery is called the "Closing." Payment for the Certificates (including any premium) must be made at the time of delivery in immediately available funds to the City Treasurer. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The City will deliver to the Purchaser, dated as of the delivery date, the legal opinions with respect to the Certificates purchased, described in APPENDIX F – "PROPOSED FORM OF OPINIONS OF CO-SPECIAL COUNSEL" to the Preliminary Official Statement.

Qualification for Sale. The City will furnish such information and take such action not inconsistent with law as the Purchaser may request and the City may deem necessary or appropriate to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; provided, that the City will not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. By submitting its bid for the Certificates, the Purchaser assumes all responsibility for qualifying the Certificates for offer and sale under the Blue Sky or other

* Preliminary; subject to change.

securities laws and regulations of the states and jurisdictions in which the Purchaser offers or sells the Certificates, including the payment of fees for such qualification. Under no circumstances may the Certificates be sold or offered for sale or any solicitation of an offer to buy the Certificates be made in any jurisdiction in which such sale, offer or solicitation would be unlawful under the securities laws of the jurisdiction.

No Litigation. The City will deliver a certificate stating that no litigation of any nature is pending, or to the knowledge of the officer of the City executing such certificate, threatened, restraining or enjoining the sale, execution or delivery of the Certificates or any part thereof, or the entering into or performance by the City under the Trust Agreement, Property Lease or Project Lease, contesting the ability of the City to actually appropriate for and pay the Rental Payments as required by the Project Lease, or concerning the validity of the Certificates or the corporate existence or the boundaries of the City, or the entitlement of any officers of the City who will execute the Certificates to their respective offices.

Right of Cancellation. The Purchaser will have the right, at its option, to cancel this contract if the City fails to execute the purchased Certificates and tender the same for delivery within 30 days from the sale date, and in such event the Purchaser will be entitled only to the return of the Good Faith Deposit, without interest thereon.

CUSIP Numbers. The Co-Municipal Advisors will timely apply for CUSIP numbers with respect to the Certificates as required by Municipal Securities Rulemaking Board's Rule G-34. The Purchaser will be responsible for the cost of assignment of such CUSIP numbers and any CUSIP Service Bureau charges related to the Certificates awarded to such Purchaser. The Purchaser shall also notify the CUSIP Service Bureau as to the final structure of the Certificates awarded to such Purchaser.

It is anticipated that CUSIP numbers will be printed on the Certificates, but neither the failure to print such numbers on any Certificate nor any error with respect thereto will constitute cause for a failure or refusal by the Purchaser of the Certificates to accept delivery of and pay for the Certificates in accordance with the terms of this Official Notice of Sale.

CUSIP is a registered trademark of American Bankers Association. CUSIP data is provided by CUSIP Global Services which is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. The City takes no responsibility for the accuracy of such CUSIP numbers. CUSIP numbers are provided only for the convenience of the Purchaser of the Certificates.

Expenses of the Purchaser. CUSIP Service Bureau charges, California Debt and Investment Advisory Commission fees (under California Government Code Section 8856), Depository Trust Company charges and all other expenses of the winning bidder will be the responsibility of the Purchaser. Pursuant to Section 8856 of the California Government Code, the Purchaser must pay to the California Debt and Investment Advisory Commission, within sixty (60) days from the sale date, the statutory fee for the Certificates purchased.

Official Statement. Copies of the Preliminary Official Statement with respect to the Certificates will be electronically transmitted to any potential bidder through [ImageMaster at www.munios.com] or upon request to the Co-Municipal Advisors. (The contact information for the Co-Municipal Advisors is set forth above in this Official Notice of Sale.) In accordance with Rule 15c2-12 of the Securities and Exchange Commission, as amended ("**Rule 15c2-12**"), the City deems the Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Certificates, the Purchaser of the Certificates will be furnished with a reasonable number of copies (not to exceed 20) of the final Official Statement, without charge, for distribution in connection with the resale of the Certificates. The Purchaser of the Certificates must notify the City in writing within two (2) business days of the sale of the Certificates if the Purchaser requires additional copies of the final Official Statement to comply with applicable regulations. The cost for such additional copies will be paid by the Purchaser requesting such copies.

By submitting a bid for the Certificates, the Purchaser of the Certificates agrees to: (1) disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements; (2) promptly file a copy of the final Official Statement, including any supplements, with the Municipal Securities Rulemaking Board; and (3) take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Certificates to the Purchaser, including, without limitation, the delivery of a final Official Statement, including any supplements, to each investor who purchases the Certificates.

The form and content of the final Official Statement is within the sole discretion of the City. The name of the Purchaser of the Certificates will not appear on the cover of the final Official Statement.

Certificate Regarding Official Statement. At the time of delivery of the Certificates, the Purchaser will receive a certificate, signed by an authorized representative of the City, confirming to the Purchaser that (i) such authorized representative has determined that, to the best of such authorized representative's knowledge and belief, the final Official Statement (excluding reoffering information, information relating to The Depository Trust Company and its book-entry system, as to which no view will be expressed) did not as of its date, and does not as of the date of Closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (ii) such authorized representative knows of no material adverse change in the condition or affairs of the City that would make it unreasonable for such Purchaser to rely upon the final Official Statement in connection with the resale of the Certificates, and (iii) the City authorizes the Purchaser to distribute copies of the final Official Statement in connection with the resale of the Certificates.

Purchaser Certificate Concerning Official Statement. As a condition of delivery of the Certificates, the Purchaser of the Certificates will be required to execute and deliver to the City, prior to the date of Closing, a certificate to the following effect:

(i) The Purchaser has provided to the City the initial reoffering prices or yields on the Certificates as printed in the final Official Statement, and the Purchaser has made

a bona fide offering of the Certificates to the public at the prices and yields so shown.

(ii) Although the Purchaser has not undertaken any responsibility for the contents of the final Official Statement, the Purchaser, in accordance with and as part of its responsibilities under the federal securities laws, has reviewed the information in the final Official Statement and has not notified the City of the need to modify or supplement the final Official Statement.

(iii) The foregoing statements will be true and correct as of the date of closing.

Continuing Disclosure. In order to assist the Purchaser in complying with Rule 15c2-12, the City will undertake, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information, operating data and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Except as otherwise disclosed in the Official Statement under the heading "CONTINUING DISCLOSURE," for the past five years, the City has been in compliance in all material respects with its continuing disclosure obligations under Rule 15c2-12.

Additional Information. Prospective bidders should read the entire Preliminary Official Statement, copies of which may be obtained in electronic form at [ImageMaster at www.munios.com] or electronically from the Co-Municipal Advisors.

Dated: _____,_____.

EXHIBIT A

[FORM OF ISSUE PRICE CERTIFICATE
(IF 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED)]

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE OFFICIAL NOTICE OF SALE)

$_____*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

UNDERWRITER'S CERTIFICATE

[-], **[**shortened name of lead underwriter**]** as underwriter ("Underwriter") for the certificates identified above (the "Certificates"), issued by the City and County of San Francisco (the "City"), based on its knowledge regarding the sale of the Certificates, certifies as of this date as follows:

(1) **Issue Price**.

(A) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by the Underwriter are the prices listed in the final Official Statement, dated **[-**], for the Certificates (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Certificates used by the Underwriter in formulating its bid to purchase the Certificates. Attached as Schedule A is a true and correct copy of the bid provided by the Underwriter to purchase the Certificates.

(B) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(C) The bid submitted by the Underwriter constituted a firm offer to purchase the Certificates.

(D) The aggregate of the Expected Offering Prices of each Maturity is $**[**-] (the "Issue Price").

(E) Definitions.

"Maturity" means Certificates of the Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

* Preliminary, subject to change.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is **[**DATE].

"Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

All capitalized terms not defined in this Certificate have the meaning set forth in the City's certificate of tax compliance or in Attachment A to it.

(2) **Yield.** The Yield on the Certificates is [-]%, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Certificates, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price of the Certificates as stated in paragraph (1) [and computed with the adjustments stated in paragraphs (5) and (6)].

(3) **Weighted Average Maturity.** The weighted average maturity (defined below) of the Certificates is [-] years and the remaining weighted average maturity of the Current Refunded Certificates is [-] years. The weighted average maturity of an issue is equal to the sum of the products of the issue price of each maturity of the issue and the number of years to the maturity date of the respective maturity (taking into account mandatory but not optional redemptions), divided by the issue price of the entire issue.

(4) **Underwriter's Discount**. The Underwriter's discount is $[-], being the amount by which the aggregate Issue Price (as set forth in paragraph (1)) exceeds the price paid by the Underwriter to the City for the Certificates.

[(5) **Discount Maturities Subject to Mandatory Early Redemption**. No Maturity that is subject to mandatory early redemption has a stated redemption price that exceeds the Expected Offering Price of such Maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of years to its weighted average maturity date.**]**

[Or]

[(5) **Discount Maturities Subject to Mandatory Early Redemption**. The stated redemption price at maturity of the Maturities that mature in the year**[**s**]** 20__, which Maturities are the only Maturities of the Certificates that are subject to mandatory early redemption **[revise as appropriate]**, exceeds the Expected Offering Price of such Maturities by more than

one-fourth of 1% multiplied by the product of the stated redemption price at maturity and the number of years to the weighted average maturity date of such Maturities. Accordingly, in computing the Yield on the Certificates stated in paragraph (2), those Maturities were treated as redeemed on each mandatory early redemption date at their present value rather than at their stated principal amount.**]**

[(6) **Premium Maturities Subject to Optional Redemption**. No Maturity of the Certificates:

- Is subject to optional redemption within five years of the Issuance Date of the Certificates.
- That is subject to optional redemption has an Expected Offering Price that exceeds its stated redemption price at maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of complete years to its first optional redemption date.**]**

[Or]

[(6) **Premium Maturities Subject to Optional Redemption**. The Maturities that mature in the year**[**s**]** 20[-] are the only Maturities that are subject to optional redemption before maturity and have an Expected Offering Price that exceeds their stated redemption price at maturity by more than one fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Certificates stated in paragraph (2), each such Maturity was treated as retired on its optional redemption date or at maturity to result in the lowest yield on that Maturity. No Maturity is subject to optional redemption within five years of the Issuance Date of the Certificates.**]**

[Or]

[(5) **No Discount or Premium Maturities**. No Maturity was sold at an original issue discount or premium.**]**

[(6 or 7) **No Stepped Coupon Maturities**. No Maturity bears interest at an increasing interest rate.

[Remainder of page intentional left blank]

The signer is an officer of the Underwriter and duly authorized to execute and deliver this Certificate of the Underwriter. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Squire Patton Boggs (US) LLP and Husch Blackwell LLP, as Co-Special Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Certificates.

Dated: [ISSUE DATE]

[[NAME OF UNDERWRITER]**]**

By:_____

Title:_____

SCHEDULE A

COPY OF [NAME OF UNDERWRITER]'S BID

(*Attached*)

EXHIBIT A

[FORM OF ISSUE PRICE CERTIFICATE
(IF THE SALE DOES NOT MEET THE REQUIREMENTS FOR THE COMPETITIVE SALE METHOD OF ESTABLISHING ISSUE PRICE)]

(TO BE DELIVERED BY THE PURCHASER AS DESCRIBED IN THE OFFICIAL NOTICE OF SALE)

$_____*[*]
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)

UNDERWRITER'S CERTIFICATE

[-] ("**[**shortened name of lead underwriter**]**"), as Underwriter for the certificates identified above (the "Certificates"), issued by the City and County of San Francisco (the "City"), based on its knowledge regarding the sale of the Certificates, certifies as of this date as follows:

(2) **Issue Price**.

[If the issue price is determined using only the general rule (actual sales of at least 10%) in Regulations § 1.148-1(f)(2)(i):

(A) As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in the final Official Statement, dated **[-]**, for the Certificates (the "Sale Price" as applicable to respective Maturities). The aggregate of the Sale Prices of each Maturity is $**[-]** (the "Issue Price").**]**

[If the issue price is determined using a combination of actual sales (Regulations § 1.148-1(f)(2)(i)) and hold-the-offering-price (Regulations § 1.148-1(f)(2)(ii)):

(A) As of the date of this certificate, for each Maturity listed on Schedule A as the "General Rule Maturities," the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A (the "Sale Price" as applicable to each Maturity of the General Rule Maturities).

(B) On or before the Sale Date, the Underwriter offered the Maturities listed on Schedule A as the "Hold-the-Offering-Price Maturities" to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices" as applicable to each Maturity of the Hold-the-Offering-Price Maturities). A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.

---

[*] Preliminary, subject to change.

(C) As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any portion of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

(D) The aggregate of the Sale Prices of the General Rule Maturities and the Initial Offering Prices of the Hold-the-Offering-Price Maturities is $**[-]** (the "Issue Price").**]**

[If the issue price is determined using only the hold-the-offering-price rule in Regulations § 1.148-1(f)(2)(ii):

(A) the Underwriter offered, on or before the Sale Date, each Maturity of the Certificates to the Public for purchase at the respective initial offering prices listed in the final Official Statement, dated **[-]**, for the Certificates (the "Initial Offering Prices"). A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule A. The aggregate of the Initial Offering Prices of each Maturity is $**[-]** (the "Issue Price").

(B) As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that, (i) for each Maturity of the Certificates, it would neither offer nor sell any portion of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Certificates at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.**]**

[(B),(E), or (C)**]** Definitions. **[NOTE:** If issue price is determined using only the general rule (actual sales of 10%), delete the definitions of "Holding Period" and "Sale Date."**]**

["Holding Period" means, for each Hold-the-Offering-Price Maturity of the Certificates, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (**[**DATE**]**), or (ii) the date on which the Underwriter has sold at least 10% of such Maturity of the Certificates to the Public at a price that is no higher than the Initial Offering Price for such Maturity.**]**

"Maturity" means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

["Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is **[**DATE**].]**

"Underwriter" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

All capitalized terms not defined in this Certificate have the meaning set forth in the City's Tax Compliance Certificate or in Attachment A to it.

(2) **Yield.** The Yield on the Certificates is [-]%, being the discount rate that, when used in computing the present worth of all payments of principal and interest to be paid on the Certificates, computed on the basis of a 360-day year and semi-annual compounding, produces an amount equal to the Issue Price of the Certificates as stated in paragraph (1) **[**and computed with the adjustments stated in paragraphs (5) and (6)**]**.

(3) **Weighted Average Maturity.** The weighted average maturity (defined below) of the Certificates is [-] years and the remaining weighted average maturity of the Current Refunded Certificates is [-] years. The weighted average maturity of an issue is equal to the sum of the products of the issue price of each maturity of the issue and the number of years to the maturity date of the respective maturity (taking into account mandatory but not optional redemptions), divided by the issue price of the entire issue.

(4) **Underwriter's Discount**. The Underwriter's discount is $[-], being the amount by which the aggregate Issue Price (as set forth in paragraph (1)) exceeds the price paid by the Underwriter to the City for the Certificates.

[(5) **Discount Maturities Subject to Mandatory Early Redemption**. No Maturity that is subject to mandatory early redemption has a stated redemption price that exceeds the Sale Price or Initial Offering Price, as applicable, of such Maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of years to its weighted average maturity date.**]**

[Or]

[(5) **Discount Maturities Subject to Mandatory Early Redemption**. The stated redemption price at maturity of the Maturities that mature in the year**[**s**]** 20__, which Maturities are the only Maturities of the Certificates that are subject to mandatory early redemption **[revise as appropriate]**, exceeds the Sale Price or Initial Offering Price, as applicable, of such Maturities by more than one-fourth of 1% multiplied by the product of the stated redemption price at maturity and the number of years to the weighted average maturity date of such Maturities. Accordingly, in computing the Yield on the Certificates stated in paragraph (2), those Maturities were treated as redeemed on each mandatory early redemption date at their present value rather than at their stated principal amount.**]**

[(6) **Premium Maturities Subject to Optional Redemption**. No Maturity:

- Is subject to optional redemption within five years of the Issuance Date of the Certificates.
- That is subject to optional redemption has an Initial Offering Price or Sale Price, as applicable, that exceeds its stated redemption price at maturity by more than one-fourth of 1% multiplied by the product of its stated redemption price at maturity and the number of complete years to its first optional redemption date.**]**

[Or]

[(6) **Premium Maturities Subject to Optional Redemption**. The Maturities that mature in the year**[**s**]** 20[-] are the only Maturities that are subject to optional redemption before maturity and have an Initial Offering Price or Sale Price, as applicable, that exceeds their stated redemption price at maturity by more than one fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Certificates stated in paragraph (2), each such Maturity was treated as retired on its optional redemption date or at maturity to result in the lowest yield on that Maturity. No Maturity is subject to optional redemption within five years of the Issuance Date of the Certificates.**]**

[Or]

[(5) **No Discount or Premium Maturities**. No Maturity was sold at an original issue discount or premium.**]**

[(6 or 7) **No Stepped Coupon Maturities**. No Maturity bears interest at an increasing interest rate.

[Remainder of page intentional left blank]

The signer is an officer of the Underwriter and duly authorized to execute and deliver this Certificate of the Underwriter. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by Squire Patton Boggs (US) LLP and Husch Blackwell LLP, as Co-Special Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Certificates.

Dated: [ISSUE DATE]

[NAME OF UNDERWRITER**]**

By:_____

Title:_____

[EITHER]

[If the issue price is determined using a combination of the general rule (actual sales) and hold-the-offering-price rule:

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(*Attached*)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)**]**

[OR]

[If the issue price is determined using only the hold-the-offering-price rule in Regulations § 1.148-1(f)(2)(ii):

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)**]**

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

PRELIMINARY OFFICIAL STATEMENT DATED [_____]

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: **Moody's: "[____]"**
S&P: "[____]"
Fitch: "[____]"
(See "RATINGS" herein)

In the opinion of Squire Patton Boggs (US) LLP and Husch Blackwell LLP, as Co-Special Counsel, under existing law, assuming continuing compliance with certain covenants and the accuracy of certain representations, (i) interest on the 2023A Certificates is not excluded from gross income for federal income tax purposes; (ii) interest on the 2023-R1 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Certificates is exempt from State of California personal income taxes. Interest on the Certificates may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$[2023A Par]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2023A
(AFFORDABLE HOUSING AND COMMUNITY FACILITIES PROJECTS)
(FEDERALLY TAXABLE)

$[2023-R1 Par]*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES OF PARTICIPATION
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

evidencing proportionate interests of the Owners thereof in a Project Lease, including the right to receive Base Rental payments to be made by the CITY AND COUNTY OF SAN FRANCISCO

Dated: Date of Delivery **Due: [April] 1, as shown on the inside cover**

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

The City and County of San Francisco Certificates of Participation, Series 2023A (Affordable Housing and Community Facilities Projects) (Federally Taxable) (the "2023A Certificates") will be sold to provide funds to: (i) finance and refinance certain capital improvement, affordable housing and community facilities projects within the City and County of San Francisco (the "City"), as further described herein, including through the retirement of certain commercial paper notes of the City issued for such purposes, (ii) [fund a debt service reserve account for the 2023A Certificates], and (iii) pay costs of execution and delivery of the 2023A Certificates. The City and County of San Francisco Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects) (Tax-Exempt) (the "2023-R1 Certificates," and, together with the 2023A Certificates, the "Certificates") will be sold to provide funds to: (i) prepay certain outstanding certificates of participation of the City, as further described herein (collectively, the "Prepaid Certificates"), (ii) [fund a debt service reserve account for the 2023-R1 Certificates], and (iii) pay costs of execution and delivery of the 2023-R1 Certificates and the prepayment of the Prepaid Certificates. See "PLAN OF FINANCE AND PREPAYMENT" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2023A Certificates and the 2023-R1 Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2009, as previously supplemented and amended and to be supplemented and amended by the [_____] Supplement to Trust Agreement, to be dated as of [Month 1], 2023 and the [_____] Supplement to Trust Agreement, to be dated as of [Month 1], 2023 (as supplemented and amended, the "Trust Agreement"), respectively, by and between the City and U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association (in such capacity, the "Trustee"), and in accordance with the Charter of the City (the "Charter"). See "THE CERTIFICATES – Authority for Execution and Delivery." The 2023A Certificates and the 2023-R1 Certificates evidence the principal and interest components of the Base Rental payable by the City pursuant to a Project Lease, dated as of May 1, 2009, as previously supplemented and amended and to be supplemented and amended by that certain [_____] Supplement to Project Lease, to be dated as of [Month 1], 2023 and relating to the 2023A Certificates, and the [_____] Supplement to Project Lease, to be dated as of [Month 1], 2023 and relating to the 2023-R1 Certificates (as so supplemented and amended, the "Project Lease"), by and between the Trustee, as lessor, and the City, as lessee. The City has covenanted in the Project Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental payments in its annual budget and to make necessary annual appropriations therefor. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Covenant to Budget." The obligation of the City to pay Base Rental is in consideration for the use and occupancy of the site and facilities subject to the Project Lease (as further described herein, the "Leased Property"), and such obligation may be abated in whole or in part if there is substantial interference with the City's use and occupancy of the Leased Property. See "CERTAIN RISK FACTORS – Abatement." The Leased Property will generally consist of the site and facilities of (i) certain portions of the City's Laguna Honda Hospital and (ii) the San Bruno Complex, each as further described herein. [Subject to market conditions and the prepayment of the 2015-R1 Certificates (as defined herein), the City may add the [One South Van Ness Avenue Building] (as defined herein) to the Leased Property upon the execution and delivery of the Certificates.] See "THE LEASED PROPERTY" herein.

The Certificates will be delivered in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Certificates will be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Principal and interest with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit such payments to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES – Form and Registration." Interest evidenced and represented by the Certificates is payable on [April] 1 and [October] 1 of each year, commencing [_____]. Principal will be paid as shown on the inside cover hereof. See "THE CERTIFICATES – Payment of Principal and Interest."

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – Prepayment of the Certificates."

* Preliminary, subject to change.

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

PRELIMINARY OFFICIAL STATEMENT DATED [_____]

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS UNDER THE PROJECT LEASE DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL OR ADDITIONAL RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE CITY SHALL BE OBLIGATED TO MAKE BASE RENTAL PAYMENTS SUBJECT TO THE TERMS OF THE PROJECT LEASE AND NEITHER THE CITY NOR ANY OF ITS OFFICERS SHALL INCUR ANY LIABILITY OR ANY OTHER OBLIGATION WITH RESPECT TO THE EXECUTION AND DELIVERY OF THE CERTIFICATES. SEE "CERTAIN RISK FACTORS."

BIDS FOR THE PURCHASE OF THE 2023A CERTIFICATES WILL BE RECEIVED BY THE CITY AT [_____] A.M. PACIFIC TIME ON [_____], 2023, AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED [_____], 2023, UNLESS POSTPONED AS SET FORTH IN SUCH OFFICIAL NOTICE OF SALE. BIDS FOR THE PURCHASE OF THE 2023-R1 CERTIFICATES WILL BE RECEIVED BY THE CITY AT [_____] A.M. PACIFIC TIME ON [_____], 2023, AS PROVIDED IN THE OFFICIAL NOTICE OF SALE INVITING BIDS DATED [_____], 2023, UNLESS POSTPONED AS SET FORTH IN SUCH OFFICIAL NOTICE OF SALE. See "SALE OF THE CERTIFICATES" herein.

MATURITY SCHEDULE

(See inside cover)

The Certificates are offered when, as and if executed and received by the purchaser of the Certificates, subject to the approval of the validity of the Project Lease by Squire Patton Boggs (US) LLP, San Francisco, California and Husch Blackwell LLP, Oakland, California, Co-Special Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California and Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, Co-Disclosure Counsel. It is expected that the 2023A Certificates and the 2023-R1 Certificates in book-entry form will be available for delivery through DTC on or about [_____], 2023 and [_____], 2023, respectively.

Dated: [_____], 2023.

$[2023A Par]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2023A
(AFFORDABLE HOUSING AND COMMUNITY FACILITIES PROJECTS)
(FEDERALLY TAXABLE)

MATURITY SCHEDULE

(Base CUSIP[1] Number: 79765D)

Certificate Payment Date ([April] 1)	Principal Amount	Interest Rate	Price/Yield[2]	CUSIP[1] Suffix

$_____ ____% Term Certificates due [April] 1, ____ – Price/Yield[2]_____% CUSIP[1] Number: _____

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* Preliminary, subject to change.

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2 Reoffering prices/yields furnished by the purchaser of the Certificates. The City takes no responsibility for the accuracy thereof.

$[2023-R1 Par]*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES
OF PARTICIPATION
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

MATURITY SCHEDULE

(Base CUSIP[1] Number: 79765D)

Certificate Payment Date ([April] 1)	Principal Amount	Interest Rate	Price/Yield[2]	CUSIP[1] Suffix

$_____ ____% Term Certificates due [April] 1, ____ – Price/Yield[2]_____% CUSIP[1] Number: _____

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* Preliminary, subject to change.

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2 Reoffering prices/yields furnished by the purchaser of the Certificates. The City takes no responsibility for the accuracy thereof.

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

This Official Statement is not to be construed as a contract with the purchaser or purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein, other than that provided by the City, has been obtained from sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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

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

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

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

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

CITY AND COUNTY OF SAN FRANCISCO

MAYOR

London N. Breed

BOARD OF SUPERVISORS

Aaron Peskin, *Board President, District 3*

Connie Chan, *District 1*
Catherine Stefani, *District 2*
Joel Engardio, *District 4*
Dean Preston, *District 5*
Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Rafael Mandelman, *District 8*
Hillary Ronen, *District 9*
Shamann Walton, *District 10*
Ahsha Safai, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

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

PROFESSIONAL SERVICES

Co-Special Counsel

Squire Patton Boggs (US) LLP
San Francisco, California

Husch Blackwell LLP
Oakland, California

Co-Municipal Advisors

KNN Public Finance, LLC
Berkeley, California

NHA Advisors, LLC
San Rafael, California

Co-Disclosure Counsel

Hawkins Delafield & Wood LLP
San Francisco, California

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

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

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OFFICIAL STATEMENT

$[2023A Par]*
CITY AND COUNTY OF SAN FRANCISCO
CERTIFICATES OF PARTICIPATION
SERIES 2023A
(AFFORDABLE HOUSING AND COMMUNITY FACILITIES PROJECTS)
(FEDERALLY TAXABLE)

$[2023-R1 Par]*
CITY AND COUNTY OF SAN FRANCISCO
REFUNDING CERTIFICATES
OF PARTICIPATION
SERIES 2023-R1
(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)
(TAX-EXEMPT)

evidencing proportionate interests of the Owners thereof in a Project Lease, including the right to receive Base Rental payments to be made by the
CITY AND COUNTY OF SAN FRANCISCO

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the offering by the City and County of San Francisco (the "City") of its City and County of San Francisco Certificates of Participation, Series 2023A (Affordable Housing and Community Facilities Projects) (Federally Taxable) (the "2023A Certificates") and its City and County of San Francisco Refunding Certificates of Participation, Series 2023-R1 (Multiple Capital Improvement Projects) (Tax-Exempt) (the "2023-R1 Certificates," and together with the 2023A Certificates, the "Certificates"). Any capitalized term not defined herein will have the meaning given to such term in APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Definitions." The references to any legal documents, instruments and the Certificates in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each such document for complete details of all terms and conditions.

This Introduction is designed to give an overview of the transaction and serve as a guide to the contents of this Official Statement.

Overview of the Transaction. The City, exercising its Charter powers to convey and lease property for City purposes, has conveyed the Leased Property (as defined hereafter) to U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association (in such capacity, the "Trustee") under the Property Lease, dated as of May 1, 2009 (the "Original Property Lease"), by and between the City, as lessor, and the Trustee, as lessee, as previously supplemented and amended and to be supplemented and amended by that certain [_____] Supplement to Property Lease, to be dated as of [Month 1], 2023 and relating to the 2023A Certificates (the "[_____] Supplement to Property Lease") and the [_____] Supplement to Property Lease, to be dated as of [Month] 1, 2023 and relating to the 2023-R1 Certificates (the "[_____] Supplement to Property Lease") (as so supplemented and amended, the "Property Lease"), at a nominal annual rent. The Trustee has leased the Leased Property back to the City for the City's use under the Project Lease (the "Original Project Lease"), dated as of May 1, 2009, by and between the Trustee, as lessor, and the City, as lessee, as previously supplemented and amended and to be supplemented and amended by that certain [_____] Supplement to Project Lease, to be dated as of [Month 1], 2023 and relating to the 2023A Certificates (the "[_____] Supplement to Project Lease") and the [_____] Supplement to Project Lease, to be dated as of [Month 1], 2023 and relating to the 2023-R1 Certificates (the "[_____] Supplement to Project Lease") (as so supplemented and amended, the "Project Lease").

The Leased Property will generally consist of the site and facilities of (i) certain portions of the City's Laguna Honda Hospital (including the South Residence building, the North Residence building and the Pavilion building) and (ii) the San Bruno Complex, each as further described herein. [Subject to market

* Preliminary, subject to change.

conditions and the prepayment of the 2015-R1 Certificates (as defined herein), the City may add the One South Van Ness Avenue Property (as defined herein) to the Leased Property upon the execution and delivery of the Certificates.] See "THE LEASED PROPERTY." The City will be obligated under the Project Lease to pay Base Rental payments and other payments to the Trustee each year during the term of the Project Lease (subject to certain conditions under which Base Rental may be "abated" as discussed herein). Each payment of Base Rental will consist of principal and interest components, and when received by the Trustee in each rental period, will be deposited in trust for payment of the Certificates. The Trustee will create the "certificates of participation" in the Project Lease, representing proportional interests in the principal and interest components of the Base Rental payments it will receive from the City. The Trustee will apply the Base Rental payments it receives to pay principal and interest with respect to each Certificate when due according to the Trust Agreement (the "Original Trust Agreement"), dated as of May 1, 2009, by and between the City and the Trustee, as previously supplemented and amended and to be supplemented and amended by that certain [_____] Supplement to Trust Agreement, to be dated as of [Month 1], 2023 and relating to the 2023A Certificates (the "[_____] Supplement to Trust Agreement") and the [_____] Supplement to Trust Agreement, to be dated as of [Month] 1, 2023 and relating to the 2023-R1 Certificates (the "[_____] Supplement to Trust Agreement") (as so supplemented and amended, the "Trust Agreement"), which governs the security and terms of payment of the Certificates.

The money received from the sale of the 2023A Certificates will be applied by the Trustee, at the City's direction, to (i) finance and refinance certain capital improvement, affordable housing and community facilities projects within the City, as further described herein, including through the retirement of certain commercial paper notes of the City issued for such purposes, (ii) [fund the 2023A Reserve Account of the Reserve Fund established for the 2023A Certificates under the Trust Agreement], and (iii) pay costs of execution and delivery of the 2023A Certificates. The money received from the sale of the 2023-R1 Certificates will be applied by the Trustee, at the City's direction, to (i) prepay certain outstanding obligations of the City, as further described herein (collectively, the "Prepaid Certificates"), (ii) [fund the 2023-R1 Reserve Account of the Reserve Fund established for the 2023-R1 Certificates under the Trust Agreement], and (iii) pay costs of execution and delivery of the 2023-R1 Certificates and the prepayment of the Prepaid Certificates. See "PLAN OF FINANCE AND PREPAYMENT" herein.

The Certificates will be delivered as Additional Certificates under the Trust Agreement and will be secured by Base Rental payments relating to the Leased Property on a parity basis with certain outstanding certificates of participation of the City (as further described herein, the "Prior Parity Certificates"). As of the date hereof, the Prior Parity Certificates consist of the following certificates of participation of the City: (i) all of the $42,835,000 City and County of San Francisco Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects) (the "2012A Certificates"), currently outstanding in the aggregate principal amount of $_____, (ii) all of the $116,460,000 City and County of San Francisco Refunding Certificates of Participation Series 2019-R1 (Multiple Capital Improvement Projects) (the "2019-R1 Certificates"), currently outstanding in the aggregate principal amount of $[92,615,000], (iii) all of the $70,640,000 City and County of San Francisco Refunding Certificates of Participation Series 2020-R1 (Multiple Capital Improvement Projects) (the "2020-R1 Certificates"), currently outstanding in the aggregate principal amount of $[62,785,000], and (iv) all of the $76,020,000 City and County of San Francisco Certificates of Participation Series 2021A (Multiple Capital Improvement Projects) (the "2021A Certificates"), currently outstanding in the aggregate principal amount of $[76,020,000]. Depending on market conditions at the time of pricing of the 2023-R1 Certificates, the 2012A Certificates may be prepaid using a portion of the proceeds of the 2023-R1 Certificates and such 2012A Certificates will be part of the Prepaid Certificates. See "PLAN OF FINANCE AND PREPAYMENT" and "CERTIFICATE PAYMENT SCHEDULE" herein.

As of the date hereof, the City has authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City. Under these existing authorizations, $[_____] remains unissued. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Parity Obligations." The City may decide not to execute and deliver the Additional

Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

Guide to this Official Statement. The Project and the Leased Property are described herein in the section "THE LEASED PROPERTY." The application of the proceeds of sale of the Certificates is described in the sections "PLAN OF FINANCE AND PREPAYMENT" and "ESTIMATED SOURCES AND USES OF FUNDS." The terms of the Certificates and repayment thereof and security for the Certificates are described in the sections "THE CERTIFICATES," "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES," and other sections in the front portion of this Official Statement. Current information about the City, its finances and its governance is provided in APPENDIX A. The City's most recent annual comprehensive financial report appears in APPENDIX B. A summary of the Project Lease, the Property Lease, and the Trust Agreement are provided in APPENDIX C.

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

Quotations from and summaries and explanations of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, the Ordinances (as defined herein) providing for the execution and delivery of the Certificates, other legal documents and provisions of the constitution and statutes of the State of California (the "State"), the City's Charter and ordinances, and other documents described herein, do not purport to be complete, and reference is made to said laws and documents for the complete provisions thereof. Copies of those documents and information concerning the Certificates are available from the City through the Office of Public Finance, 1 Dr. Carlton B. Goodlett Place, Room 338, San Francisco, CA 94102-4682. Reference is made herein to various other documents, reports, websites and other materials which were either prepared by parties other than the City, or were not prepared, reviewed and approved by the City with a view towards making an offering of public securities, and, therefore, such materials are not incorporated herein by such references and are not deemed a part of this Official Statement.

THE CITY AND COUNTY OF SAN FRANCISCO

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the Napa-Sonoma wine country is about an hour's drive to the north. The City estimates the City's population in fiscal year 2021-22 was 804,534.

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

The COVID-19 pandemic is a significant development that has materially adversely affected the City's finances and outlook. Many aspects of the City's future finances and operations and the local economy have been and are expected to continue to be materially adversely impacted by the COVID-19 pandemic. Accordingly, any historical information or budgets and projections described in this Official Statement,

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

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

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

The City benefits from a highly skilled, educated and professional labor force. The City estimates the per-capita personal income of the City for fiscal year 2021-22 was $170,483. The San Francisco Unified School District ("SFUSD"), which is a separate legal entity from the City, operates 73 elementary schools, 13 middle schools, 17 high schools, 47 early education schools, and 3 County and Court schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law (soon to be renamed as UC College of the Law, San Francisco), the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the San Francisco Conservatory of Music, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County, is owned by the City and is operated by the San Francisco Airport Commission (the "Airport Commission"), and is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific Rim traffic. As discussed above, the COVID-19 pandemic has significantly adversely impacted tourism and travel in the San Francisco Bay Area. In fiscal year 2021-22, SFO served approximately 34.9 million passengers (compared to approximately 13.7 million passengers in fiscal year 2020-21, 40.5 million passengers in fiscal year 2019-20 and 57 million passengers in fiscal year 2018-19) and handled 545,335 metric tons of cargo (compared to 471,793 metric tons in fiscal year 2020-21, 490,073 metric tons in fiscal year 2019-20 and 564,485 metric tons in fiscal year 2018-19). The City is also served by the Bay Area Rapid Transit District ("BART," an electric rail commuter service linking the City

with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway ("Muni"), operated by the San Francisco Municipal Transportation Agency ("SFMTA"), provides bus and streetcar service within the City (investors should note that since fiscal year 2019-20, telecommuting resulting from emergency stay-at-home orders caused ridership into and within the City to decline significantly compared to pre-pandemic levels (see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Commuting Pattern Changes")). The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities, and natural resource protection.

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

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

THE CERTIFICATES

Authority for Execution and Delivery

The Certificates will be executed and delivered pursuant to the Trust Agreement. Each Certificate will represent a proportionate interest in the right of the Trustee to receive Base Rental payments (comprising principal and interest components) payable by the City pursuant to the Project Lease. The City will be obligated under the Project Lease to pay the Base Rental in consideration for its use and occupancy of the Leased Property. The Leased Property will be leased by the City to the Trustee pursuant to the Property Lease.

The Original Trust Agreement, the Original Property Lease, and the Original Project Lease were approved by the Board of Supervisors of the City by its Resolution No. 351-08, adopted on July 29, 2008 and signed by the Mayor on August 5, 2008. The [_____] Supplement to Trust Agreement, the [_____] Supplement to Property Lease and the [_____] Supplement to Project Lease relating to the 2023A Certificates were approved by the Board of Supervisors of the City by its Ordinance No. [_____], adopted on [_____] and signed by the Mayor on [_____] (the "2023A Ordinance"). The [_____] Supplement to Trust Agreement, the [_____] Supplement to Property Lease and the [_____] Supplement to Project Lease relating to the 2023-R1 Certificates were approved by the Board of Supervisors of the City by its Ordinance No. [_____], adopted on [_____] and signed by the Mayor on [_____] (the "2023-R1 Ordinance," and together with the 2023A Ordinance, the "Ordinances"). The 2023A Ordinance authorized the execution and delivery of up to $[_____] aggregate principal amount of Additional Certificates under the Trust

Agreement, including the 2023A Certificates. The 2023-R1 Ordinance authorized the execution and delivery of up to $[_____] aggregate principal amount of Additional Certificates under the Trust Agreement, including the 2023-R1 Certificates. Under Section 9.108 of the Charter of the City, the City is authorized to enter into lease-financing agreements with a public agency or nonprofit corporation only with the assent of the majority of the voters voting upon a proposition for the purpose. The lease-financing arrangements with the Trustee for the Certificates do not fall under this provision, because the Trustee is neither a public agency nor a nonprofit corporation. The City has obtained a judgment in the Superior Court for the City and County of San Francisco validating the Original Project Lease, the Original Property Lease, the Original Trust Agreement and certain other matters. No judicial validation action has been pursued or is expected to be pursued with respect to the validity of the [_____] Supplement to Project Lease, the [_____] Supplement to Property Lease, the [_____] Supplement to Trust Agreement, the [_____] Supplement to Project Lease, the [_____] Supplement to Property Lease, or the [_____] Supplement to Trust Agreement. See "VALIDATION ACTION" herein.

Payment of Principal and Interest

The principal evidenced and represented by the Certificates will be payable on [April] 1 of each year shown on the inside cover hereof, or upon prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental payments designated as principal components coming due on each [April] 1 of each such year. Payment of the principal and premium, if any, of the Certificates upon prepayment or on the Certificate Payment Date will be made upon presentation and surrender of such Certificates at the Principal Office of the Trustee. Principal and premium will be payable in lawful money of the United States of America.

Interest evidenced and represented by the Certificates will be payable on [April] 1 and [October] 1 of each year, commencing on [_____] (each, an "Interest Payment Date") and continuing to and including their Certificate Payment Dates or on prepayment prior thereto, and will evidence and represent the sum of the portions of the Base Rental payments designated as interest components coming due on or prior to each of such dates in each year. Interest with respect to the Certificates will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest evidenced and represented by each Certificate will accrue from the Interest Payment Date next preceding the date of execution and delivery thereof, unless (i) it is executed after a Regular Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest represented thereby will be payable from such Interest Payment Date; or (ii) it is executed prior to the close of business on the first Regular Record Date, in which event interest represented thereby will be payable from the date of delivery; provided, however, that if at the time of execution of any Certificate interest thereon is in default, such interest will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the date of delivery.

Interest evidenced and represented by the Certificates will be payable in lawful money of the United States of America. Payments of interest represented by the Certificates will be made on each Interest Payment Date by check of the Trustee sent by first-class mail, postage prepaid, or by wire transfer to any Owner of $1,000,000 or more of Certificates to the account in the United States of America specified by such Owner in a written request delivered to the Trustee on or prior to the Regular Record Date for such Interest Payment Date, to the Owner thereof on the Regular Record Date; provided, however, that payments of defaulted interest will be payable to the person in whose name such Certificate is registered at the close of business on a special record date fixed therefor by the Trustee, which will not be more than 15 days and not less than 10 days prior to the date of the proposed payment of defaulted interest.

Form and Registration

The Certificates will be executed and delivered in the aggregate principal amount shown on the cover hereof.

The Certificates will be delivered in fully registered form, dated their date of delivery, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only in the principal amount of $5,000 or any integral multiple thereof. Principal and interest evidenced and represented by the Certificates will be paid by the Trustee to DTC which will in turn remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. Beneficial owners of the Certificates will not receive physical certificates representing their interest in the Certificates. For further information concerning the Book-Entry Only System, see APPENDIX E: "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Prepayment of the Certificates*

Optional Prepayment

The 2023A Certificates with a Certificate Payment Date on or before [April] 1, 20[__] will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The 2023A Certificates with a Certificate Payment Date on or after [April] 1, 20[__] are subject to prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date on or after [April] 1, 20[__], at the option of the City, in the event the City exercises its option under the Project Lease to prepay the principal component of the Base Rental payments, at a prepayment price equal to 100% of the principal amount represented by the 2023A Certificates to be prepaid plus accrued interest to the date fixed for prepayment, without premium.

The 2023-R1 Certificates with a Certificate Payment Date on or before [April] 1, 20[__] will not be subject to optional prepayment prior to their respective stated Certificate Payment Dates. The 2023-R1 Certificates with a Certificate Payment Date on or after [April] 1, 20[__] are subject to prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date on or after [April] 1, 20[__], at the option of the City, in the event the City exercises its option under the Project Lease to prepay the principal component of the Base Rental payments, at a prepayment price equal to 100% of the principal amount represented by the 2023-R1 Certificates to be prepaid plus accrued interest to the date fixed for prepayment, without premium.

Special Mandatory Prepayment

The Certificates will be subject to mandatory prepayment prior to their respective Certificate Payment Dates, in whole or in part on any date, at a Prepayment Price equal to the principal amount thereof (plus accrued but unpaid interest to the prepayment date), without premium, from amounts deposited in the Base Rental Fund pursuant to the Trust Agreement following an event of damage, destruction or condemnation of the Leased Property or any portion thereof or loss of the use or possession of the Leased Property or any portion thereof due to a title defect. Such mandatory prepayment of Base Rental will be applied pro rata among all certificates of participation outstanding under the Trust Agreement, including the Certificates.

Mandatory Sinking Account Installment Prepayment

The 2023A Certificates with a Certificate Payment Date of [April] 1, 20__ are subject to sinking account installment prepayment prior to their stated final Certificate Payment Date, in part, by lot, from scheduled payments of the principal component of Base Rental payments, at the principal amount thereof, plus accrued interest to the prepayment date, without premium, on [April] 1 in each of the years and in the amounts set forth below:

* Preliminary, subject to change.

Sinking Account Payment Date ([April] 1)	Sinking Account Installment Amount
†	

† Certificate Payment Date.

The 2023-R1 Certificates with a Certificate Payment Date of [April] 1, 20__ are subject to sinking account installment prepayment prior to their stated final Certificate Payment Date, in part, by lot, from scheduled payments of the principal component of Base Rental payments, at the principal amount thereof, plus accrued interest to the prepayment date, without premium, on [April] 1 in each of the years and in the amounts set forth below:

Sinking Account Payment Date ([April] 1)	Sinking Account Installment Amount
†	

† Certificate Payment Date.

Selection of Certificates for Prepayment

Whenever provision is made in the Trust Agreement for the prepayment of Certificates (other than from Sinking Account Installments) and less than all of the Outstanding Certificates are to be prepaid, the City will direct the principal amount of the Certificates scheduled to be paid on each Certificate Payment Date to be prepaid. Within a maturity, the Trustee, with the consent of the City, will select Certificates for prepayment by lot in any manner that the Trustee in its sole discretion deems fair and appropriate; provided, however, that the portion of any Certificate to be prepaid will be in Authorized Denominations and all Certificates to remain Outstanding after any prepayment in part will be in Authorized Denominations.

Notice of Prepayment

Notice of prepayment will be given to the respective Owners of Certificates designated for prepayment by Electronic Notice or first-class mail, postage prepaid, at least 30 but not more than 45 days before any prepayment date, at their addresses appearing on the registration books maintained by the Trustee; provided, however, that so long as the DTC book-entry only system is used for any Certificates, notice with respect thereto will be given to DTC, as nominee of the registered Owner, in accordance with its operational requirements. Notice will also be given as required by the Continuing Disclosure Certificate. See "CONTINUING DISCLOSURE" herein.

Each notice of prepayment will specify: (i) the Certificates or designated portions thereof (in the case of prepayment of the Certificates in part but not in whole) which are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, including the name and address of the Trustee, (iv) the prepayment price, (v) the CUSIP numbers (if any) assigned to the Certificates to be prepaid, (vi) the Certificate numbers of the Certificates to be prepaid in whole or in part and, in the case of any Certificate to be prepaid in part only, the amount of such Certificate to be prepaid, and (vii) the original issue date and stated Certificate Payment Date of each Certificate to be prepaid in whole or in part. Such Prepayment Notice will

further state that on the specified date there will become due and payable with respect to each Certificate or portion thereof being prepaid the prepayment price, together with interest represented thereby accrued but unpaid to the prepayment date, and that from and after such date, if sufficient funds are available for prepayment, interest with respect thereto will cease to accrue and be payable. Neither failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such prepayment.

Conditional Notice of Prepayment; Cancellation of Optional Prepayment

The City may provide a conditional notice of prepayment and such notice will specify its conditional status.

If the Certificates are subject to optional prepayment, and the Trustee does not have on deposit moneys sufficient to prepay the principal, plus the applicable premium, if any, represented by the Certificates proposed to be prepaid on the date fixed for prepayment, and interest with respect thereto, on or prior to such date, the prepayment will be canceled, and in such case, the City, the Trustee and the Owners will be restored to their former positions and rights under the Trust Agreement. Such a cancellation of an optional prepayment at the election of the City will not constitute a default under the Trust Agreement, and the Trustee and the City will have no liability from such cancellation. In the event of such cancellation, the Trustee will send notice of such cancellation to the Owners in the same manner as the related notice of prepayment. Neither the failure to receive such cancellation notice nor any defect therein will affect the sufficiency of such cancellation.

In the event the City gives notice to the Trustee of its intention to exercise its prepayment option, but fails to deposit with the Trustee on or prior to the prepayment date an amount equal to the prepayment price, the City will continue to pay the Base Rental payments as if no such notice had been given.

Purchase of Certificates

Unless expressly provided otherwise in the Trust Agreement, money held in the Base Rental Fund under the Trust Agreement in respect of principal may be used to reimburse the City for the purchase of Certificates that would otherwise be subject to prepayment from such moneys upon the delivery of such Certificates to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select Certificates for prepayment. The purchase price of any Certificates purchased by the City under the Trust Agreement shall not exceed the applicable prepayment price of the Certificates that would be prepaid but for the operation of provisions of the Trust Agreement as described in this paragraph. Any such purchase must be completed prior to the time notice would otherwise be required to be given to prepay such Certificates. All Certificates so purchased shall be surrendered to the Trustee for cancellation and applied as a credit against the obligation to prepay such Certificates from such moneys.

PLAN OF FINANCE AND PREPAYMENT

The Certificates are being delivered as Additional Certificates under the Trust Agreement and will be secured by Base Rental payments relating to the Leased Property on a parity basis with all of the currently outstanding Prior Parity Certificates.

Plan of Finance

The City plans to use the proceeds of the 2023A Certificates to finance and refinance, including through the retirement of certain commercial paper notes of the City issued for these purposes, certain capital improvement, affordable housing and community facilities development projects within the City, including site acquisition, demolition and site preparation, design work, construction, repairs, renovations, improvements and the equipment of such facilities (collectively, the “Project”).

Plan of Prepayment*

The City plans to use a portion of the proceeds of the 2023-R1 Certificates to prepay the following outstanding obligations of the City (collectively, the "Prepaid Certificates"). The Prepaid Certificates, if any, will be determined based on market conditions and at the City's discretion at the time of pricing of the 2023-R1 Certificates.

Name of Issue	Amount Outstanding	Amount to be Prepaid	Prepayment Date
Certificates of Participation, Series 2012A (Multiple Capital Improvement Projects)			
Refunding Certificates of Participation, Series 2014-R2 (Juvenile Hall Project)			
Certificates of Participation, Series 2015A (Tax Exempt) (War Memorial Veterans Building Seismic Upgrade and Improvements)			
Refunding Certificates of Participation, Series 2015-R1 (City Office Buildings – Multiple Properties Project) (the "2015-R1 Certificates")			

Proceeds from the sale of the Prepaid Certificates were used to finance or refinance certain capital projects of the City, including but not limited to street improvements, seismic improvements to City-owned buildings, and the acquisition or improvements to certain courthouses, a juvenile hall and other City buildings. [The prepayment in full of the 2015-R1 Certificates would cause the One South Van Ness Avenue Property to vest in the City and enable the City to add the One South Van Ness Avenue Property as a Leased Property under the Project Lease.]

[A portion of the proceeds of the 2023-R1 Certificates, together with certain other available moneys, will be deposited with [Escrow Agent], as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement (the "Escrow Agreement") to be executed and delivered by the City and the Escrow Agent. The amounts deposited with the Escrow Agent under the Escrow Agreement will be sufficient, together with investment earnings thereon, to pay the principal of and accrued interest on the [2015-R1 Certificates] to the applicable prepayment dates or through the applicable maturity dates. See also "VERIFICATION OF MATHEMATICAL COMPUTATIONS."]

THE LEASED PROPERTY

[To be reviewed and updated.]

Upon the execution of the [_____] Supplement to Property Lease, the [_____] Supplement to Project Lease, the [_____] Supplement to Property Lease and the [_____] Supplement to Project Lease, the Leased Property will generally consist of the site and facilities of: (i) the Pavilion building (formerly known as the Link building), the North Residence building (formerly known as the East Residence building) and the South Residence building on the campus of Laguna Honda Hospital, together with certain limited rights of ingress and egress and appurtenant rights (collectively, the "Laguna Honda Hospital Portion" of the Leased Property), and (ii) that certain jail facility of the City located in San Bruno, California (the "San Bruno Complex"). [Subject to market conditions at the time of pricing of the 2023-R1 Certificates and the prepayment of the 2015-R1 Certificates, the City may decide to add the City's property located at One South Van Ness Avenue, San Francisco, California (the "One South Van Ness Avenue Property") as a Leased Property under the Project Lease upon the execution and delivery of the Certificates.]

* Preliminary, subject to change.

[*Laguna Honda Hospital Portion*. Laguna Honda Hospital was established in 1866 as an almshouse for the City's poor and homeless. Laguna Honda Hospital is currently located at 375 Laguna Honda Boulevard in the City, and is operated by the City's Department of Public Health. In 2009, the City completed its Laguna Honda Hospital Replacement Program which included the construction of the Pavilion building, the North Residence building and the South Residence building. Together, these three buildings provide approximately 780 residents with long-term care regardless of their ability to pay, including skilled nursing, AIDS-related services, dementia services, hospice, rehabilitation and acute care. The City also provides adult day health care and senior nutrition programs through these facilities. The 62-acre Laguna Honda Hospital site is on property owned by the City and located on the western slopes of Twin Peaks, near the geographic center of the City, and the Laguna Honda Hospital Portion of the Leased Property represents only a portion of such site.

The Pavilion building is a 148,039-square foot, four-story building, housing offices, clinics and the mezzanine and space for other associated support activities of Laguna Honda Hospital. The Pavilion building is designed to accommodate 60 beds on one of its floors. The North Residence building is a 208,377-square foot, six-story building serving as hospital facilities. The North Residence building is designed to accommodate 420 beds on six floors. The South Residence building is a 156,993-square foot, six-story building serving as hospital facilities. The South Residence building is designed to accommodate 300 beds on five of its floors.

[In March 2022, the City received notice from the Centers for Medicare and Medicaid Services ("CMS"), an agency within the federal Department of Health & Human Services, that CMS was terminating its contract with the City for Medicare and Medicaid reimbursements for patients at Laguna Honda Hospital. The City is involved in various administrative proceedings and lawsuits challenging the termination of this contract. The City can make no assurance regarding the outcome of any administrative proceedings or lawsuits. Loss of reimbursements from CMS may have a material adverse impact on Laguna Honda Hospital's finances and operations; however, the actions of CMS do not revoke Laguna Honda Hospital's license to operate from the California Department of Public Health ("CDPH"), nor do they interfere with the City's right to use and occupy Laguna Honda Hospital, including the Laguna Honda Hospital Portion of the Leased Property. See "CERTAIN RISK FACTORS – Abatement" and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Laguna Hospital Potential Loss of Federal Funding."] *[To be discussed and updated.]*

San Bruno Complex. The San Bruno Complex sits on 158 acres of land located at 1 Moreland Drive, San Bruno, California. The San Bruno Complex is the City's newest and largest jail facility constructed as a replacement facility for the then-existing jail on the site, and was completed in 2005. The 768-bed facility consists of 283,257 square feet, including a guard tower, an administrative services area, an attorney visiting area, staff exercise areas and locker rooms, a maintenance area and central plant, and a kitchen and laundry facility sufficient to accommodate both jail facilities.

[*One South Van Ness Avenue Property*.* Subject to market conditions at the time of pricing of the 2023-R1 Certificates and the prepayment of the 2015-R1 Certificates, the City may decide to add the One South Van Ness Avenue Property as a Leased Property under the Project Lease upon the execution and delivery of the Certificates.

The One South Van Ness Avenue Property is located on the southeast corner of Van Ness Avenue and Market Street in San Francisco and has approximately 65,000 square feet of site area. An approximately 636,538 square foot, eight-story office building (plus mezzanine and basement) with approximately 508,057 rentable square feet and a multi-level enclosed parking garage with capacity for approximately 120 automobiles (together, the "One South Van Ness Avenue Building") are situated on the site. [Parking at the

* Preliminary, subject to change.

One South Van Ness Avenue Building is operated by Imperial Parking Corporation.] The One South Van Ness Avenue Building was built in 1960 and renovated in 1990.

[The City currently leases 16,892 square feet on the first floor of the One South Van Ness Avenue Building to Bank of America N.A. The current lease term will expire on _____. Under the lease, Bank of America N.A. has five-year renewal options, taking the potential term through 2053. The City currently leases 19,553 square feet on the fifth floor to the Office of Community Investment and Infrastructure under a lease that expires in _____.

The City also leases space to the following City departments under renewable memoranda of understanding: the City's 311 Center leases 23,937 square feet on the second floor; the Department of Human Resources leases 62,516 square feet on the fourth floor; the Department of Telecommunications and Information Services leases 36,604 square feet on the first and second floors; the Mayor's Office of Economic Workforce Development leases 14,892 square feet on the fifth floor; the Mayor's Office of Housing and Community Development leases 26,707 square feet on the fifth floor; the Office of the Controller leases 17,698 square feet on the eighth floor; and the San Francisco Municipal Transportation Agency leases 272,691 square feet on the first, third, sixth, seventh and eighth floors plus basement levels two, three and four. The City also provides 16,597 square feet to tenants as common building amenities that can be rented on an as-needed basis. There are currently no vacancies and no anticipated changes in tenant composition.

A Phase I environmental site assessment for the One South Van Ness Avenue Property dated June 8, 2004 indicated that (i) the One South Van Ness Avenue Property contains two decommissioned 10,000-gallon diesel underground storage tanks which were filled with concrete slurry, closed in place in 1997 and received a notice of completion from the San Francisco Department of Public Health ("SFDPH"), and (ii) based on the date of construction, asbestos containing materials and lead-containing paint may be present in the One South Van Ness Avenue Property. Based on these conclusions, the assessment (i) stated that because the underground storage tanks were decommissioned in 1997 in accordance with applicable standards and to the approval of SFDPH, the issue is now considered a historical recognized environmental condition and a de minimis condition, (ii) recommended continued implementation of the existing operating and maintenance plan to manage any remaining known or assumed asbestos containing materials, (iii) recommended that prior to any significant remodeling or demolition, asbestos containing materials, if present, should be managed properly, and (iv) recommended that prior to any significant renovation or demolition activities, testing for lead-containing paint coatings should be performed in the areas to be disturbed so lead-containing paint, if present, can be property managed. The City has been actively monitoring and managing the foregoing environmental conditions; however, the presence of hazardous materials on the One South Van Ness Avenue Property or any of the other Leased Property could result in substantial interference with the City's right to use and occupy the Leased Property. See "SECURITY AND SOURCES OF PAYMENT – Base Rental Payments; Additional Rental" and "CERTAIN RISK FACTORS – Abatement."]]

Certain information regarding the Leased Property[, including the One South Van Ness Avenue Property,] is summarized below. [The City's decision to include the One South Van Ness Avenue Property as a Leased Property under the Project Lease upon the execution and delivery of the Certificates is dependent on market conditions at the time of pricing of the 2023-R1 Certificates and the prepayment of the 2015-R1 Certificates.]

Summary of Certain Information Regarding the Leased Property

Facility	Address	Completion Date of Improvements	Gross Square Feet (Building)	Estimated Value[1]
Laguna Honda Hospital (North Residence, South Residence & Pavilion Building)	375 Laguna Honda Blvd., San Francisco, CA	2009	513,409	$800,000,000
San Bruno Complex	1 Moreland Drive, San Bruno, CA	2005	283,257	$178,436,701
Subtotal				$978,436,701
[One South Van Ness Avenue Property[2]	1 South Van Ness, San Francisco, CA	[1990]	639,220	$164,565,864]
Total				$1,143,002,565

(1) Based on insured values. Such estimated values do not necessarily reflect the fair market value, or the actual sales price upon a sale or actual rent upon commercial leasing of the Leased Property. Given the size and unique nature of each of the components of the Leased Property, comparable sales were not available to estimate value. Neither the Certificates nor the Base Rental payments are secured by any mortgage or deed of trust on the Leased Property or any portion thereof. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES" herein.

(2) [The addition of the One South Van Ness Avenue Property as a Leased Property is subject to market conditions at the time of pricing of the 2023-R1 Certificates and the prepayment of the 2015-R1 Certificates.]

Source: City and County of San Francisco.

[If the City decides to add the One South Van Ness Avenue Property as a Leased Property under the Project Lease, the Project Lease will require the City to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) with respect to the One South Van Ness Avenue Property, which policy, when combined with the policy or policies of title insurance issued in connection with the issuance and delivery of the Prior Parity Certificates (and the property associated with the Pavilion building, the North Residence building, the South Residence building and the San Bruno Complex), will be in an aggregate amount at least equal to the initial aggregate principal amount of the Certificates and the then-outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, and showing a leasehold interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates and such outstanding Prior Parity Certificates. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Insurance" [and "– [____] Supplement to Project Lease."]]

The City may substitute other improved real property for all or part of the Leased Property under the conditions set forth in the Project Lease. There is no requirement that any substitute property be of the same or a similar nature or function as the then existing Leased Property, and there is no requirement that any substitute property have a market value or fair rental value as great as the then existing Leased Property or such portion thereof that is sought to be released from the Project Lease. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Substitution, Release, and Addition of Leased Property" and APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution."

The lease term with respect to the Leased Property or a designated portion thereof will end on [April] 1, 20[__], unless such term is extended or sooner terminated as provided in the Project Lease.

ESTIMATED SOURCES AND USES OF FUNDS

Following is a table of estimated sources and uses of funds with respect to each Series of the Certificates:

	2023A	***2023-R1***
Sources of Funds:		
Par Amount		
Original Issue Premium		
Less: Purchaser's Discount		
Total Sources		
Uses of Funds:		
Deposit to Project Account[(1)]		
Deposit to Escrow Account[(2)]		
[Deposit to Reserve Account]		
Costs of Delivery[(3)]		
Total Uses		

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(1) Of the amount deposited in the Project Account, $[_____] (representing 0.2% of the Project Account for project costs) will be used to pay the Controller's City Services Auditor fee.

(2) See "PLAN OF FINANCE AND PREPAYMENT – Plan of Prepayment" and "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

(3) Includes amounts for administrative costs to the City for the issuance of the Certificates, legal fees, Trustee's fees and expenses, municipal advisory fees, rating agency fees, appraisals and property condition report fees, title insurance fees, printing costs and any other delivery costs, and rounding amounts.

CERTIFICATE PAYMENT SCHEDULE

The Trust Agreement requires that Base Rental payments payable by the City pursuant to the Project Lease on each [March 25] and [September 25] be deposited in the Base Rental Fund maintained by the Trustee. Pursuant to the Trust Agreement, the Trustee will apply amounts in the Base Rental Fund as necessary, on [April] 1 and [October] 1 of each year, commencing on [_____], to make interest payments or principal and interest payments, as applicable, with respect to the Certificates as the same become due and payable, as shown in the table below.

The Prior Parity Certificates are currently outstanding and payable from Base Rental payments required to be made with respect to the Leased Property under the Project Lease. The following table shows total annual Base Rental payments due with respect to the Certificates and the Prior Parity Certificates secured by Base Rental payments under the Project Lease:

	2023A Certificates			2023-R1 Certificates							
Payment Date	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**[2012A Certificates[1]**	**2019-R1 Certificates**	**2020-R1 Certificates**	**2021A Certificates]**	**Total Fiscal Year Annual Debt Service**
Total											

[1] May be prepaid using a portion of the proceeds of the 2023-R1 Certificates. See "PLAN OF FINANCE AND PREPAYMENT – Plan of Prepayment."

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES

Source of Payment

The Certificates of each Series will evidence and represent proportionate interests in the Base Rental payments required to be made by the City to the Trustee under the Project Lease so long as the City has use and occupancy of the Leased Property. The Project Lease has a final termination date of [April] 1 , 20[__], or upon early payment of all of the certificates of participation executed and delivered under the Trust Agreement, including the Certificates, unless extended upon an event of abatement. See "– Abatement of Base Rental Payments" below.

Pursuant to the Trust Agreement, the City will grant to the Trustee, for the benefit of the Owners, a first and exclusive lien on, and security interest in, its rights with respect to and its interest in and to all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund pursuant to the Trust Agreement and, provided, however, that [the 2023A Reserve Account of the Reserve Fund and] the 2023A Project Account shall secure only the 2023A Certificates[and the 2023-R1 Reserve Account of the Reserve Fund shall secure only the 2023-R1 Certificates]), including all Base Rental payments received by the Trustee from the City pursuant to the Project Lease, [all amounts on hand from time to time in the 2023A Reserve Account (with respect to the 2023A Certificates) and the 2023-R1 Reserve Account (with respect to the 2023-R1 Certificates) of the Reserve Fund,] and any additional property that may from time to time be subjected to the lien of the Trust Agreement by the City or anyone on its behalf, subject only to the provisions of the Trust Agreement, the Property Lease and the Project Lease. The City will pay to the Trustee the Base Rental payments to the extent required under the Project Lease, which Base Rental payments are designed to be sufficient, in both time and amount, to pay, when due, the scheduled principal and interest represented by the Certificates.

Parity Obligations

The Certificates of each Series are being delivered as Additional Certificates under the Trust Agreement and will be secured by Base Rental payments relating to the Leased Property on a parity basis with the Prior Parity Certificates described under "INTRODUCTION" and "CERTIFICATE PAYMENT SCHEDULE," and any Additional Certificates that may hereafter be issued pursuant to the requirements set forth in the Trust Agreement and the Project Lease.

As of the date hereof, the City has authorized the issuance of Additional Certificates, which, if issued, will be secured by Base Rental payments relating to the Leased Property on a parity basis with the Certificates and the Prior Parity Certificates, as described below (see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Capital Financing and Bonds – Board Authorized and Unissued Long-Term Certificates of Participation" for additional information on these authorizations): *[Under review.]*

- On April 27, 2016, the City authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in an aggregate principal amount of up to $95,000,000 ($_____ remains unissued under this authorization)

- On October 11, 2019, the City authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in an aggregate principal amount of up to $[156,600,000] ($_____ remains unissued under this authorization).

- On December 20, 2019, the City authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in

an aggregate principal amount of up to $83,600,000 ($_____ remains unissued under this authorization).

- On November 6, 2020, the City also authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in an aggregate principal amount of up to $157,000,000 ($_____ remains unissued under this authorization).

- On July 27, 2021, the City authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in an aggregate principal amount of up to $67,500,000 ($_____ remains unissued under this authorization).

- On August 4, 2022, the City authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in an aggregate principal amount not to exceed $140,000,000 ($_____ remains unissued under this authorization).

The City may decide not to execute and deliver the Additional Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

Covenant to Budget and Right to Re-let

The City has covenanted in the Project Lease to take such action as may be necessary to include all Rental Payments in its annual budget and to make the necessary annual appropriations for such Rental Payments. The Project Lease provides that such covenants on the part of the City are deemed and construed to be ministerial duties imposed by law.

If the City breaches its covenant in the Project Lease to include all Rental Payments in the applicable annual budget and the City fails to remedy such breach with all reasonable dispatch within 60 days after written notice from the Trustee, or if such breach cannot be remedied within such 60-day period, the City fails to institute corrective action within such 60 day period and diligently pursue such action to completion, the Trustee may either re-let the Leased Property for the account of the City or may retain the Project Lease and hold the City liable for all Rental Payments on an annual basis. Notwithstanding any other provision of the Project Lease or the Trust Agreement, in no event will the Trustee have any right to accelerate the payment of any Base Rental under the Project Lease, and the remedy to re-let the Leased Property is subject to applicable laws regarding the use of the Leased Property, including but not limited to applicable laws relating to the use of property financed with general obligation bonds or federal or State grants. See "CERTAIN RISK FACTORS – Limited Recourse on Default; Re-letting of the Leased Property."

The obligation of the City to make Rental Payments is an obligation payable from any legally available funds of the City. For a discussion of the budget and finances of the City, see APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CITY BUDGET" and APPENDIX B: "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE YEAR ENDED JUNE 30, 2022." For a discussion of the City's investment policy regarding pooled cash, see APPENDIX G: "CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE TREASURER INVESTMENT POLICY."

Limited Obligation

The obligation of the City to make Base Rental or Additional Rental payments under the Project Lease does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for

which the City has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. See "CERTAIN RISK FACTORS – Rental Payments Not a Debt of the City."

Base Rental Payments; Additional Rental

Base Rental Payments. The City agrees in the Project Lease that it will make Base Rental payments to the Trustee from any legally available funds of the City. The Trustee is required by the Trust Agreement to deposit in the Base Rental Fund all Base Rental payments and certain other amounts received and required to be deposited therein, including investment earnings. The total Rental Payment due in any Fiscal Year will not be in excess of the total fair rental value of the Leased Property for such Fiscal Year. The Project Lease provides that the City's obligation to make Rental Payments in the amount and on the terms and conditions specified in the Project Lease is absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of the Project Lease regarding rental abatement. See "– Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement."

The Base Rental payments are payable by the City on [March 25] and [September 25] of each year during the term of the Project Lease, commencing with respect to the Certificates on [_____], provided that any such payment will be for that portion of the applicable period that the City has use and occupancy of all or a portion of the Leased Property. In the event that during any such period the City does not have use and occupancy of all or a portion of the Leased Property due to material damage to, destruction of or condemnation of the Leased Property or defects in the title to the Leased Property, Base Rental payments are subject to abatement. See "– Abatement of Base Rental Payments" and "CERTAIN RISK FACTORS – Abatement." The obligation of the City to make Base Rental payments is payable solely from annual appropriations of the City from any legally available funds of the City. The City has covenanted in the Project Lease to take such action as may be necessary to include all Base Rental and Additional Rental due under the Project Lease in its annual budget and to make necessary annual appropriations for all such Base Rental and Additional Rental, subject to the abatement provisions under the Project Lease. See "– Covenant to Budget and Right to Re-let" above.

Additional Rental. Additional Rental payments due from the City to the Trustee under the Project Lease include, among other things, all taxes and insurance premiums, all fees, costs and expenses of the Trustee in connection with the Trust Agreement not otherwise paid or provided for out of the proceeds of the sale of the Certificates, deposits required to be made to the Rebate Fund, if any, all other fees, costs and expenses of the Trustee incurred from time to time in administering the Project Lease and the Trust Agreement, and amounts required to replace, maintain and repair the Leased Property pursuant to the Project Lease.

Abatement of Base Rental Payments

Rental Payments will be subject to abatement during any period in which there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, or due to defects in title to the Leased Property, or any portion thereof, except to the extent of (i) available amounts held by the Trustee in the Base Rental Fund [or in the 2023A Reserve Account and the 2023-R1 Reserve Account of the Reserve Fund], (ii) amounts, if any, received in respect of rental interruption insurance, and (iii) amounts, if any, otherwise legally available to the City for Rental Payments or to the Trustee for payments in respect of the Certificates. The amount of annual rental abatement will be such that the resulting Rental Payments in any Project Lease Year during which such interference continues, excluding amounts described in clauses (i), (ii) and (iii) above, do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference. Abatement will commence with such damage, destruction, condemnation or discovery of such title defect and end with the

restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect, as applicable. In the event of abatement, the term of the Project Lease may be extended until all amounts due under the Project Lease and the Trust Agreement are fully paid, but in no event later than [April] 1, 20[__]. See "CERTAIN RISK FACTORS – Abatement."

In order to mitigate the risk that an abatement event will cause a disruption in payment of Base Rental, the Project Lease requires the City to maintain rental interruption insurance with third party providers in an amount not less than the aggregate Base Rental payable by the City pursuant to the Property Lease for a period of at least 24 months. Pursuant to the Project Lease, rental interruption insurance is required to insure only against loss of rental income from the Leased Property caused by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by the City's all risk property insurance on the Leased Property. The City is not required to maintain earthquake or flood insurance (or rental interruption insurance relating to such coverage) under the Project Lease except as described under "– Insurance with Respect to the Leased Property" below, [and the City does not currently have earthquake or flood insurance on the Leased Property]. *[Confirm.]* During any period of abatement with respect to all or any part of the Leased Property, the Trustee is required to use the proceeds of the rental interruption insurance to make payments of principal and interest represented by the Certificates and other certificates of participation executed and delivered under the Trust Agreement. The City is also required by the Project Lease to use insurance proceeds to replace or repair Leased Property destroyed or damaged to the extent that there is substantial interference with the City's use and occupancy thereof, or to prepay certificates of participation outstanding under the Trust Agreement such that resulting Rental Payments are sufficient to pay all amounts due under the Project Lease and the Trust Agreement with respect to such certificates of participation remaining Outstanding. See "– Replacement, Maintenance and Repairs" below. In lieu of abatement of Rental Payments, the City in its sole discretion may elect, but is not obligated, to substitute property for the damaged, condemned or destroyed Leased Property, or portion thereof, pursuant to the substitution provisions of the Project Lease. See "– Substitution, Release and Addition of Leased Property" below. [In addition, the Trust Agreement establishes a 2023A Reserve Account and a 2023-R1 Reserve Account of the Reserve Fund and requires the Trustee to use any moneys on deposit in said 2023A Reserve Account and 2023-R1 Reserve Account of the Reserve Fund to make payments of principal and interest represented by the 2023A Certificates and the 2023-R1 Certificates, respectively. See "– Reserve Fund; 2023A Reserve Account and 2023-R1 Reserve Account" below.]

[Reserve Fund; 2023A Reserve Account and 2023-R1 Reserve Account

The Trust Agreement established a Reserve Fund held by the Trustee, and within the Reserve Fund, there will be created a 2023A Reserve Account and a 2023-R1 Reserve Account to be held with the Trustee. The 2023A Reserve Account will only be available to support payments with respect to the 2023A Certificates, and not the 2023-R1 Certificates, the Prior Parity Certificates or any Additional Certificates. The 2023-R1 Reserve Account will only be available to support payments with respect to the 2023-R1 Certificates, and not the 2023A Certificates, the Prior Parity Certificates or any Additional Certificates. Simultaneously with the delivery of the 2023A Certificates, the City will cause to be deposited into the 2023A Reserve Account a portion of the proceeds of the 2023A Certificates, which amount will be at least equal to the Reserve Requirement with respect to the 2023A Certificates. The Reserve Requirement for the 2023A Certificates, as designated in the [_____] Supplement to Trust Agreement, is $[_____]. Simultaneously with the delivery of the 2023-R1 Certificates, the City will cause to be deposited into the 2023-R1 Reserve Account a portion of the proceeds of the 2023-R1 Certificates, which amount will be at least equal to the Reserve Requirement with respect to the 2023-R1 Certificates. The Reserve Requirement for the 2023-R1 Certificates, as designated in the [_____] Supplement to Trust Agreement, is $[_____]. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – DEFINITIONS OF CERTAIN TERMS" for the definition of "Reserve Requirement."

Under the Trust Agreement, the 2023A Reserve Account is required to be maintained by the Trustee until the Base Rental relating to the 2023A Certificates is paid in full pursuant to the Project Lease or until

there are no longer any 2023A Certificates Outstanding; provided, however, that the final Base Rental payment for the 2023A Certificates may, at the City's option, be paid from the 2023A Reserve Account. Under the Trust Agreement, the 2023-R1 Reserve Account is required to be maintained by the Trustee until the Base Rental relating to the 2023-R1 Certificates is paid in full pursuant to the Project Lease or until there are no longer any 2023-R1 Certificates Outstanding; provided, however, that the final Base Rental payment for the 2023-R1 Certificates may, at the City's option, be paid from the 2023-R1 Reserve Account.

A Credit Facility in the amount of the Reserve Requirement may be substituted by the City at any time for all or a portion of the funds held by the Trustee in the 2023A Reserve Account or the 2023-R1 Reserve Account, provided that (i) such substitution shall not result in the reduction or withdrawal of any ratings by any Rating Agency with respect to the 2023A Certificates or the 2023-R1 Certificates, respectively, at the time of such substitution (and the City shall notify each Rating Agency prior to making any such substitution), and (ii) with respect to the 2023-R1 Certificates, the Trustee shall receive an opinion of Independent Counsel stating that such substitution will not, by itself, adversely affect the exclusion from gross income for federal income tax purposes of interest components of the Base Rental evidenced and represented by the 2023-R1 Certificates. If the Credit Facility is a surety bond or insurance policy, such Credit Facility shall be for the term of the 2023A Certificates or the 2023-R1 Certificates, as appropriate. Amounts on deposit in the 2023A Reserve Account or the 2023-R1 Reserve Account for which a Credit Facility has been substituted shall be transferred as directed in writing by a City Representative.

If on any Interest Payment Date the amounts on deposit in the Base Rental Fund are less than the principal and interest payments due with respect to the 2023A Certificates or the 2023-R1 on such date, the Trustee shall transfer from the 2023A Reserve Account or the 2023-R1 Reserve Account, respectively, for credit to the Base Rental Fund an amount sufficient to make up such deficiency (provided that such amounts will only be available for the related series of Certificates and not the other series of Certificates, the Prior Parity Certificates or any Additional Certificates). In the event of any such transfer, the Trustee shall immediately provide written notice to the City of the amount and the date of such transfer.

Any moneys in the 2023A Reserve Account or the 2023-R1 Reserve Account in excess of the Reserve Requirement for the related series of Certificates on each [April] 1 and [October] 1, commencing [_____], and at such other time or times as directed by the City, shall be transferred to the Base Rental Fund and applied to the payment of the principal of and interest with respect to the 2023A Certificates or the 2023-R1 Certificates, respectively, on the next succeeding Interest Payment Date, or transferred to such other fund as the City may designate.]

The City has established a Reserve Account for the 2012A Certificates (the "2012A Reserve Account") and the 2021A Certificates (the "2021A Reserve Account"). Upon the prepayment of the 2012A Certificates using a portion of the proceeds of the 2023-R1 Certificates, the 2012A Reserve Account will be terminated. Any amounts remaining in the 2012 A Reserve Account will not be available for the payment of Base Rental payments due with respect to the Certificates. See "PLAN OF FINANCE AND PREPAYMENT" and "ESTIMATED SOURCES AND USES OF FUNDS." Amounts in the 2021A Reserve Account are not available for the payment of Base Rental payments due with respect to the Certificates. The Trust Agreement allows a Reserve Account to be established for Additional Certificates. See "– Additional Certificates" below.

Replacement, Maintenance and Repairs

The Project Lease requires the City, at its own expense and as determined and specified by the Director of Real Estate of the City, to maintain or cause to be maintained the Leased Property in good order, condition and repair during the term of the Project Lease. The Trust Agreement requires that if the Leased Property or any portion thereof is damaged or destroyed or taken by eminent domain, the City must elect to either prepay the Certificates and the other certificates of participation executed and delivered under the Trust Agreement or replace or repair the affected portion of the Leased Property in accordance with the Project Lease, provided, however, that the City's obligation to repair or replace any portion of the Leased Property

pursuant to the Project Lease will be subject to the availability of proceeds of insurance or condemnation for such purpose. Under the Project Lease, the City must replace any portion of the Leased Property that is destroyed or damaged or taken by eminent domain, to such an extent that there is substantial interference with its right to the use and occupancy of the Leased Property or any portion thereof that would result in an abatement of Rental Payments or any portion thereof pursuant to the Project Lease; provided, however, that the City is not required to repair or replace any such portion of the Leased Property if there is applied to the prepayment of Outstanding certificates of participation executed and delivered under the Trust Agreement, including the Certificates, insurance or condemnation proceeds or other legally available funds are sufficient to prepay: (i) all Outstanding certificates of participation executed and delivered under the Trust Agreement, including the Certificates, and to pay all other amounts due under the Project Lease and under the Trust Agreement or (ii) any portion of the Certificates and other certificates of participation executed and delivered under the Trust Agreement such that the resulting Rental Payments payable in any Project Lease Year following such partial prepayment are sufficient to pay in the then current and any future Project Lease Year the principal and interest evidenced and represented by all certificates of participation to remain Outstanding under the Trust Agreement, including the Certificates, and all other amounts due under the Project Lease and under the Trust Agreement to the extent they are due and payable in such Project Lease Year. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease."

Insurance with Respect to the Leased Property

The Project Lease requires the City to maintain or cause to be maintained throughout the term of the Project Lease: (i) general liability insurance against damages occasioned by reason of the construction of improvements to or operation of the Leased Property with minimum coverage limits of $5,000,000 combined single limit for bodily and personal injury and property damage per occurrence, which general liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City; (ii) all risk property insurance on all structures constituting any part of the Leased Property in an amount equal to the Outstanding principal amount of certificates of participation executed and delivered under the Trust Agreement, including the Certificates (to the extent commercially available), with such insurance covering, as nearly as practicable, loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance; (iii) to the extent commercially available, earthquake insurance in an amount equal to the lesser of the Outstanding principal amount of the certificates of participation executed and delivered under the Trust Agreement, including the Certificates; provided that no such earthquake insurance is required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies; (iv) boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than $5,000,000 per accident; and (v) rental interruption insurance in an amount not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months (such amount may be adjusted annually to reflect the actual scheduled Base Rental payments due under the Project Lease for the next succeeding 24 months) to insure against loss of rental income from the Leased Property caused by perils covered by the insurance described in (ii) and (iii) above. All policies of insurance required under the Project Lease may provide for a deductible amount that is commercially reasonable as determined by the City Risk Manager.

The City is also required under the Project Lease to deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA policy of title insurance (with no survey required) with respect to the One Van Ness Avenue Property, which policy, when combined with the policy or policies of title insurance issued in connection with the issuance and delivery of the Prior Parity Certificates (and the property associated with the Pavilion building, the North Residence building, the South Residence building and the San Bruno Complex), will be in an aggregate amount at least equal to the initial aggregate principal amount of the Certificates and the then-outstanding aggregate principal amounts of the Prior Parity Certificates, inclusive, and showing a leasehold

interest in the Leased Property in the name of the Trustee and naming the insured parties as the City and the Trustee, for the benefit of the Owners of the Certificates and such outstanding Prior Parity Certificates. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Insurance" and "– [_____] Supplement to Project Lease."]

The City is not required to maintain earthquake or flood insurance (or rental interruption insurance relating to such coverage) under the Project Lease except as provided above, and the City [does not] currently have earthquake or flood insurance on the Leased Property or any portion thereof. *[Confirm.]*

THE CITY MAY SELF-INSURE AGAINST ANY OF THE RISKS REQUIRED TO BE INSURED AGAINST IN THE LEASE, EXCEPT FOR RENTAL INTERRUPTION INSURANCE AND TITLE INSURANCE. The City expects to self-insure for all exposures for which the Project Lease permits self-insurance.

Eminent Domain

If the Leased Property, or so much thereof as to render the remainder of the Leased Property unusable for the City's purposes under the Project Lease, is taken under the power of eminent domain, the Project Lease will terminate as of the later of the day possession is taken and the date of entry of the interlocutory judgment and in either case, after payment of any Additional Rental owed under the Project Lease. Notwithstanding the foregoing, the City may, at its option, but is not obligated to apply the proceeds relating to the condemnation to the replacement of the condemned Leased Property, and in the event there has been an abatement of Rental Payments pursuant to the Project Lease, then Rental Payments will again begin to accrue with respect thereto upon replacement of the Leased Property. If less than a substantial portion of the Leased Property is taken under the power of eminent domain and the remainder is useable for the City's purposes, the Project Lease will continue in full force and effect as to the remaining portions of the Leased Property, subject only to the rental abatement provisions of the Project Lease.

The City will, within 90 days of the conclusion of the eminent domain proceeding, notify the Trustee in writing of whether the Leased Property will be replaced or the Certificates, and other certificates of participation issued pursuant to the Trust Agreement and then Outstanding, will be prepaid in part. The proceedings of any condemnation award will as soon as possible be deposited with the Trustee and, to the extent necessary, will be applied to prepay Certificates and such other Outstanding certificates of participation or applied to the cost of replacement of the Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Trust Agreement – Eminent Domain" and "– The Project Lease – Eminent Domain."

Substitution, Release, and Addition of Leased Property

If no Event of Default has occurred and is continuing under the Project Lease, the Project Lease may be modified or amended at any time, and the Trustee may consent thereto without the consent of the Owners, if such amendment is to modify or amend the description of the Leased Property or to release from the Project Lease any portion of the Leased Property, or to add other property and improvements to the Leased Property or substitute other property and improvements for the Leased Property, upon satisfaction of the conditions to such amendment and substitution in the Project Lease. See "THE LEASED PROPERTY" and APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution."

Additional Certificates

As described in "– Parity Obligations" above, the City has authorized the execution and delivery of Additional Certificates to be executed and delivered under the Trust Agreement to finance various projects of the City in a total aggregate principal amount of up to $[_____] ($_____ of which remains unissued under

these authorizations). The City may decide not to execute and deliver the Additional Certificates remaining under these authorizations. The City may also authorize the execution and delivery of other Additional Certificates in the future.

In addition, the City may from time to time amend the Trust Agreement and the Project Lease to authorize one or more series of Additional Certificates secured by Base Rental payments under the Project Lease on a parity basis with the Outstanding Certificates and Prior Parity Certificates, provided that, among other requirements, the Base Rental payable under the Project Lease, as amended, is sufficient to pay all principal of and interest with respect to the Outstanding Certificates, the Outstanding Prior Parity Certificates and such Additional Certificates, and that the Base Rental thereunder is not in excess of the fair rental value of the Leased Property.

CERTAIN RISK FACTORS

The following risk factors should be considered, along with all other information in this Official Statement, by potential investors in evaluating the risks inherent in the purchase of the Certificates. The following discussion is not meant to be a comprehensive or definitive list of the risks associated with an investment in the Certificates. The order in which this information is presented does not necessarily reflect the relative importance of the various issues. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the liquidity of the Certificates. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Rental Payments Not a Debt of the City

The obligation of the City to make Base Rental or Additional Rental payments does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental or Additional Rental payments does not constitute an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates will represent and will be payable solely from Base Rental payments made by the City pursuant to the Project Lease and amounts held in the Base Rental Fund [and, with respect to the 2023A Certificates and the 2023-R1 Certificates, in the 2023A Reserve Account and the 2023-R1 Reserve Account of the Reserve Fund, respectively,] to be established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the application of such amounts for the purposes and on the terms and conditions set forth therein. The City will be obligated to make Rental Payments subject to the terms of the Project Lease, and neither the City nor any of its officers will incur any liability or any other obligation with respect to the delivery of the Certificates.

Additional Obligations

Subject to certain City Charter restrictions, the City may incur other obligations, which may constitute additional charges against its revenues, without the consent of the Owners of the Certificates. To the extent that the City incurs additional obligations, the funds available to make payments of Base Rental may be decreased. The City is currently liable on other obligations payable from its general revenues. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CAPITAL FINANCING AND BONDS – General Obligation Bonds Authorized but Unissued," "– Overlapping Debt," and "– Lease Payments and Other Long-Term Obligations." See also APPENDIX B: "ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE FISCAL YEAR ENDED JUNE 30, 2022."

Abatement

The obligation of the City under the Project Lease to make Base Rental payments is in consideration for the use and right of occupancy of the Leased Property. Under certain circumstances, the City's obligation to make Base Rental payments and Additional Rental payments will be abated during any period in which there is substantial interference with the right to the use and occupancy of the Leased Property or any portion thereof by the City, by reason of material damage, destruction or condemnation of the Leased Property or any portion thereof, or due to defects in title to the Leased Property, or any portion thereof. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Abatement of Base Rental Payments."

Under the Project Lease, in the case of abatement relating to the Leased Property, the amount of annual rental abatement would be such that the resulting Rental Payments in any Project Lease Year during which such interference continues do not exceed the annual fair rental value of the portions of the Leased Property with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement would continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the Leased Property or portion thereof to tenantable condition or correction of the title defect; and the term of the Project Lease will be extended by the period during which the rental is abated under the Project Lease, except that such extension will in no event extend beyond [April] 1, 20[__]. Proceeds of rental interruption insurance may be used by the Trustee to make payments with respect to the Certificates in the event Base Rental payments received by the Trustee are insufficient to pay principal or interest represented by the Certificates as such amounts become due. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Insurance with Respect to the Leased Property" and "– Replacement, Maintenance and Repairs" for additional provisions governing damage to the Leased Property.

It is not possible to predict the circumstances under which such an abatement of Base Rental Payments may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Project Lease or at the time of the abatement. If the latter, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

[In the event of abatement or default, the amounts on deposit in the 2023A Reserve Account and the 2023-R1 Reserve Account may be significantly less than the amount of Base Rental due on the 2023A Certificates or the 2023-R1 Certificates, respectively, at the time of abatement or default. If moneys are drawn from the 2023A Reserve Account or the 2023-R1 Reserve Account to make Base Rental payments due on the 2023A Certificates or the 2023-R1 Certificates, respectively, during a period of rental abatement, moneys remaining in the 2023A Reserve Account or the 2023-R1 Reserve Account after such payments are likely to be less than the Reserve Requirement for the 2023A Certificates or the 2023-R1 Certificates, respectively. The City is not required by the Project Lease or the Trust Agreement, and cannot be compelled, to replenish the 2023A Reserve Account or the 2023-R1 Reserve Account to the Reserve Requirement for the 2023A Certificates or the 2023-R1 Certificates, respectively.]

If damage, destruction, condemnation or title defect with respect to the Leased Property or any portion thereof results in abatement of Base Rental payments and the resulting Base Rental payments, [together with moneys in the 2023A Reserve Account or the 2023-R1 Reserve Account of the Reserve Fund (but only with respect to the 2023A Certificates and the 2023-R1 Certificates, respectively)] and any available insurance proceeds, are insufficient to make all payments with respect to the Certificates during the period that the Leased Property, or portion thereof, is being restored, then all or a portion of such payments may not be made and no remedy is available to the Trustee or the Owners under the Project Lease or Trust Agreement for nonpayment under such circumstances. Failure to pay principal of, premium, if any, or interest with respect to

the Certificates as a result of abatement of the City's obligation to make Rental Payments under the Project Lease is not an event of default under the Trust Agreement or the Project Lease.

Notwithstanding the provisions of the Project Lease and the Trust Agreement specifying the extent of abatement in the event of the City's failure to have use and possession of the Leased Property, such provisions may be superseded by operation of law, and, in such event, the resulting Base Rental payments of the City may not be sufficient to pay all of that portion of the remaining principal and interest with respect to the Certificates.

[In March 2022, the City received notice from the CMS that CMS was terminating its contract with the City for Medicare and Medicaid reimbursements for patients at Laguna Honda Hospital. The City is involved in various administrative proceedings and lawsuits challenging the termination of contract. The City can make no assurance regarding the outcome of any administrative proceedings or lawsuits. Loss of reimbursements from CMS may have a material adverse impact on Laguna Honda Hospital's finances and operations. However, the actions of CMS do not revoke Laguna Honda Hospital's license from CDPH to operate as a hospital, nor do they interfere with the City's right to use and occupy Laguna Honda Hospital, including the Laguna Honda Hospital Portion of the Leased Property. As such, the City believes that termination by CMS of its contract with the City will not cause the abatement of Base Rental payments as described in this section. See "CERTAIN RISK FACTORS – Abatement" and APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Budgetary Risks – Laguna Hospital Potential Loss of Federal Funding."] *[To be discussed and updated.]*

Limited Recourse on Default; Re-letting of the Leased Property

The Project Lease and the Trust Agreement provide that, if there is a default by the City, the Trustee may, subject to applicable laws regarding use of such property, take possession of and re-let the Leased Property for the account of the City. The Leased Property is unique and re-letting might prove to be difficult or impossible. The remedy to re-let the Leased Property is subject to applicable laws regarding the use of the Leased Property, including but not limited to applicable laws relating to the use of property financed with general obligation bonds or federal or State grants. Portions of Laguna Honda Hospital have been improved with the proceeds of voter-approved general obligation bonds, and it is unclear whether any re-letting would be permitted to result in use of the Laguna Honda Hospital Portion of the Leased Property that is inconsistent with the public hospital purposes for which those bonds were approved. Further, certain improvements to Laguna Honda Hospital were funded by federal fund grants, which might impact the remedy of re-letting, as further described below. See "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Covenant to Budget and Right to Re-let." The amounts received from any such re-letting may be insufficient to pay the scheduled principal and interest represented by the Certificates when due [and the City is not required by the Project Lease or the Trust Agreement, and cannot be compelled, to replenish the 2023A Reserve Account or the 2023-R1 Reserve Account to the Reserve Requirement for the 2023A Certificates or the 2023-R1 Certificates, respectively]. In addition, the Trust Agreement provides that no remedies such as re-letting may be exercised so as to cause the interest with respect to the Certificates to be includable in gross income for federal income tax purposes or subject to State personal income taxes. The enforcement of any remedies provided for in the Project Lease and in the Trust Agreement could prove to be both expensive and time consuming.

The Project Lease provides that any remedies on default will be exercised by the Trustee. Upon the occurrence and continuance of the City's failure to deposit with the Trustee any Base Rental and/or Additional Rental payments when due, or if the City breaches any other terms, covenants or conditions contained in the Project Lease, the Property Lease or in the Trust Agreement (and does not remedy such breach with all reasonable dispatch within 60 days after notice thereof or, if such breach cannot be remedied within such 60-day period, the City fails to take corrective action within such 60-day period and diligently pursue the same to completion), the Trustee may proceed (and, upon written request of the Owners of not less than a majority in aggregate principal amount of Certificates then outstanding, shall proceed), without any further notice: (i) to

re-enter the Leased Property and eject all parties in possession therefrom and, without terminating the Project Lease, re-let the Leased Property as the agent and for the account of the City upon such terms and conditions as the Trustee may deem advisable, or (ii) in lieu of the above, so long as the Trustee does not terminate the Project Lease or the City's possession of the Leased Property, to enforce all of its rights and remedies under the Project Lease, including the right to recover Base Rental payments as they become due by pursuing any remedy available in law or in equity.

The construction and renovation of Laguna Honda Hospital was financed, in part, by federal grant funds awarded by the U.S. Department of Health and Human Services, pursuant to the Public Health Service Act. As a result of such funding, Laguna Honda Hospital is subject to the recovery provisions of the Public Health Service Act, which may limit the remedy of re-letting the Laguna Honda Hospital Portion of the Leased Property under the Project Lease.

Enforcement of Remedies

The enforcement of any remedies provided in the Project Lease and the Trust Agreement could prove both expensive and time consuming. The rights and remedies provided in the Project Lease and the Trust Agreement may be limited by and are subject to the limitations on legal remedies against cities and counties in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest; by federal bankruptcy laws, as now or hereafter enacted; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against municipal corporations in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The legal opinions to be delivered concurrently with the delivery of the Certificates will be qualified, as to the enforceability of the Certificates, the Trust Agreement, the Project Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against charter cities and counties in the State. See "– Bankruptcy" and APPENDIX F: "PROPOSED FORM OF CO-SPECIAL COUNSEL OPINIONS" herein.

No Acceleration on Default

In the event of a default, there is no remedy of acceleration of any Base Rental payments under the Project Lease. Certificate owners would have to sue for payment of unpaid Base Rental in each rental period as and when it becomes due. Any suit for money damages would be subject to the legal limitations on remedies against cities and counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Release and Substitution of the Leased Property

The Project Lease permits the release of portions of the Leased Property or the substitution of other real property for all or a portion of the Leased Property. See APPENDIX C: "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – The Project Lease – Addition, Release and Substitution." Although the Project Lease requires that the Leased Property, after such substitution, have an annual fair rental

value at least equal to the maximum annual amount of the Base Rental payments becoming due in the then-current Project Lease Year or in any subsequent Project Lease Year, it does not require that such substitute property have an annual fair rental value equal to the total annual fair rental value at the time of replacement of the Leased Property or portion thereof being replaced. In addition, such replacement property could be located anywhere within or outside the City's boundaries. Therefore, release or substitution of all or a portion of the Leased Property could have an adverse effect on the security for the Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Project Lease, the rights and remedies in the Trust Agreement and the Project Lease may be limited and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights. The legal opinions to be delivered concurrently with the delivery of the Certificates will be qualified, as to the enforceability of the Certificates, the Trust Agreement, the Project Lease and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against charter cities and counties and non-profit public benefit corporations in the State. See "–Enforcement of Remedies" herein.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code), as amended (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies such as the City. Third parties, however, cannot bring involuntary bankruptcy proceedings against the City. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the rights of the Owners of the Certificates may be materially and adversely affected as follows: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the Certificates; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the Certificates and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners of the Certificates if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Certificates. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy. The City is not currently considering filing for protection under the Bankruptcy Code.

In addition, if the Project Lease was determined to constitute a "true lease" by the bankruptcy court (rather than a financing lease providing for the extension of credit), the City could choose to reject the Project Lease despite any provision therein that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Project Lease, the Trustee, on behalf of the Owners of the Certificates, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in such a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Certificates. Moreover, such rejection would terminate the Project Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Project Lease (or the Property Lease) to a third party, regardless of the terms of the transaction documents. In any event, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Certificates.

City Financial Challenges

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

The COVID-19 pandemic has resulted in general negative effects on the City's economy which have materially adversely impacted the City's tax revenues and increased expenses due to public health responses. These decreases have occurred in nearly every category of revenue except intergovernmental revenue and property taxes; most significantly, the City experienced the greatest decline in its "other local taxes," which includes hotel and sales taxes. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges" and "General Fund Revenues – Property Taxation – Tax Levy and Collection" and "Public Health Emergencies" below. Further, the City's Five Year Plan (as defined in APPENDIX A) dated January 13, 2023 provides that the City faces several key financial risks in the coming fiscal years, including but not limited to significant uncertainty as to how workers' return to offices will play out and when the local hospitality and convention industries will recover, the potential for a recession due in part to aggressive interest rate hikes by the Federal Reserve, and State fiscal shortfalls. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – Five-Year Financial Plan and Mayor's Budget Instructions."

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

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

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

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

Seismic Risks

General. The City is located in a seismically active region. The obligation of the City to make payments of Base Rental may be abated, in whole or in part, if the Leased Property or any improvements thereon are damaged or destroyed by natural hazards such as earthquake or flood. The City is not obligated under the Project Lease to maintain earthquake or flood insurance except as described under "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES – Insurance with Respect to the Leased Property," and the City [does not] currently have earthquake or flood insurance on the Leased Property. *[Confirm.]* There can be no assurance that the Leased Property would not be damaged in whole or in part by seismic activity.

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

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

Earthquake Safety Implementation Plan (ESIP). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety (CAPSS), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, the City has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. [As of July 6, 2021 approximately 88% of the buildings have been brought into compliance (the percent of buildings in compliance may decline after the September 2021 deadline due to the

timing of completion of improvements). Future tasks will address the seismic vulnerability of older nonductile concrete buildings, which are at high risk of severe damage or collapse in an earthquake.] *[Update?]*

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

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

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. [All of these tasks are currently underway.] *[Update?]* In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this Statewide program. The City's Disaster Recovery Taskforce had its kickoff meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. In consultation with the Structural Engineers Association of Northern California, Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

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

SB 1953 Compliance. Senate Bill 1953 ("SB 1953") is an amendment to the 1973 Hospital Facilities Seismic Safety Act ("HFSSA") that requires all acute care hospitals in California, including Laguna Honda Hospital, to comply with certain seismic safety standards within a certain time frame. SB 1953 generally requires that by 2020, all hospital buildings must remain standing during a major earthquake so that patients

can be evacuated safely, and by 2030, all hospital buildings must remain standing and functioning during a major earthquake. The City deems the Leased Property consisting of Laguna Honda Hospital compliant with SB 1953. See "PLAN OF FINANCE AND THE LEASED PROPERTY" above.

Climate Change, Risk of Sea Level Rise and Flooding Damage

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

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

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

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

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

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

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

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

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

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

[In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. In July 2018, the United States District Court for the Northern District of California denied the People's motion for remand to State court and then dismissed the lawsuit, which the City had joined as a plaintiff. The plaintiffs appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which in May 2020 vacated the District Court's order that found the case arose under federal law, remanding the case back to the District Court to determine if there were any other grounds for federal jurisdiction. In June

2021, the U.S. Supreme Court declined to review the Ninth Circuit's decision. In October 2022, the District Court ordered the case remanded to State court and stayed the remand pending any appeals. The defendants have appealed the District Court's decision to the Ninth Circuit. While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.] *[Please review and update; summary of new climate report to come.]*

Cybersecurity

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

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

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

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

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City. See APPENDIX A: "CITY AND COUNTY OF

SAN FRANCISCO ORGANIZATION AND FINANCES – City Financial Challenges." The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States.

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

Other Events

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

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

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

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

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

PG&E's wildfire prevention strategy. Future shut offs are expected to continue and it is uncertain what effects future PG&E shut offs will have on the local economy.

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

In December 2022 and January 2023, the San Francisco Bay Area experienced heavy winter storms. According to the National Weather Services for the San Francisco Bay Area, on December 31, 2022, downtown San Francisco received 5.45 inches of rain, which is the second wettest day in the area since records began in 1849 (with the daily record being 5.54 inches on November 5, 1994). The rains caused widespread flooding, road closures and mudslides throughout the region.

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

Risk Management and Insurance

The Project Lease obligates the City to maintain and keep in force various forms of insurance, subject to deductibles, on the Leased Property for repair or replacement in the event of damage or destruction to the Leased Property. The City is also required to maintain rental interruption insurance in an amount equal to but not less than the aggregate Base Rental payable by the City pursuant to the Project Lease for a period of at least 24 months, adjusted on or prior to [_____] 1 of each year to reflect scheduled Base Rental payments due for the next succeeding 24 months. The City makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Project Lease and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest with respect to the Certificates when due.

The Project Lease allows the City to self-insure against any or all risks, except rental interruption and title defects, through an alternative risk management program such as its risk management retention program. The City expects to self-insure for all exposures for which the Project Lease permits self-insurance. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – LEGAL MATTERS AND RISK MANAGEMENT – Risk Retention Program."

State Law Limitations on Appropriations

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

Changes in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or that the State Legislature or the City's Board of Supervisors will not enact legislation that will amend the laws or the Constitution of the State or the Charter, respectively, in a manner that could result in a reduction of the City's General Fund revenues and therefore a reduction of the funds legally available to the City to make Base Rental payments. See, for example, APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Articles XIIIC and XIIID of the California Constitution."

The General Fund of the City, which is the source of payment of Base Rental, may also be adversely affected by actions taken (or not taken) by voters. Under the State Constitution, the voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. Under the City's Charter, the voters of the City can restrict or revise the powers of the City through the approval of a Charter amendment. The City is unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City.

State of California Financial Condition

The City receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the City and other counties in the State. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS – Impact of the State of California Budget on Local Finances."

The City cannot predict the extent of the budgetary problems the State may encounter in this or in any future fiscal years, nor is it clear what measures could be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the outcome of any elections impacting fiscal matters, the outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, over which the City has no control.

U.S. Government Finances

The City receives substantial federal funds for assistance payments, social service programs and other programs. A portion of the City's assets are also invested in securities of the United States government. The City's finances may be adversely impacted by fiscal matters at the federal level, including but not limited to cuts to federal spending. Changes to or termination or replacement of the Affordable Care Act, for example, could increase costs to the City, and the City's financial condition may also be impacted by the withholding of federal grants or other funds flowing to "sanctuary jurisdictions." The City cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on the City's finances and operations. See APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – BUDGETARY RISKS – Impact of Federal Government on Local Finances." See also APPENDIX A: "CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES – GENERAL FUND REVENUES – Other City Tax Revenues" and "– INVESTMENT OF CITY FUNDS."

Other

There may be other risk factors inherent in ownership of the Certificates in addition to those described in this section.

TAX MATTERS

The 2023A Certificates

In the opinion of Squire Patton Boggs (US) LLP and Husch Blackwell LLP, Co-Special Counsel, under existing law: (i) interest on the 2023A Certificates is not excluded from gross income for federal income tax purposes; and (ii) interest on the 2023A Certificates is exempt from State of California personal income taxes. Co-Special Counsel expresses no opinion as to any other tax consequences regarding the 2023A Certificates. The legal defeasance of the 2023A Certificates might result in a deemed sale or exchange of the 2023A Certificates under certain circumstances; owners of the 2023A Certificates should consult their tax advisors as to the federal income tax consequences of such an event. Prospective purchasers of the 2023A Certificates should consult their tax advisors as to the federal, state and local, and foreign tax consequences of their acquisition, ownership, and disposition of the 2023A Certificates.

The following discussion is generally limited to "U.S. owners," meaning beneficial owners of 2023A Certificates that for United States federal income tax purposes are either individual citizens or residents of the United States or corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia). ***Partnerships (including entities treated as partnerships for United States federal income tax purposes) holding 2023A Certificates, and partners in such partnerships, and estates or trusts holding 2023A Certificates, and beneficiaries of such estates or trusts, should consult their tax advisors regarding the tax consequences of an investment in the 2023A Certificates (including their status as U.S. owners).***

Prospective purchasers of the 2023A Certificates upon their original issuance at prices other than the respective prices indicated on the **[**inside**]** cover of this Official Statement, and prospective purchasers of the 2023A Certificates at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Special Counsel expresses no opinion.

Payment of Interest

In general, interest paid or accrued on the 2023A Certificates, including qualified stated interest on Discount 2023A Certificates (as defined below), if any, will be treated as ordinary income to U.S. owners. A U.S. owner using the accrual method of accounting for U.S. federal income tax purposes must include interest paid or accrued on the 2023A Certificates in ordinary income as the interest accrues, while a U.S. owner using the cash receipts and disbursements method of accounting for U.S. federal income tax purposes must include interest in ordinary income when payments are received or constructively received by the owner, except as described below under the section entitled "Original Issue Discount and Original Issue Premium."

Original Issue Discount and Original Issue Premium

Certain of the 2023A Certificates ("Discount 2023A Certificates") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount 2023A Certificate, provided that excess equals or exceeds a statutory *de minimis* amount (one-quarter of one percent of the Discount 2023A Certificate's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount 2023A Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount 2023A Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount 2023A Certificate over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount 2023A Certificate (i) is interest includable in the

U.S. owner's gross income for federal income tax purposes, and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of the Discount 2023A Certificate. The effect of OID is to accelerate the recognition of taxable income for a U.S. owner who uses the cash method of accounting during the term of the Discount 2023A Certificate.

Certain of the 2023A Certificates ("Premium 2023A Certificates") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). If a U.S. owner purchases a Premium 2023A Certificate, that owner will be considered to have purchased such Premium 2023A Certificate with "amortizable bond premium" equal in amount to such excess. The U.S. owner may elect (which election shall apply to all securities purchased at a premium by such U.S. owner), in accordance with the applicable provisions of Section 171 of the Code, to amortize that premium as an offset to the interest payments on the Premium 2023A Certificate using a constant yield to maturity method over the remaining term of the Premium 2023A Certificate (or, if required by applicable Treasury Regulations, to an earlier call date). Pursuant to Section 67(b)(11) of the Code, the amortization of that premium is not considered a miscellaneous itemized deduction. Any amortization of bond premium will reduce the basis of the Premium 2023A Certificate pursuant to Section 1016(a)(5) of the Code.

Owners of Discount and Premium 2023A Certificates should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium 2023A Certificates, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Sale, Exchange, Retirement or Other Taxable Disposition of 2023A Certificates

Upon the sale, exchange, retirement or other taxable disposition of a 2023A Certificate, a U.S. owner will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement or other disposition and the owner's adjusted basis in the 2023A Certificate or applicable portion of the adjusted basis. The owner's adjusted basis generally will equal the cost of the 2023A Certificate to the owner, increased by any OID includible in the owner's ordinary income for the 2023A Certificate and reduced by any principal payments on the 2023A Certificate previously received by the owner (including any other payments on the 2023A Certificate that are not qualified stated interest payments) and by any amortizable bond premium allowed as a deduction as described above under the section entitled "Original Issue Discount and Original Issue Premium." Any gain or loss recognized upon a sale, exchange, retirement or other disposition of a 2023A Certificate (excluding amounts attributable to accrued interest or OID) will generally be capital gain or loss and will be long-term capital gain or loss if the U.S. owner's holding period in the 2023A Certificate exceeds one year. Long-term capital gains of individuals are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on the 2023A Certificates and the proceeds of the sale of 2023A Certificates to non-corporate holders of the 2023A Certificates, and "backup withholding," currently at a rate of 24%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of 2023A Certificates that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Medicare Tax Affecting U.S. Owners

A U.S. owner that is an individual is subject to a 3.8% Medicare tax on the lesser of (1) the U.S. owner's "net investment income" for the taxable year and (2) the excess of the U.S. owner's modified adjusted

gross income for the taxable year over a certain threshold (which in the case of individuals is between $125,000 and $250,000, depending on the individual's circumstances). A U.S. owner's net investment income generally includes interest income on, and net gains from the disposition of, 2023A Certificates, unless such interest income or net gains are derived in the ordinary course of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. owner that is an individual should consult its tax advisor regarding the applicability of the Medicare tax.

Non-U.S. Owners

Under the Code, interest and OID on any 2023A Certificate whose beneficial owner is not a U.S. owner is generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the 2023A Certificates with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the 2023A Certificates held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their tax advisors regarding the tax consequences of an investment in the 2023A Certificates.***

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments to (i) certain foreign financial institutions (including certain investment funds) that fail to certify their FATCA status and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders are not satisfied. Proposed Treasury Regulations, which may be relied upon until final Treasury Regulations are promulgated, suspend the requirement to apply the 30% withholding tax to gross proceeds from the sale or other disposition of 2023A Certificates. This requirement otherwise would have applied to a sale or other disposition of 2023A Certificates made on or after January 1, 2019.

In the case of payments made to a "foreign financial institution" (generally including an investment fund), as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement") or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the U.S. or other relevant tax authorities certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity either provides the withholding agent with a certification that it does not have any "substantial" U.S. owner (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

If 2023A Certificates are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold the 30% FATCA tax on payments of interest as described above made to (i) a person (including an individual) that fails to comply with certain information requests or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding in cases where the withholding described above in "Non-U.S. Owners" or "Information Reporting and Backup Withholding" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments on 2023A Certificates as a result of a failure by an investor (or by an institution through which an investor holds the 2023A Certificates) to comply with FATCA, none of the City, any paying agent or any other person would, pursuant to the terms of the 2023A Certificates, be required to pay additional amounts with respect to any 2023A Certificate as a result of the deduction or withholding of such tax. ***Non-U.S. owners should consult their tax advisors regarding the application of FATCA to the ownership and disposition of 2023A Certificates.***

2023-R1 Certificates

In the opinion of Squire Patton Boggs (US) LLP and Husch Blackwell LLP, as Co-Special Counsel, under existing law: (i) interest on the 2023-R1 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) interest on the 2023-R1 Certificates is exempt from State of California personal income taxes. Co-Special Counsel expresses no opinion as to any other tax consequences regarding the 2023-R1 Certificates.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2023-R1 Certificates are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Special Counsel will not independently verify the accuracy of the City's representations and certifications or the continuing compliance with the City's covenants.

The opinion of Co-Special Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Special Counsel's legal judgment as to exclusion of interest on the 2023-R1 Certificates from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Co-Special Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the 2023-R1 Certificates being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2023-R1 Certificates. The City has covenanted to take the actions required of it for the interest on the 2023-R1 Certificates to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2023-R1 Certificates, Co-Special Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Special Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2023-R1 Certificates or the market value of the 2023-R1 Certificates.

Interest on the 2023-R1 Certificates may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals

otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2023-R1 Certificates. Co-Special Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2023-R1 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2023-R1 Certificate owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Co-Special Counsel's engagement with respect to the 2023-R1 Certificates ends with the issuance of the 2023-R1 Certificates, and, unless separately engaged, Co-Special Counsel is not obligated to defend the City or the owners of the 2023-R1 Certificates regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2023-R1 Certificates, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the 2023-R1 Certificates will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2023-R1 Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2023-R1 Certificates.

Prospective purchasers of the 2023-R1 Certificates upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the 2023-R1 Certificates at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Special Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2023-R1 Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2023-R1 Certificates will not have an adverse effect on the tax status of interest on the 2023-R1 Certificates or the market value or marketability of the 2023-R1 Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2023-R1 Certificates from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the 2023-R1 Certificates should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the 2023-R1 Certificates for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the 2023-R1 Certificates may be affected and the ability of holders to sell their 2023-R1 Certificates in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the 2023-R1 Certificates ("Discount 2023-R1 Certificates") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount 2023-R1 Certificate. The issue price of a Discount 2023-R1 Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount 2023-R1 Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount 2023-R1 Certificate over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount 2023-R1 Certificate (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the 2023-R1 Certificates, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount 2023-R1 Certificate. A purchaser of a Discount 2023-R1 Certificate in the initial public offering at the issue price (described above) for that Discount 2023-R1 Certificate who holds that Discount 2023-R1 Certificate to maturity will realize no gain or loss upon the retirement of that Discount 2023-R1 Certificate.

Certain of the 2023-R1 Certificates ("Premium 2023-R1 Certificates") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium 2023-R1 Certificate, based on the yield to maturity of that Premium 2023-R1 Certificate (or, in the case of a Premium 2023-R1 Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium 2023-R1 Certificate), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium 2023-R1 Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium 2023-R1 Certificate, the owner's tax basis in the Premium 2023-R1 Certificate is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium 2023-R1 Certificate for an amount equal to or less than the amount paid by the owner for that Premium 2023-R1 Certificate. A purchaser of a Premium 2023-R1 Certificate in the initial public offering who holds that Premium 2023-R1 Certificate to maturity (or, in the case of a callable Premium 2023-R1 Certificate, to its earlier call date that results in the lowest yield on that Premium 2023-R1 Certificate) will realize no gain or loss upon the retirement of that Premium 2023-R1 Certificate.

Owners of Discount and Premium 2023-R1 Certificates should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium 2023-R1 Certificates, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

OTHER LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Certificates and with regard to the tax status of the interest represented by the Certificates (see "TAX MATTERS" herein) are subject to the separate legal opinions of Squire Patton Boggs (US) LLP, San Francisco, California and Husch Blackwell LLP, Oakland, California, Co-Special Counsel. The signed legal opinions of Co-Special Counsel, dated and premised on facts existing and law in effect as of the date of original delivery of the Certificates, will be delivered to the initial purchasers of the Certificates at the time of original delivery of the Certificates.

The proposed form of the legal opinions of Co-Special Counsel are set forth in APPENDIX F hereto. The legal opinions to be delivered may vary that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of their date, and subsequent distributions of them by recirculation of this Official Statement or otherwise will create no implication that Co-Special Counsel have reviewed or express any opinion concerning any of the matters referred to in the opinion subsequent to their date.

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

Co-Disclosure Counsel have advised the City with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Co-Disclosure Counsel are not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and have not undertaken to independently verify any of such statements or information. Rather, the City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon the delivery of the Certificates, each Co-Disclosure Counsel will deliver a letter to the City which advises the City, subject to the assumptions, exclusions, qualifications and limitations set forth therein, that no facts came to the attention of such firm which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Certificates 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 of the Certificates, or other person or party other than the City, will be entitled to or may rely on such letter or Co-Disclosure Counsel's having acted in the role of co-disclosure counsel to the City.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PROFESSIONALS INVOLVED IN THE OFFERING

KNN Public Finance, LLC and NHA Advisors, LLC have served as Co-Municipal Advisors to the City with respect to the sale of the Certificates. The Co-Municipal Advisors have assisted the City in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Certificates. The Co-Municipal Advisors have not independently verified any of the data contained herein nor conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement and assume no responsibility for the accuracy or completeness of any of the information contained herein. The Co-Municipal Advisors, Co-Special Counsel and Co-Disclosure Counsel will all receive compensation from the City contingent upon the sale and delivery of the Certificates.

[VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest earned on the escrow securities to provide for the payment, when due, of all principal and interest and prepayment price with respect to the [2015-R1 Certificates] to their prepayment date will be verified by [_____] (the "Verification Agent"). The Verification Agent will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the 2023-R1 Certificates. See "PLAN OF FINANCE AND PREPAYMENT" above.]

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Certificates to provide certain financial information and operating data relating to the City (the "Annual Report") not later than 270 days after the end of the City's fiscal year (which currently ends on June 30), commencing with the report for fiscal year 2022-23, which is due not later than March 26, 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the City with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board. The notices of enumerated events will be filed by the City with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D: "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the initial purchasers of the Certificates in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

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

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

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

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

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Certificates, the Trust Agreement, the Project Lease, the Property Lease, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Certificates and other documents and certificates in connection therewith. The City will furnish to the initial purchasers of the Certificates a certificate of the City as to the foregoing as of the time of the original delivery of the Certificates.

VALIDATION ACTION

No validation action has been pursued or is expected to be pursued with respect to the validity of the [_____] Supplement to Project Lease, the [_____] Supplement to Property Lease, the [_____] Supplement to Trust Agreement, the [_____] Supplement to Project Lease, the [_____] Supplement to Property Lease, and the [_____] Supplement to Trust Agreement.

The City filed a complaint on September 15, 2008, pursuant to State Code of Civil Procedure Sections 860 through 870.5 in the Superior Court for the State in and for the City to validate the Original Project Lease, the Original Property Lease, the Original Trust Agreement and certain other matters. On January 15, 2009, a judgment was rendered finding the Original Project Lease, the Original Property Lease and the Original Trust Agreement to be valid, legal and binding obligations of the City in accordance with their

terms and in conformity with all applicable provisions of law, including Article XVI, Section 18 of the State Constitution.

State Code of Civil Procedure Section 870(a) provides that such a judgment, if no appeal is taken, or if taken and the judgment affirmed, shall thereupon become and thereafter be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated against the City and against all other persons. State Code of Civil Procedure Section 870(b) provides that no appeal shall be allowed from such a judgment unless a notice of appeal is filed within 30 days after the entry of judgment. No notice of appeal was filed.

RATINGS

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

SALE OF THE CERTIFICATES

The Certificates are scheduled to be sold at competitive bid on [_____], as provided in separate Official Notices of Sale, each dated [_____] (each, an "Official Notice of Sale"). Each Official Notice of Sale provides that all 2023A Certificates or 2023-R1 Certificates, as appropriate, would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the related Official Notice of Sale, the approval of certain legal matters by Co-Special Counsel and certain other conditions. The purchaser or purchasers of the Certificates will represent to the City that the Certificates have been reoffered to the public at the price or yield to be stated on the inside cover page hereof.

MISCELLANEOUS

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

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

CITY AND COUNTY OF SAN FRANCISCO

By:_____

Benjamin Rosenfield
Controller

APPENDIX A

CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES

APPENDIX A

The Resolutions provide that the Bonds are payable from and secured by a voter-approved dedicated property tax levy on all taxable property in the City, and the City is empowered under the law to set such tax rate for the Bonds at the level needed to generate sufficient tax revenues to pay the debt service on the Bonds. Under the Resolutions, the City is not obligated to pay the debt service from any other sources, nor are any property or assets of the City otherwise pledged to the repayment of the Bonds. This Appendix A provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolutions and are not available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement.

CITY AND COUNTY OF SAN FRANCISCO ORGANIZATION AND FINANCES

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

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

Information concerning the City's finances that does not materially impact the availability of moneys deposited in the General Fund including San Francisco International Airport ("SFO" or the "Airport"), Public Utilities Commission ("PUC"), and other enterprise funds, or the expenditure of moneys from the General Fund, is generally not included or, if included, is not described in detail in this Appendix A.

The information presented in this Appendix A contains, among other information, City budgetary forecasts, projections, estimates and other statements that are based on current expectations as of its date. The words "expects," "forecasts," "projects," "budgets," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify such information as "forward-looking statements." Such budgetary forecasts, projections and estimates are not intended as representations of fact or intended as guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected.

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

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CITY FINANCIAL CHALLENGES

The Original Budget for fiscal years 2022-23 and 2023-24 was approved by the Board of Supervisors on July 26, 2022 and by the Mayor on July 27, 2022. See "CITY BUDGET – Budget Process" for additional detail.

The COVID-19 pandemic resulted in general negative effects on the City's economy which materially adversely impacted the City's tax revenues and increased expenses due to public health responses. These decreases occurred in nearly every category of revenue except intergovernmental revenue and property taxes; most significantly, the City experienced the greatest decline in its "other local taxes," which includes hotel and sales taxes. See "GENERAL FUND REVENUES – PROPERTY TAXATION – Tax Levy and Collection" for additional detail.

The Original Budget for fiscal years 2022-23 and 2023-24 reflects stabilization of City operations and the significant recovery of certain revenues as many of the negative effects of the pandemic have subsided. However, like other municipal governments throughout the State and nation, the City faces significant financial challenges.

The Original Budget for fiscal years 2022-23 and 2023-24 was based in large part on revenue assumptions contained in the Nine-Month Report (issued in May 2022), which assumed continuing economic recovery in fiscal years 2022-23 and 2023-24. Following the issuance of the May 2022 Nine-Month Report and the June 2022 Controller Letter, the local, state and national economies have faced significant headwinds, including multiple interest rate increases by the Federal Reserve, continuing price inflation, volatile investment markets, and economic disruption resulting from the war in Ukraine and other factors. In addition, on February 28, 2023, the Controller issued its most recent report on the status of the re-opening of the City economy. The Controller's Report noted that housing prices are continuing to fall faster in San Francisco than Statewide. The Controller's report also indicated that the City continues to lag behind other metropolitan areas with respect to in-office attendance by workers in City businesses (a continuation of the remote work practices which became more prevalent during the pandemic). These factors may negatively impact the City's revenues, including, but not limited to, transfer tax, business tax and property tax revenues. See "BUDGETARY RISKS – Office Vacancy in San Francisco" for a discussion of the impact of remote working on commercial property in the City, including a report released in October 2022 by the Controller's Office projecting significant declines in property taxes. In addition, there can be no assurances that potential adverse impacts of the current economic challenges on the financial condition of the State will not result in decreases in State funding to the City.

On January 13, 2023, the City issued the Five-Year Financial Plan ("Five-Year Plan") for fiscal year 2023-24 through fiscal year 2027-28. The report projected a shortfall of $1.2 billion over the five-year period and a shortfall of $728.3 million for the upcoming two-year budget period, fiscal years 2023-24 and 2024-25. These projected shortfalls are expected to increase in the March Joint Report to be issued by the City by March 31, 2023. See "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions" for additional detail. Based on the forecast, the Mayor's Office issued instructions to departments to cut 5% and 8% of expenditures in fiscal years 2023-24 and 2024-25, respectively. The Six-Month Budget Status Report (the "Six-Month Report") was released on February 15, 2023. The Six-Month Report indicates a projected General Fund ending balance of $245.4 million in fiscal year 2022-23, which is a $76.7 million improvement from the Five-Year Plan. The improvement is largely driven by better-than-expected revenues. Application of this additional current year fund balance would decrease the projected shortfall in the upcoming two-year budget to $651.6 million.

CITY GOVERNMENT

City Charter

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

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

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

Under its original charter, the City committed to a policy of municipal ownership of utilities. The Municipal Railway, when acquired from a private operator in 1912, was the first such city-owned public transit system in the nation. In 1914, the City obtained its municipal water system, including the Hetch Hetchy watershed near Yosemite. In 1927, the City dedicated Mills Field Municipal Airport at a site in what is now San Mateo County 14 miles south of downtown San Francisco, which would grow to become today's San Francisco International Airport. In 1969, the City acquired the Port of San Francisco (the "Port") in trust from the State. Substantial expansions and improvements have been made to these enterprises since their original acquisition. SFO, the Port, the PUC (which includes the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Project), the Municipal Transportation Agency ("MTA") (which operates the San Francisco Municipal Railway or "Muni" and the Department of Parking and Traffic ("DPT"), including the Parking Authority and its five public parking garages), and the City-owned hospitals

(San Francisco General and Laguna Honda), are collectively referred to herein as the "enterprise fund departments," as they are not integrated into the City's General Fund operating budget. However, certain enterprise fund departments, including San Francisco General Hospital, Laguna Honda Hospital, and the MTA, annually receive significant General Fund-transfers.

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

Mayor

Mayor London Breed is the 45th Mayor of San Francisco and the first African-American woman to serve in such capacity in the City's history. In November 2019, Mayor Breed was elected to serve her first full term. Prior to her election, Mayor Breed served as Acting Mayor, leading the City following the sudden passing of Mayor Lee. Mayor Breed previously served as a member of the Board of Supervisors for six years, including the last three years as President of the Board.

Board of Supervisors

Table A-1 lists the current members of the Board of Supervisors. The Supervisors are elected for staggered four-year terms and are elected by district. Vacancies are filled by appointment by the Mayor.

TABLE A-1

CITY AND COUNTY OF SAN FRANCISCO

Board of Supervisors

Name	First Elected or Appointed	Current Term Expires
Connie Chan, *District 1*	2021	2025
Catherine Stefani, *District 2*	2018	2027
Aaron Peskin, Board President, *District 3*	2015	2025
Joel Engardio, *District 4*	2023	2027
Dean Preston, *District 5*	2019	2025
Matt Dorsey, *District 6*	2022	2027
Myrna Melgar, *District 7*	2021	2025
Rafael Mandelman, *District 8*	2018	2027
Hillary Ronen, *District 9*	2017	2025
Shamann Walton, *District 10*	2019	2027
Ahsha Safai, *District 11*	2017	2025

Other Elected and Appointed City Officers

The City Attorney, an elected position, represents the City in all legal proceedings in which the City has an interest. On September 29, 2021, Mayor London N. Breed appointed Assemblymember David Chiu to serve as the San Francisco City Attorney. Mr. Chiu replaced the prior City Attorney, Dennis Herrera, who became the General Manager of the San Francisco Public Utilities Commission on November 1, 2021. Mr. Chiu ran and was elected by voters in an election on June 7, 2022 to his current term as City Attorney.

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

The Treasurer is responsible for the deposit and investment of all City moneys, and also acts as Tax Collector for the City. José Cisneros was re-elected to a four-year term as Treasurer of the City in November 2019. Mr. Cisneros has served as Treasurer since September 2004, following his appointment by then-Mayor Newsom.

The City Controller is responsible for timely accounting, disbursement, and other disposition of City moneys, certifies the accuracy of budgets, estimates the cost of ballot measures, provides payroll services for the City's employees, and, as the Auditor for the City, directs performance and financial audits of City activities. Benjamin Rosenfield was appointed to a ten-year term as Controller of the City by then-Mayor Newsom in March 2008 and was confirmed by the Board of Supervisors in accordance with the Charter. Mr. Rosenfield was reappointed by then-Mayor Mark Farrell to a new ten-year term as Controller in Spring 2018, and his nomination was confirmed by the Board of Supervisors on May 1, 2018.

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

CITY BUDGET

Overview

The City manages the operations of its nearly 60 departments, commissions and authorities, including the enterprise fund departments, and funds such departments and enterprises through its annual budget process. Each year the Mayor prepares budget legislation for the City departments, which must be approved by the Board of Supervisors. General Fund revenues consist largely of local property tax, business tax, sales tax, other local taxes and charges for services. A significant portion of the City's revenue also comes in the form of intergovernmental transfers from the State and federal governments. Thus, the City's fiscal position is affected by the health of the local real estate market, the local business and tourist economy, and, by budgetary decisions made by the State and federal governments which depend, in turn,

on the health of the larger State and national economies. All these factors are almost wholly outside the control of the Mayor, the Board of Supervisors and other City officials. In addition, the State Constitution limits the City's ability to raise taxes and property-based fees without a vote of City residents. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES" herein. Also, the fact that the City's annual budget must be adopted before the State and federal budgets adds uncertainty to the budget process and necessitates flexibility so that spending decisions can be adjusted during the course of the fiscal year. See "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

The fiscal year 2022-23 and 2023-24 Original Budget was approved by the Board of Supervisors on July 26, 2022 and signed by Mayor Breed on July 27, 2022. The Original Budget for fiscal year 2022-23 appropriated annual revenues, fund balance, transfers and reserves of $14.0 billion, of which the City's General Fund accounts for $6.8 billion. The Original Budget for fiscal year 2023-24 appropriates revenues, fund balance, transfers and reserves of $13.9 billion, of which $6.9 billion represents the General Fund budget. See "CITY BUDGET – Original Budget for Fiscal Years 2022-23 and 2023-24" for further details on the budget. Table A-2 shows Final Revised Budget revenues and appropriations for the City's General Fund for fiscal years 2019-20 through 2021-22, and Original Budgets for fiscal years 2022-23 through 2023-24. See "GENERAL FUND REVENUES - PROPERTY TAXATION –Tax Levy and Collection, "GENERAL FUND REVENUES - OTHER CITY TAX REVENUES" and "CITY GENERAL FUND PROGRAMS AND EXPENDITURES" herein.

Economic and tax revenue losses associated with the COVID-19 pandemic were stark and immediate. The latter were mitigated by historic levels of federal stimulus. See "CITY BUDGET – Other Budget Updates: Fiscal Year 2022-23 Six Month Budget Status Report" and "GENERAL FUND REVENUES" for a discussion of current projections of the magnitude of the financial impact of the COVID-19 pandemic on the City. See "CITY FINANCIAL CHALLENGES" and "BUDGETARY RISKS" for discussions of factors that may affect the revenue and expenditure levels assumed in the budget for fiscal years 2022-23 and 2023-24.

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TABLE A-2

CITY AND COUNTY OF SAN FRANCISCO
Budgeted General Fund Revenues and Appropriations for
Fiscal Years 2019-20 through 2023-24
(000s)

	2019-20 Final Revised Budget[7]	2020-21 Final Revised Budget [7]	2021-22 Final Revised Budget [7]	2022-23 Original Budget [8]	2023-24 Original Budget [8]
Prior-Year Budgetary Fund Balance & Reserves	$2,817,270	$2,816,902	$2,803,535	$395,409	$239,873
Budgeted Revenues					
Property Taxes[1]	$1,956,008	$2,161,945	$2,115,600	$2,379,530	$2,494,850
Business Taxes	1,050,392	798,057	957,307	902,300	960,200
Other Local Taxes[2]	1,144,376	657,990	777,750	1,050,820	1,183,490
Licenses, Permits and Franchises	30,361	22,977	28,027	26,818	27,735
Fines, Forfeitures and Penalties	3,131	2,389	4,039	3,088	3,088
Interest and Investment Earnings	69,579	20,732	34,215	44,467	59,947
Rents and Concessions	15,270	11,166	11,820	13,131	13,296
Grants and Subventions	1,234,987	1,591,756	1,699,946	1,511,286	1,440,457
Charges for Services	246,003	254,990	258,939	236,924	238,933
Other	31,712	59,773	37,694	19,420	18,652
Total Budgeted Revenues	$5,781,819	$5,581,775	$5,925,337	$6,187,784	$6,440,648
Bond Proceeds & Repayment of Loans[3]	-	-	-	-	-
Expenditure Appropriations					
Public Protection	$1,493,240	$1,505,780	$1,586,264	$1,675,801	$1,678,498
Public Works, Transportation & Commerce	216,824	218,986	244,365	262,733	229,775
Human Welfare & Neighborhood Development	1,270,530	1,605,573	1,571,761	1,576,410	1,551,143
Community Health	1,065,051	1,158,599	1,119,891	1,162,956	1,168,262
Culture and Recreation	161,274	147,334	161,417	197,596	204,661
General Administration & Finance	332,296	332,997	353,518	338,055	365,922
General City Responsibilities[4]	137,851	126,993	156,892	226,931	256,020
Total Expenditure Appropriations	$4,677,066	$5,096,262	$5,194,108	$5,440,482	$5,454,281
Budgetary reserves and designations, net	$34,721	$42,454	$45,567	$65,741	$24,581
Transfers In	$190,642	$417,009	$194,114	$203,001	$216,582
Transfers Out[5]	(1,157,312)	(1,164,927)	(1,181,704)	(1,279,971)	(1,418,241)
Net Transfers In/Out	($966,670)	($747,918)	($987,590)	($1,076,970)	($1,201,659)
Budgeted Excess (Deficiency) of Sources Over (Under) Uses	2,920,632	2,512,044	2,501,608	-	-
Variance of Actual vs. Budget	(139,127)	291,491	712,423	-	-
Total Actual Budgetary Fund Balance[6]	$2,781,505	2,803,535	3,214,031	-	-

[1] In FY 2019-20, the City budgeted $185.0 million of "Excess Educational Revenue Augmentation Fund" (ERAF) revenue. The Budget appropriates Excess ERAF property tax funds in fiscal years 2020-21, 2021-22, and 2022-23 for ongoing purposes. Please see "Property Tax" sections for more information about Excess ERAF.

[2] Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, cannabis, and executive compensation taxes.

[3] Represents interest that debt service has earned while held by fiscal agent and is returned to the City.

[4] Over the past five years, the City has consolidated various departments to achieve operational efficiencies. This has resulted in changes in how departments were summarized in the service area groupings above for the time periods shown.

[5] Other Transfers Out is primarily related to transfers to support Charter-mandated spending requirements and hospitals.

[6] Fiscal year 2019-20 through fiscal year 2021-22 Final Revised Budget reflects prior year *actual* budgetary fund balance.

[7] Fiscal year 2019-20, 2020-21, and 2021-22 Final Revised Budgets are based on fiscal year 2019-20, 2020-21, and 2021-22 ACFRs, respectively. Does not reflect material adverse impacts of the COVID-19 pandemic on the General Fund. See reserve discussion under "CITY BUDGET" section.

[8] Fiscal year 2022-23 and 2023-24 amounts represent the Original Budget, adopted July 27, 2022.

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

Budget Process

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

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

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

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

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

Multi-Year Budgeting and Planning

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

1. Fixed two-year budgets are approved by the Board of Supervisors. For fiscal year 2022-23, departments with previously fixed two-year budgets in the prior two-year planning cycle (MTA, PUC, SFO, and the Port), were open again for amendments. All other departments prepared balanced, rolling two-year budgets for Board approval.

2. Five-year financial plan and update, which forecasts revenues and expenses and summarizes expected public service levels and funding requirements for that period. A five-year financial plan, including a forecast of expenditures and revenues and proposed actions to balance them in light of strategic goals, was issued by the Mayor, the Budget Analyst for the Board of Supervisors and Controller's Office on January 13, 2023, for fiscal year 2023-24 through fiscal year 2027-28. The Five-Year Financial Plan will be updated by March 31, 2023. See "Five-Year Financial Plan and Mayor's Budget Instructions" section below.

3. The Controller's Office proposes to the Mayor and Board of Supervisors financial policies addressing reserves, use of volatile revenues, debt and financial measures in the case of disaster recovery and the City is required to adopt budgets consistent with these policies once approved. The Controller's Office may recommend additional financial policies or amendments to existing policies no later than October 1. Key financial policies that have been enacted include:

    - Non-Recurring Revenue Policy – This policy limits the Mayor's and Board's ability to use for operating expenses the following nonrecurring revenues: extraordinary year-end General Fund balance, the General Fund share of revenues from prepayments provided under long- term leases, concessions, or contracts, otherwise unrestricted revenues from legal judgments and settlements, and other unrestricted revenues from the sale of land or other fixed assets. Under the policy, these nonrecurring revenues may only be used for nonrecurring expenditures that do not create liability for or expectation of substantial ongoing costs, including but not limited to: discretionary funding of reserves, acquisition of capital equipment, capital projects included in the City's capital plans, development of affordable housing, and discretionary payment of pension, debt or other long-term obligations.

    - Rainy Day and Budget Stabilization Reserve Policies – These reserves were established to support the City's budget in years when revenues decline. These and other reserves are discussed in detail below. Charter Section 9.113.5 requires deposits into the Rainy Day Reserve if total General Fund revenues for a fiscal year exceed total General Fund revenues for the prior fiscal year by more than five percent. Similarly, if budget year revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. The Budget Stabilization Reserve augments the Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues. The fiscal year 2020-21 Original Budget withdrew the maximum permissible amount from the City's Rainy Day and Budget Stabilization Reserves, but the original fiscal year 2021-22 budget provided for the withdrawal of a *de minimis* amount, preserving the remaining balance of the reserves. Fiscal years 2022-23 and 2023-24 budget did not withdraw from the Rainy Day or Budget Stabilization Reserves. These and other reserves are discussed under the Rainy Day Reserve and Budget Stabilization Reserve section.

4. The City is required to submit labor agreements to the Board of Supervisors by May 15, so the fiscal impact of the agreements can be incorporated in the Mayor's proposed June 1 budget. Miscellaneous employee labor agreements are closed for fiscal years 2022-23 and 2023-24. In spring 2023, the City will be negotiating successor agreements with its public safety employee organizations for fiscal years 2023-24 and 2024-25.

Role of Controller in Budgetary Analysis and Projections

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

In addition to the five-year planning responsibilities discussed above, Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. Each year, the Controller issues six-month and nine-month budget status reports to apprise the City's policymakers of the current budgetary status, including projected year-end revenues, expenditures and fund balances. The Controller issued the first of these reports, the fiscal year 2022-23 Six Month Report (the "Six Month Report") on February 15, 2023. The City Charter also directs the Controller to annually report on the accuracy of economic assumptions underlying the revenue estimates in the Mayor's Proposed Budget in the Revenue Letter.

General Fund Results: Audited Financial Statements

The City issued the Annual Comprehensive Financial Report ("ACFR"), which includes the City's audited financial statements, for fiscal year 2021-22 on March 1, 2023. Fiscal year 2021-22 General Fund balance shows an increase from the fiscal year 2020-21 General Fund balance. As of June 30, 2022, the net available budgetary basis General Fund fund balance was $1.02 billion (see Table A-4), which represents a $114.2 million increase in available fund balance from the $902.0 million available as of June 30, 2021. This increase resulted primarily from greater-than-budgeted property, hotel and real property transfer tax revenues, partially offset by under-performance in business tax revenues in fiscal year 2021-22.

The General Fund balance as of June 30, 2022 was $2.9 billion (shown in Tables A-3 and A-4) using Generally Accepted Accounting Principles ("GAAP"), derived from revenues of $6.3 billion. The City prepares its budget on a modified accrual basis, which is also referred to as "budget basis" in the ACFR. Accruals for incurred liabilities, such as claims and judgments, workers' compensation, accrued vacation and sick leave pay are funded only as payments are required to be made. Table A-3 focuses on a specific portion of the City's balance sheet; General Fund balances are shown on both a budget basis and a GAAP basis with comparative financial information for the fiscal years ended June 30, 2018 through June 30, 2022.

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TABLE A-3

CITY AND COUNTY OF SAN FRANCISCO
Summary of General Fund Fund Balances
Fiscal Years 2017-18 through 2021-22
(000s)

	2017-18	2018-19	2019-20	2020-21	2021-22
Restricted for rainy day (Economic Stabilization account)[1]	$89,309	$229,069	$229,069	$114,539	$114,539
Restricted for rainy day (One-time Spending account)[2]	54,668	95,908	-	-	-
Committed for budget stabilization (citywide)[2]	369,958	396,760	362,607	320,637	320,637
Committed for Recreation & Parks savings reserve[3]	1,740	803	803	-	-
Assigned, not available for appropriation					
Assigned for encumbrances	$345,596	$351,446	$394,912	$407,137	$462,668
Assigned for appropriation carryforward	423,835	496,846	630,759	753,776	940,213
Assigned for budget savings incentive program (Citywide)[3]	73,650	86,979	-	-	-
Assigned for salaries and benefits [4]	23,931	28,965	25,371	5,088	17,921
Assigned for Self-Insurance [5]				42,454	45,567
Assigned for Hotel Tax Loss Contingency [6]				6,000	3,500
Total Fund Balance Not Available for Appropriation	$1,382,687	$1,686,776	$1,643,521	$1,649,631	$1,905,045
Assigned and unassigned, available for appropriation					
Assigned for litigation & contingencies[4]	$235,925	$186,913	$160,314	$173,591	$235,133
Assigned for subsequent year's budget	188,562	210,638	370,405	173,989	307,743
Unassigned for General Reserve [7]	106,878	130,894	78,498	78,333	57,696
Unassigned - Budgeted for use second budget year	223,251	285,152	84	-	149,695
Unassigned - Projected for use third and fourth budget year	-	-	-	-	163,400
Unassigned - Contingency for second budget year	160,000	308,000	510,400	-	-
Unassigned - COVID-19 Response and Economic Contingency Reserve [8]	-	-	-	113,500	13,999
Unassigned - Federal & State Emergency Revenue Reserve [8]	-	-	-	100,000	81,300
Unassigned - Fiscal Cliff Reserve [8]	-	-	-	293,900	229,750
Unassigned - Business Tax Stabilization Reserve	-	-	-	149,000	29,454
Unassigned - Gross Receipts Prepayment Reserve	-	-	-	26,000	-
Unassigned - Other Reserve	-	-	-	13,807	1,021
Unassigned - Available for future appropriation	44,779	8,897	18,283	31,784	39,795
Total Fund Balance Available for Appropriation	$959,395	$1,130,494	$1,137,984	$1,153,904	$1,308,986
Total Fund Balance, Budget Basis	$2,342,082	$2,817,270	$2,781,505	$2,803,535	$3,214,031
Budget Basis to GAAP Basis Reconciliation					
Total Fund Balance - Budget Basis	$2,342,082	$2,817,270	$2,781,505	$2,803,535	$3,214,031
Unrealized gain or loss on investments	(20,602)	16,275	36,626	3,978	(156,403)
Nonspendable fund balance	1,512	1,259	1,274	2,714	4,134
Cumulative Excess Property Tax Revenues Recognized on Budget Basis	(25,495)	(23,793)	(20,655)	(31,745)	(32,874)
Cumulative Excess Health, Human Service, Franchise Tax and other Revenues on Budget Basis	(68,958)	(87,794)	(139,590)	(120,569)	(118,791)
Inventories	-	-	33,212	17,925	-
Pre-paid lease revenue	(6,598)	(6,194)	(6,450)	(5,734)	(4,954)
Total Fund Balance, GAAP Basis	$2,221,941	$2,717,023	$2,685,922	$2,670,104	$2,905,143

[1] Additional information in Rainy Day Reserves section of Appendix A, following this table.

[2] Additional information in Budget Stabilization Reserve section of Appendix A, following this table.

[3] Additional information in Budget Savings Incentive Reserve section of Appendix A, following this table.

[4] Additional information in Salaries, Benefits and Litigation Reserves section of Appendix A, following this table.
The increase in FY18 was largely due to a small number of claims filed against the City with large known or potential settlement stipulations.

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

[6] Additional information in Hotel Tax Loss Contingency of Appendix A, following this table.

[7] Additional information in General Reserves section of Appendix A, following this table.

[8] Additional information in the COVID Response and Economic Loss Reserve section of Appendix A, following this table.

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

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

Rainy Day Reserve

The City maintains a Rainy Day Reserve, as shown on the first and second line of Table A-3 above. Charter Section 9.113.5 requires that if total General Fund revenues for the current year exceed total General Fund revenues for the prior year by more than five percent, then the City must deposit anticipated General Fund revenues in excess of that five percent growth into three accounts within the Rainy Day Reserve (see below) and for other lawful governmental purposes. Similarly, if budgeted revenues exceed current year revenues by more than five percent, the budget must allocate deposits to the Rainy Day Reserve. Effective January 1, 2015, Proposition C, passed by the voters in November 2014, divided the existing Rainy Day Economic Stabilization Account into a City Rainy Day Reserve ("City Reserve") and a School Rainy Day Reserve ("School Reserve") for SFUSD, with each reserve account receiving 50% of the existing balance at the time. Deposits to the reserve are allocated as follows:

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

The fiscal year 2021-22 ending balance of the Rainy Day Economic Stabilization City Reserve was $114.5 million, as shown in Table A-3. Under Proposition C, the City is not eligible to withdraw from the Rainy Day Reserve in fiscal years 2022-23 and 2023-24, preserving the balance of $114.5 million in those years.

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

Budget Stabilization Reserve

The City maintains a Budget Stabilization Reserve, as shown on the third line of Table A-3 above. The Budget Stabilization Reserve augments the Rainy Day Reserve and is funded through the dedication of 75% of certain volatile revenues, including Real Property Transfer Tax ("RPTT") receipts in excess of the rolling five-year annual average (adjusting for the effect of any rate increases approved by voters), funds from the sale of assets, and year-end unassigned General Fund balances beyond the amount assumed as a source in the subsequent year's budget.

The combined value of the Budget Stabilization Reserve and the Budget Stabilization One Time Reserve is $320.6 million at the end of fiscal year 2021-22, with an ending balance of $265.8 million in the Budget Stabilization Reserve and $54.8 million in the Budget Stabilization One-Time Reserve. The fiscal year 2022-23 Original Budget withdraws the balance of the Budget Stabilization One-Time Reserve. As with the Rainy

Day Reserve under Proposition C, the City is not eligible to withdraw from the Budget Stabilization Reserve in fiscal years 2022-23 and 2023-24, maintaining the fiscal year 2021-22 $265.8 million balance.

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

Salaries, Benefits and Litigation Reserves

The City maintains two reserves to offset potential expenses, which are available to City departments through a Controller's Office review and approval process. These are shown in the "assigned, not available for appropriation," and "assigned and unassigned, available for appropriation" sections of Table A-3 above. These include the Salaries and Benefit Reserve (balance of $17.9 million as of fiscal year 2021-22) and the Litigation Reserve. The Litigation Reserve and Public Health Management Reserve (balance of $235.1 million in fiscal year 2021-22) are combined for reporting purposes. The purpose of the latter is to manage patient revenue volatility in the Department of Public Health.

General Reserve

The City maintains a General Reserve, shown as part of "Unassigned for General Reserve" in the "assigned and unassigned, available for appropriation" section of Table A-3 above. The fiscal year 2021-22 balance of $57.7 million includes $43.8 million of General Reserve, as well as two smaller, unrelated reserves. The General Reserve is to be used for current-year fiscal pressures not anticipated during the budget process. The policy, originally adopted on April 13, 2010, set the General Reserve equal to 1% of budgeted regular General Fund revenues in fiscal year 2012-13 and increasing by 0.25% each year thereafter until reaching 2% of General Fund revenues in fiscal year 2016-17. On December 16, 2014, the Board of Supervisors adopted financial policies to further increase the City's General Reserve from 2% to 3% of General Fund revenues between fiscal year 2017-18 and fiscal year 2020-21 while reducing the required deposit to 1.5% of General Fund revenues in years when the City appropriates a withdrawal from the Rainy Day reserve. The intent of this policy change was to increase reserves available during a multi-year downturn. In fiscal year 2020-21 and 2021-22, the City withdrew from the Rainy Day Reserve and reset its General Fund Reserve deposit requirement to 1.5% of General Fund revenues in those years. The fiscal year 2021-22 ending balance of the General Reserve is $43.8 million. The Original Budget for fiscal years 2022-23, and 2023-24 includes deposits of $64.4 million, and $18.5 million, respectively. See "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions" and "– Other Budget Updates: Fiscal Year 2022-23 Six-Month Budget Status Report" for a summary of the most recent projections.

COVID Response and Economic Loss Reserve, Federal and State Emergency Grant Disallowance Reserve, and Fiscal Cliff Reserve

The fiscal year 2020-21 Original Budget consolidated the balances of several City reserves into a single COVID Response and Economic Loss Reserve of $507.4 million in fiscal year 2019-20, as shown as part of "Unassigned Contingency for Second Budget Year" line in Table A-3. The COVID Response and Economic Loss Reserve was available to offset revenue losses or to assist otherwise with balancing of future fiscal year budgets. The Controller noted that the $507.4 million total balance would be sufficient to offset some, but not all, of the budget risks identified in future years.

At of the end of fiscal year 2020-21, the COVID Response and Economic Loss Reserve was split into two new reserves -- $100.0 million for a "Federal and State Emergency Grant Disallowance Reserve," and $293.9 million for a "Fiscal Cliff Reserve"-- leaving $113.5 million in the original COVID Response and Economic Loss Reserve. In fiscal year 2021-22, $99.5 million of the COVID Response and Economic Loss Reserve was used to balance the budget, leaving a balance of $14.0 million. The 2022-23 Original Budget uses the remainder of this reserve.

The Federal and State Emergency Grant Disallowance Reserve was created for the purpose of managing revenue shortfalls related to reimbursement disallowances from the Federal Emergency Management Agency ("FEMA") and other state and federal agencies. In fiscal year 2021-22, $18.7 million of the Federal and State Emergency Grant Disallowance Reserve was appropriated in the Original Budget, leaving a balance of $81.3 million.

The Fiscal Cliff Reserve was created for the purpose of managing projected budget shortfalls following the spend down of federal and state stimulus funds and other one-time sources. In fiscal year 2021-22, $64.2 million of the Fiscal Cliff Reserve was appropriated through a supplemental appropriations ordinance for rent relief and social housing. As a result, the fiscal year 2021-22 reserve balance is $229.8 million. The fiscal year 2022-23 Original Budget appropriated $9.3 million to support the budget.

Operating Cash Reserve

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

Table A-4, entitled "Statement of Revenues, Expenditures and Changes in General Fund Balances," is extracted from information in the City's published Annual Comprehensive Financial Report. Audited financial statements can be obtained from the City Controller's website https://sf.gov/annual-comprehensive-financial-reports-acfr. Information from the City Controller's website is not incorporated herein by reference. Excluded from this Statement of General Fund Revenues and Expenditures in Table A-4 are fiduciary funds, internal service funds, special revenue funds (which relate to proceeds of specific revenue sources which are legally restricted to expenditures for specific purposes), and all of the enterprise fund departments of the City, each of which prepares separate audited financial statements. See "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions" for a summary of the most recent projections.

TABLE A-4

CITY AND COUNTY OF SAN FRANCISCO
Statement of Revenues, Expenditures and Changes in General Fund Fund Balances[1]
Fiscal Years 2017-18 through 2021-22
(000s)

	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues:					
Property Taxes[2]	$1,673,950	$2,248,004	$2,075,002	$2,332,864	2,336,071
Business Taxes	897,076	917,811	822,154	722,642	861,172
Other Local Taxes[3]	1,093,769	1,215,306	996,180	709,018	1,115,553
Licenses, Permits and Franchises	28,803	27,960	25,318	12,332	32,078
Fines, Forfeitures and Penalties	7,966	4,740	3,705	4,508	5,755
Interest and Investment Income	16,245	88,523	65,459	(1,605)	(93,447)
Rents and Concessions	14,533	14,460	9,816	5,111	10,668
Intergovernmental	983,809	1,069,349	1,183,341	1,607,803	1,795,395
Charges for Services	248,926	257,814	229,759	230,048	238,438
Other	24,478	46,254	62,218	46,434	23,265
Total Revenues	$4,989,555	$5,890,221	$5,472,952	$5,669,155	$6,324,948
Expenditures:					
Public Protection	$1,312,582	$1,382,031	$1,479,195	$1,498,514	$1,562,797
Public Works, Transportation & Commerce	223,830	202,988	203,350	204,973	232,078
Human Welfare and Neighborhood Development	999,048	1,071,309	1,252,865	1,562,982	1,478,115
Community Health	706,322	809,120	909,261	1,056,590	1,002,047
Culture and Recreation	142,215	152,250	155,164	145,405	159,056
General Administration & Finance	244,773	267,997	304,073	314,298	298,742
General City Responsibilities	110,812	144,808	129,941	113,913	156,870
Total Expenditures	$3,739,582	$4,030,503	$4,433,849	$4,896,675	$4,889,705
Excess of Revenues over Expenditures	$1,249,973	$1,859,718	$1,039,103	$772,480	$1,435,243
Other Financing Sources (Uses):					
Transfers In	$112,228	$104,338	$87,618	$343,498	$84,107
Transfers Out	(1,010,785)	(1,468,971)	(1,157,822)	(1,166,855)	(1,209,383)
Other	(178)	(3)	-	(338)	(74,928)
Total Other Financing Sources (Uses)	($898,735)	($1,364,636)	($1,070,204)	($823,695)	($1,200,204)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	$351,238	$495,082	($31,101)	($51,215)	$235,039
Total Fund Balance at Beginning of Year	$1,870,703	$2,221,941	$2,717,023	$2,685,922	$2,670,104
Cumulative effect of accounting change				35,397	-
Total Fund Balance at End of Year -- GAAP Basis	$2,221,941	$2,717,023	$2,685,922	$2,670,104	$2,905,143
Assigned for Subsequent Year's Appropriations and Unassigned Fund Balance, Year End					
-- GAAP Basis	$286,143	$326,582	$395,776	$179,077	$325,664
-- Budget Basis	$616,592	$812,687	$896,172	$901,980	$1,016,157

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

2 The City recognized $548.0 million of "Excess Educational Revenue Augmentation Fund (ERAF)" revenue in FY 2018-19, representing FY16-17, FY17-18, and FY18-19 (3 fiscal years) of ERAF. Please see "GENERAL FUND REVENUES - Property Taxation" for more information about Excess ERAF.

3 Other Local Taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes (once it takes effect beginning January 1, 2022).

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

Five-Year Financial Plan and Mayor's Budget Instructions

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

On January 13, 2023, the Mayor, Budget Analyst for the Board of Supervisors, and the Controller's Office issued the Five-Year Plan for fiscal years 2023-24 through 2027-28, which projected annual shortfalls of $200.8 million, $527.5 million, $745.6 million, $991.7 million, and $1.2 billion for those years, respectively. The City is currently assembling the data for a report to be issued by the City by March 31, 2023 (the "March Joint Report"), which will update the projected annual shortfalls in the Five-Year Plan. On a preliminary basis, the City believes that the March Joint Report may show modest increases in the projected annual shortfalls, although the City cannot currently provide any assurances as to the actual changes to the shortfalls that will be contained in the March Joint Report. The March Joint Report is expected to be available on the Controller's website on or about March 31, 2023.

Total expenditures are projected to grow by approximately $1.4 billion over the next five years, which represents an increase of 21.1% from fiscal year 2022-23. During the five years of the plan, baselines grow by $209.9 million (15% of total expenditure growth), employee salary, pension, and fringe benefit costs grow by $490.7 million (34% of total expenditure growth), citywide operating costs (including capital improvement projects) grow by $514.9 million (36% of total expenditure growth), and departmental costs grow by $214.9 million (15% of total expenditure growth). In contrast to expenditure growth, available General Fund sources are projected to increase by $206.2 million over the same period, an overall growth of 3% from fiscal year 2022-23. As discussed in "CITY BUDGET – Rainy Day Reserve" and "CITY BUDGET – Budget Stabilization Reserve," the Rainy Day Reserve and Budget Stabilization Reserve cannot be used to address the deficit given the projected increase in General Fund revenues.

TABLE A-5(a)

CITY AND COUNTY OF SAN FRANCISCO
Five Year Financial Plan
Fiscal Years 2023-24 through 2027-28
Projections as of January 13, 2023
($ Millions)

	2023-24	2024-25	2025-26	2026-27	2027-28
Sources - Increase / (Decrease):	($29.2)	($24.7)	$49.9	$105.4	$206.2
Uses:					
Baselines & Reserves	($49.8)	($96.3)	($140.9)	($177.1)	($209.9)
Salaries & Benefits	(55.0)	(169.6)	(257.7)	(364.2)	(490.7)
Citywide Operating Budget Costs	(78.5)	(199.5)	(312.8)	(409.6)	(514.9)
Departmental Costs	11.7	(37.3)	(84.0)	(146.1)	(214.9)
Total Uses - (Increase) / Decrease:	($171.6)	($502.8)	($795.4)	($1,097.0)	($1,430.4)
Projected Surplus / (Shortfall):	($200.8)	($527.5)	($745.6)	($991.7)	($1,224.1)

Key assumptions in the Five-Year Plan are:

- **Recovery continues, but high levels of remote work persist:** San Francisco's economic growth, and the revenue derived from it, is heavily dependent on changes in employment, business activity, and tourism. This report assumes changes in office use that occurred during the pandemic are long lasting, affecting commercial and residential real estate and taxable gross receipts. While the recovery in travel and tourism is stronger than prior forecasts, hotel tax revenues are not projected to reach their pre-pandemic levels until fiscal year 2026-27 and are subject to weakness in business travel and convention activity.

- **Implementation of measures adopted by voters in the November 2022 election:** Projections assume a net expenditure increase from these measures, including: costs to provide additional inflationary increases to pre-1996 retiree pensions; savings from the elimination of the Department of Streets and Sanitation and the consolidation of elections; creation of an oversight commission for the Department of Homelessness and Housing; extension of General Fund transfers to the Library Preservation Fund; and funding of a new baseline, the Student Success Fund.

- **Previously negotiated wage increases and inflationary increases for open contracts in line with CPI:** This report assumes the additional salary and benefit costs for previously negotiated, closed labor agreements. Police and Firefighters' unions have closed memoranda of understanding (MOU) through fiscal year 2022-23 as a result of an amendment. Miscellaneous unions have closed MOUs through fiscal year 2023-24 that include a "recession trigger" provision to delay fiscal year 2023-24 scheduled wage increases should the projected shortfall for that year exceed $300 million This report does not assume this threshold is met. In open contract years, this report projects salary increases equal to the change in CPI using the average projection of the California Department of Finance San Francisco Area CPI and Moody's SF Metropolitan Statistical Area CPI. This corresponds to 3.56% in fiscal year 2023-24, 2.62% in fiscal year 2024-25, 2.66% in fiscal year 2025-26, 2.45% in fiscal year 2026-27, and 2.51% in fiscal year 2027-28. Importantly, these assumptions do not indicate a willingness or ability to negotiate wage increases at these levels, but rather are used for projection purposes.

- **Pension investment returns meet expectations, but do not trigger a supplemental COLA:** This report assumes a return on San Francisco Employees' Retirement System (SFERS) assets of 7.2%, the actuarially assumed rate of return. This projection does not assume that any on-going supplemental COLA payment to certain retirees is triggered, which would require increased employer contributions.

- **Health insurance cost increases:** This projection assumes that the employer share of health insurance costs for active employees will increase by 5.2% in fiscal year 2023-24, 6.8% in fiscal year 2024-25, 6.3% in fiscal year 2025-26, and then 6.0% in each of the remaining two years of the projection period, for an average of 6.0% annually over the five years. Retiree health costs are assumed to grow by 5.3% in fiscal year 2023-24, 6.8% in fiscal year 2024-25, 6.3% in fiscal year 25-26, and then 6.0% in each of the remaining two years, an average of 6.1% annually over the projection period.

The Five-Year Plan notes key factors that could materially impact the City's financial condition, including the following:

- **Interest rate increases or other factors tip the nation into recession:** This report assumes very modest revenue growth over the forecast period given structural changes in office using sectors. It assumes successive Fed interest rate increases slow growth without inducing a recession. However, there is continuing discussion among economic forecasters of the likelihood of a mild recession beginning in the first half of 2023. Assuming policymakers choose to completely deplete the City's economic stabilization reserves, the report estimates such a recession would increase the total shortfall amount by $339.0 million over the forecast period.

- **Pending or proposed new programs or legislation:** No pending or proposed legislative changes with a fiscal impact are assumed in this projection. Legislation adopted by the Mayor and Board of Supervisors with a fiscal impact would increase the projected shortfalls. Several appropriations for new program initiatives are pending at the Board of Supervisors, and others may be proposed. Future projections will include impacts from any subsequently adopted legislation.

- **Revenue volatility from a highly progressive tax structure:** The General Fund projection includes revenue from the tax on executive compensation (November 2020 Proposition L) as well as revenue from new transfer tax rates (November 2020 Proposition I). These sources add to the City's already progressive tax structure, increasing revenue volatility. In addition, both taxes will likely lead to a variety of tax avoidance behaviors that are difficult to project in both form and timing, resulting in revenue that could be higher or lower than projected.

- **State fiscal shortfall:** These projections assume excess ERAF property tax allocations continue under current legal requirements. However, in its November 2022 fiscal outlook report, the state Legislative Analyst Office projected a $24 billion shortfall in fiscal year 2023-24 and ongoing deficits thereafter, increasing the likelihood of legislative proposals to alter ERAF allocations in a way that reduces the draw on the state's general fund to meet its Prop 98 school funding requirements, which would reduce excess ERAF that reverts to the City. In fiscal year 2022-23 excess ERAF property allocations to the City are projected to be approximately $350 million, which included certain one-time payments. In addition, discretionary state funding for housing, criminal justice, and other local government grants will likely decline.

San Francisco's Charter requires that each year's budget be balanced. Based on this forecast, the Mayor's Budget Office issued instructions to departments to reduce their expenditures by 5% and 8% in fiscal years 2023-24 and 2024-25, respectively, in order to close the gap between projected sources and uses. As noted above, the City expects to issue an update in March 2023.

Other Budget Updates: Fiscal Year 2022-23 Six-Month Budget Status Report

The Six-Month Budget Status Report (the "Six-Month Report") was released on February 15, 2023. The Six-Month Report indicates a projected General Fund net surplus of $245.4 million in fiscal year 2022-23, which is a $76.7 million improvement from the Five-Year Plan. The improvement is largely driven by better-than-expected revenues.

TABLE A-5(b)

Six Month Report
FY22-23 Projected General Fund Variances to Budget ($ million)

	Five Year Plan vs FY23 Budget	Six-Month Report vs FY23 Budget	Change from Five Year Plan to Six-Month Report
FY 2021-22 Ending Fund Balance	497.2	497.2	-
Appropriation in the FY 2022-23 Budget	(457.4)	(457.4)	-
Prior Year Fund Balance Above Budgeted Levels	**39.8**	**39.8**	**-**
Citywide Revenue	(32.2)	30.2	62.4
Baseline Contributions	(1.8)	(1.2)	0.6
Departmental Operations	(0.5)	(1.7)	(1.2)
Current Year Revenues and Expenditures	**(34.5)**	**27.4**	**61.9**
Approved Use of General Reserve	-	-	-
Public Health Revenue Management Reserve	-	14.8	14.8
Supplemental Appropriations & Use of Reserves	**-**	**14.8**	**14.8**
Previously Unappropriated Fund Balance	**163.4**	**163.4**	**-**
FY 2022-23 Projected Ending Balance	**168.7**	**245.4**	**76.7**

The following is a discussion of certain elements of the fiscal year 2022-23 projections in the Six-Month Report:

- **Implications for upcoming fiscal years.** The Six-Month Report forecasts a $245.4 million General Fund ending balance in the current fiscal year, a $76.7 million improvement from the $168.7 million balance in the Five-Year Plan and a $39.8 million improvement versus the adopted budget. Application of this additional current year fund balance would decrease the projected shortfall in the upcoming two-year budget to $651.6 million after accounting for a $14.8 million draw from the Public Health Revenue Management Reserve.

- **Citywide Revenue is the primary driver of this change**. The Six-Month Report forecasts higher levels of hotel tax, property tax, executive pay tax, interest income, and other revenues, partially offset by shortfalls in transfer tax, business taxes, and Federal Emergency Management Agency (FEMA) recoveries for COVID-related costs. Strength in hospitality industry related revenues, such as hotel and sales taxes, continues from the prior year, and interest income is boosted by successive Fed funds rate increases. Revenues related to office-using sectors, including property transfer and business taxes, are below budget given continued high levels of remote work and uncertainty about office use and values going forward.

- **Departments are projected to end the year with a $1.7 million net operating shortfall.** While state sales tax subvention revenues are above budget and personnel cost savings are projected across many departments, they are offset by shortfalls in certain fee revenues and unanticipated expenditures in others. The Police Department is overspending on overtime, offset in part by savings from unfilled positions, and is expected to exceed its personnel budget by a net $27.6 million. The $14.8 million revenue shortfall at the Department of Public Health, stemming largely

from the declining patient census at Laguna Honda Hospital as it seeks CMS recertification, is projected to be closed with the department's revenue management reserve. Salary, benefit, aid, and other operating savings at the Human Services Agency are offset by the need to fund up to $26.0 million in potential repair and lost revenue costs at hotels used for shelter during the public health emergency.

Original Budget for Fiscal Years 2022-23 and 2023-24

On June 1, 2022, the Mayor submitted a proposed, balanced budget for fiscal years 2022-23 and 2023-24 to the Board of Supervisors. On July 26, 2022, the Board of Supervisors adopted an amended final budget, and the Mayor approved this budget on July 27, 2022.

The Original Budget totals $14.0 billion for fiscal year 2022-23 and $13.9 billion for fiscal year 2023-24. The General Fund portion is $6.8 billion in fiscal year 2022-23 and $6.9 billion in fiscal year 2023-24. There are 33,207 funded full-time equivalent positions in fiscal year 2022-23 and 33,629 in fiscal year 2023-24, representing year-over-year increases of 1,027 and 422 positions, respectively.

BUDGETARY RISKS

In addition to the budgetary risks described below, see "CITY BUDGET – Other Budget Updates: Fiscal Year 2022-23 Six-Month Budget Status Report" for the most recent periodic budget status update released from the Controller's Office, as required by Section 3.105 of the City Charter.

Threat of Recession

Geopolitical events, successive interest rate increases by the Federal Reserve to combat inflation, and financial turmoil in the banking sector have increased expectations of recession in financial markets. A recession could adversely impact the City's economy and the financial condition of the General Fund. During the "Great Recession" that occurred nationally from December 2007 to June 2009 (according to the U.S. National Bureau of Economic Research), California real GDP growth slowed for five consecutive quarters from the third quarter of 2008 to the third quarter of 2009 and did not return to pre-recession level of output until three years later in the third quarter of 2012. The unemployment rate rose steadily from 4.9% in the fourth quarter of 2006 to peak at 12.3% in the fourth quarter of 2010 and did not return to the pre-recession level until the second quarter of 2017.

Commuting Pattern Changes

Continued heightened levels of telecommuting results in continued pressure on the City's general fund revenues. Approximately half of workers in major tax-paying sectors such as professional services, financial services, and information live outside of San Francisco. Continued high levels of telecommuting and work from anywhere policies may affect how much of any business's gross receipts are apportionable to the City. San Francisco still lags the state as a whole in time spent at workplaces, and weekly office attendance has only reached approximately 40%, below other peer cities. As of January 2023, BART ridership was slightly over 30% of pre-pandemic levels. Businesses owe gross receipts tax only on their employees physically working within the City. For certain categories of businesses, the gross receipts tax is also dependent on their San Francisco payroll. Thus, the sharp rise in telecommuting has resulted in reduced business taxes and, if the change becomes permanent, could negatively impact the City for the

foreseeable future. Although some City residents who previously commuted out of the City are now telecommuting from within the City, many of these residents work for employers who do not have a nexus in the City, and thus are not subject to business taxes.

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

On October 19, 2022, the Chief Economist of the City's Office of the Controller released a memorandum regarding the impact of remote work on commercial property and tax revenue in the City. The following summarizes certain portions of such memorandum.

The City has experienced the largest increase in office vacancy among major urban office markets in the United States, currently estimated at 24% in the 3rd quarter of 2022, from around 5% before the pandemic. Because of the prevalence of long-term leases in the commercial real estate industry, sudden reductions in demand often result in increases in sublease vacancy, instead of direct vacancy. Sublease vacancy occurs when existing tenants vacate their space and seek to find sub-lessees, but continue to pay rent under the original lease. A direct vacancy occurs when the original lease has been broken, or has expired and not been renewed. In this case, the property's income declines until a new lease is signed. In San Francisco, sublease vacancies were a very high percentage (80-90%) of office vacancies during 2020 and 2021. In 2022, the sublease vacancy rate has declined, while the direct vacancy rate has continued to rise.

By mid-2022, direct vacancies accounted for most of the vacant office space in San Francisco, according to Jones Lang LaSalle IP, Inc. ("JLL"). For example, JLL has developed a series of office vacancy rate forecasts for the City, through the year 2026. JLL generally show historically high office vacancy rates persisting throughout the forecast period. JLL forecasts office vacancy in the city to remain between 19.5% and 25.3% by 2026, a range which is as high, or higher than any previous peak in office vacancy dating back to the 1990s. JLL also forecasts rents to rise again by the end of the forecast period, but at a slower rate than was seen in the 2010s. If vacancy rates remain at this elevated level, and a large share of these are direct vacancies, then the income, and market value, of office buildings in the City are likely to be negatively affected. The market value of commercial real estate reflects the current and future income that the market expects the property to generate. If expectations of future income streams are reduced, then the market value of office properties will be reduced.

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

The market value of a property is important for property tax revenue because a property's assessed value – the basis of its property tax liability – may not exceed its market value. If a property owner believes a property is assessed above its market value, they can request a reduction in assessment from the Assessor, and/or appeal a decision to the Assessment Appeals Board.

Under California's Proposition 13, however, a property's assessed value may grow by no more than 2% per year, unless a sale or other assessable event (like new construction) prompts a reassessment. In San Francisco, for several decades, the average market value of most classes of property has increased by well more than 2% annually. Proposition 13 has thus created a situation in which most San Francisco properties, that have not been recently sold, are assessed at levels below their market value. Most properties would not be over-assessed, and property tax revenue would not be at risk, if their market values declined by a small amount. In other words, Proposition 13 effectively cushions the City's property tax base from downturns in property markets, at the cost of reduced growth in property tax revenue during periods of strong economic growth.

On November 16, 2022, the Controller's Office provided a presentation to the Board of Supervisors concerning potential property tax implications relating to the continuation of significant remote work by employees of companies located in the City (the "Office Property Tax Presentation"). The presentation noted that remote work has persisted in the City, and that office vacancy rates have risen and could rise further. The Office Property Tax Presentation contained projected property tax losses based on three different market value scenarios provided by JLL relating to continuing remote work and vacancy rates. The projected losses under scenarios ranged from approximately $80 million to $150 million annually by 2026, with a potential widening to $100 million to $200 million annually by 2028, if conditions do not improve. The City cannot predict the actual level of revenues losses, however the City will continue to account for these trends in our periodic reports. Please see "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions" and "CITY BUDGET — Other Budget Updates: Fiscal Year 2022-23 Six-Month Budget Status Report" for additional information.

Bankruptcy Filing by the Pacific Gas and Electric Company (PG&E)

On January 29, 2019, PG&E filed for Chapter 11 bankruptcy protection to shield itself from potential wildfire liability that was estimated upwards of $30 billion. Taxes and fees paid by PG&E to the City total approximately $75 million annually and include property taxes, franchise fees and business taxes, as well as the utility user taxes it remits on behalf of its customers.

On June 20, 2020, the United States Bankruptcy Court for the Northern District of California confirmed PG&E's Plan of Reorganization, and on July 1, 2020 PG&E announced that it had emerged from Chapter 11 bankruptcy. As part of its restructuring, on June 9, PG&E announced that it would be relocating its business headquarters, currently located at 245 Market Street and 77 Beale Street in San Francisco, to Oakland. The relocation was expected to begin June 2022.

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

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

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

Impact of Recent Voter-Initiated and Approved Revenue Measures on Local Finances

On August 28, 2017, the California Supreme Court in California *Cannabis Coalition v. City of Upland* (August 28, 2017, No. S234148) ("Upland Decision") interpreted Article XIIIC, Section 2(b) of the State Constitution, which requires local government proposals imposing general taxes to be submitted to the voters at a general election (i.e., an election at which members of the governing body stand for election). The court concluded such provision did not to apply to tax measures submitted through the citizen initiative process. Under the Upland Decision, citizens exercising their right of initiative may now call for general or special taxes on the ballot at a special election (i.e. an election where members of the governing body are not standing for election). The court did not, however, resolve whether a special tax submitted by voter initiative needs only simple majority voter approval, and not the super-majority (i.e. two-thirds) voter approval required of special taxes placed on the ballot by a governing body. On June 5, 2018 voters of the City passed by majority vote two special taxes submitted through the citizen initiative process: a Commercial Rent Tax for Childcare and Early Education ("June Proposition C") and a Parcel Tax for the San Francisco Unified School District ("Proposition G" and, together with June Proposition C, the "June Propositions C and G"). In addition, on November 6, 2018 voters passed by a majority vote a special tax submitted through the citizen initiative process: a Homelessness Gross Receipts Tax ("November Proposition C"), a gross receipts tax on larger companies in the City to fund affordable housing, mental health, and other homeless services.

The Upland Decision was subsequently affirmed by the California Supreme Court when it declined to review lower court challenges by plaintiffs in two other San Francisco Cases: *City of County of San Francisco v. All Persons Interested in the Matter of Proposition C,* 51 Cal. App. 5th 703 (2020) (Court of Appeal rejected a taxpayer challenge to validity of June Proposition C) and *City of County of San Francisco v. All Persons Interested in the Matter of Proposition G* (July 26, 2021, A16059) (Court of Appeal rejected a taxpayer challenge to validity of Proposition G). In so doing, the Upland Decision was affirmed as binding authority for the proposition that special taxes submitted through a citizen's initiative process only need pass by a majority vote, and not the supermajority requirement of Article XIIIC, Section 2(b) of the State Constitution.

Impact of the State of California Budget on Local Finances

Revenues from the State represent approximately 10% of the General Fund revenues appropriated in the Final Adopted Budget for fiscal years 2022-23 and 2023-24, and thus changes in State revenues could have a material impact on the City's finances. In a typical year, the Governor releases two primary proposed budget documents: 1) the Governor's Proposed Budget required to be submitted in January; and 2) the

"May Revise" to the Governor's Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. Following that process, the State Legislature adopts, and the Governor signs, the State budget. City policy makers review and estimate the impact of both the Governor's Proposed and May Revise Budgets prior to the City adopting its own budget.

On January 10, 2023, the Governor released the January Budget Proposal for fiscal year 2023-24. The State projects a $22.5 billion budget deficit, which it proposes to close with pausing new spending, spending delays, and reducing some previously planned spending. Estimated growth rates in state sales tax and VLF (defined herein) revenues contained in the proposal have been reflected in the City's Six-Month Report projections of state subventions and will be included in the March Joint Report of the Five-Year Plan. As discussed under "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions" the Five-Year Plan identifies State changes in ERAF allocation as a key factor that could impact the City's future financial position.

Impact of Federal Government on Local Finances

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

In the event Congress and the President fail to enact appropriations, budgets or debt ceiling increases on a timely basis in the future, such events could have a material adverse effect on the financial markets and economic conditions in the United States and an adverse impact on the City's finances. The City cannot predict the outcome of future federal budget deliberations and the impact that such budgets will have on the City's finances and operations. The City's General Fund and hospitals, which are supported by the General Fund, collectively receive over $1 billion annually in federal subventions for entitlement programs, the large majority of which are reimbursements for care provided to Medicaid and Medicare recipients. See "Laguna Honda Hospital Potential Loss of Federal Funding." In addition, tens of thousands of San Franciscans receive federal subsidies to purchase private insurance on the State's health care exchange, Covered California. Efforts to change such subsidies or alter provisions of the Affordable Care Act through regulatory changes could have significant effects on future health care costs.

The federal government provided significant funding to local governments to respond to the public health emergency and mitigate the fiscal effect of the COVID-19 pandemic. The City spent the entirely of its General Fund allocations of CARES and ARPA State and Local Fiscal Recovery Fund monies as of fiscal year 2021-22 and is awaiting reimbursement of emergency response costs submitted to the Federal Emergency Management Agency (FEMA).

Laguna Hospital Potential Loss of Federal Funding

The Laguna Honda Hospital and Rehabilitation Center (the "Laguna Honda Hospital") is a skilled nursing facility owned and operated by the City through its Department of Public Health, serving up to over 700 patients, most of whom are low income or extremely low income residents. On March 30, 2022, the City received notice from the Centers for Medicare and Medicaid Services ("CMS"), an agency within the federal Department of Health & Human Services ("DHHS") responsible for administering federal health care programs that, effective April 14, 2022, CMS was terminating its contract with the City for Medicare and Medicaid reimbursements for patients at the Laguna Honda Hospital. CMS's notice of termination of

Laguna Honda Hospital's provider agreement for Medicare and Medicaid reimbursements relates to a series of incidents from July 2021 to March 30, 2022 that the Laguna Honda Hospital self-reported to the California Department of Public Health ("CDPH", the state agency with delegated authority to enforce all applicable regulations and federal conditions of participation for Medicare and Medicaid) and follow up surveys by CDPH and CMS. CDPH and CMS determined that Laguna Honda Hospital had not substantially complied with the CMS conditions of participation in the Medicare program. Out of the approximately $308.6 million fiscal year 2021-22 budget for operating the Laguna Honda Hospital, approximately $202.73 million is paid from reimbursements from CMS. The remaining portion of the budget is paid from the City's General Fund. CMS initially agreed to extend funding at least through November 13, 2022. On October 12, 2022, CMS agreed to extend Medicare and Medicaid payment for services through November 13, 2023, contingent on Laguna Honda meeting requirements aimed at making health and safety improvements at the facility. During this period, Laguna Honda will continue to work on quality improvement efforts while aiming to reapply to participate in Medicare and Medicaid. Additionally, transfers and discharges of current residents will remain paused until May 19, 2023, with a possibility of a further extension if Laguna Honda complies with its obligations under the terms of the extension. The Laguna Honda Hospital has undertaken steps to address the findings determined by CDPH and CMS. Laguna Honda Hospital plans to seek recertification of its eligibility to participate in Medicare and Medicaid. The City filed an administrative appeal with DHHS challenging the termination and the findings and deficiencies that initiated the termination process of Laguna Honda Hospital's provider agreement. The City also filed a lawsuit against CMS in federal court challenging CMS' termination of Laguna Honda Hospital's Medicare provider agreement on substantive due process grounds. Separately, the Renne Public Law Group filed a lawsuit against CMS and CDPH on behalf of the patients challenging the termination of Laguna Honda Hospital's Medicare provider agreement, the notice of closure, and patient transfer and relocation plan. The administrative appeal and the two lawsuits are ongoing and pending final resolution. The City can make no assurance regarding the outcome of any appeal, lawsuit, or recertification process with CMS, nor can the City predict the outcome of the administrative appeal or lawsuits. Loss of reimbursements from CMS would have a material adverse impact on the Laguna Honda Hospital's finances and operations, depending on whether the loss is temporary or permanent, including its ability to deliver health care services to residents of the City, if such loss of reimbursement funds is not offset by additional funding from the City's General Fund or other available sources. CMS' actions do not revoke Laguna Honda Hospital's license to operate from the CDPH, which the City paid the appropriate fees to renew in September 2022.

THE SUCCESSOR AGENCY

Effect of the Dissolution Act

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

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

redevelopment agencies all under the supervision of a new oversight board, the State Department of Finance and the State Controller.

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

Because of the existence of enforceable obligations, the Successor Agency is authorized to continue to implement, through the issuance of tax allocation bonds, certain major redevelopment projects that were previously administered by the Former Agency. The Successor Agency exercises land use, development and design approval authority for the developed projects. The Successor Agency, in addition to other various City agencies and entities, also may issue community facilities district ("CFD") bonds from time to time to facilitate development in the major approved development projects in accordance with the terms of such enforceable obligations. See also, Table A-33: "Statement of Direct and Overlapping Debt and Long-Term Obligations."

CITY INFRASTRUCTURE FINANCING DISTRICTS

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

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

GENERAL FUND REVENUES

The revenues discussed below are recorded in the General Fund, unless otherwise noted.

PROPERTY TAXATION

Property Taxation System – General

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

as for the payment of voter-approved bonds. As a county under State law, the City also levies property taxes on behalf of all local agencies with overlapping jurisdiction within the boundaries of the City.

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

Assessed Valuations, Tax Rates and Tax Delinquencies

Table A-6 provides a recent history of assessed valuations of taxable property within the City. The property tax rate is composed of two components: 1) the 1.0% countywide portion, and 2) all voter-approved overrides which fund debt service for general obligation bond indebtedness. It is possible that the COVID-19 pandemic, which triggered business changes such as extended work-from-home policies that resulted in less demand for office spaces, will result in a reduction in property values in the City, and such reduction could be material.

The total tax rate shown in Table A-6 includes taxes assessed on behalf of the City as well as the San Francisco Unified School District (SFUSD), County Office of Education (SFCOE), San Francisco Community College District (SFCCD), Bay Area Air Quality Management District (BAAQMD), and San Francisco Bay Area Rapid Transit District (BART), all of which are legal entities separate from the City. See also, Table A-33: "Statement of Direct and Overlapping Debt and Long-Term Obligations." In addition to *ad valorem* taxes, voter-approved special assessment taxes or direct charges may also appear on a property tax bill.

Additionally, although no additional rate is levied, a portion of property taxes collected within the City is allocated to OCII, the successor agency to the San Francisco Redevelopment Agency, and a number of increment financing districts. Property tax revenues attributable to the growth in assessed value of taxable property (known as "tax increment") within the adopted redevelopment project areas may be utilized by OCII to pay for outstanding and enforceable obligations and a portion of administrative costs of the agency, reducing tax revenues from those parcels located within project areas to the City and other local taxing agencies, including SFUSD and SFCCD. Taxes collected for payment of debt service on general obligation bonds are not affected or diverted. OCII received $133.6 million of property tax increment in fiscal year 2021-22 for recognized obligations, diverting about $74.3 million that would have otherwise been apportioned to the City's General Fund.

The percent collected of property tax (current year levies excluding supplemental) was 99.18% for fiscal year 2021-22.

TABLE A-6

CITY AND COUNTY OF SAN FRANCISCO
Assessed Valuation of Taxable Property
Fiscal Years 2008-09 through 2022-23
(000s)

Fiscal Year	Net Assessed [1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100 [2]	Total Tax Levy [3]	Total Tax Collected [3]	% Collected June 30
2008-09	141,274,628	8.7%	1.163	1,702,533	1,661,717	97.6%
2009-10	150,233,436	6.3%	1.159	1,808,505	1,764,100	97.5%
2010-11	157,865,981	5.1%	1.164	1,888,048	1,849,460	98.0%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.2%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.6%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.8%
2014-15	181,809,981	5.4%	1.174	2,139,050	2,113,968	98.8%
2015-16	194,392,572	6.9%	1.183	2,290,280	2,268,876	99.1%
2016-17	211,532,524	8.8%	1.179	2,492,789	2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	307,712,666	2.7%	1.182	3,864,100	3,832,546	99.2%
2022-23	328,530,494 [4]	6.8%	1.180	3,875,798	N/A	N/A

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

[2] Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.

[3] The Total Tax Levy and Total Tax Collected through fiscal year 2021-22 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector, City and County of San Francisco. Total Tax Levy for fiscal year 2022-23 is based upon initial assessed valuations times the secured property tax rate to provide an estimate.

[4] Based on initial assessed valuations for fiscal year 2022-23

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

At the start of fiscal year 2022-23, the total net assessed valuation of taxable property within the City was approximately $328.5 billion. Of this total, $311.8 billion (94.9%) represents secured valuations and $16.7 billion (5.1%) represents unsecured valuations. See "Tax Levy and Collection" below for a further discussion of secured and unsecured property valuations.

Proposition 13 limits to 2% per year the increase in the assessed value of property, unless it is sold, or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIIIA of the State Constitution added by Proposition 13 in 1978, property sold after March 1, 1975 must be reassessed to full cash value at the time of sale. Taxpayers can appeal the Assessor's determination of their property's assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The City typically experiences increases in assessment appeals activity during economic downturns and decreases in assessment appeals as the economy rebounds. During the severe economic downturn of fiscal years 2009-10 and 2010-11, partial reductions of up to approximately 30% of the assessed valuations appealed were granted. Assessment appeals granted typically result in revenue refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Other taxing agencies such as SFUSD, SFCOE, SFCCD, BAAQMD, and BART share proportionately in any refunds paid as a result of successful appeals. To mitigate the financial risk of potential assessment appeal refunds, the City funds appeal reserves for its share of estimated property tax revenues for each fiscal year. In the period following the Great Recession, assessment appeals increased significantly, and a similar trend is developing post-pandemic. For scale, in the wake of the Great Recession, the reductions in residential property assessed value reached upwards of $2 billion in 2010-11. As described further below, the number of new assessment appeals filed as of September 30, 2022, which represents approximately 1.0% of all parcels in San Francisco, increased by approximately 10% from the number of new assessment appeals filed during the same period the prior year.

It is possible that global and national recessions, economic dislocation, and the continuance of work from home patterns currently affecting the City's businesses will result in declines in real estate values in the City, and such declines could be material.

Appeals activity is reviewed each year and incorporated into the current and subsequent years' budget projections of property tax revenues. Refunds of prior years' property taxes from the discretionary General Fund appeals reserve fund for fiscal years 2013-14 through 2021-22 are listed in Table A-7 below.

TABLE A-7

CITY AND COUNTY OF SAN FRANCISCO
Reduction of Prior Years' Property Tax Revenues
General Fund
Fiscal Years 2013-14 through 2021-22
(000s)

Fiscal Year	Amount Refunded
2013-14	$25,756
2014-15	16,304
2015-16	16,199
2016-17	33,397
2017-18	24,401
2018-19	30,071
2019-20	17,900
2020-21*	10,729
2021-22	16,479

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

* Amount reduced in FY2020-21 and forward reflects both Teeter and Non-Teetered property tax amounts.

A property's annual assessed value is determined as of January 1 of the year preceding the fiscal year for which taxes are billed and paid. Under California's Proposition 13, a property's annual assessed value is the lesser of (1) its base year value (fair market value as of the date of change in ownership or completion of new construction), factored for inflation at no more than two percent per year; or (2) its fair market value as of January 1 of the year preceding the fiscal year for which property taxes are billed and paid. If a property's fair market value falls below its factored base year value, the reduced value is enrolled on a temporary basis (for one year) and is commonly referred to as a "Proposition 8" reduction, after the 1978 initiative. If a property receives a temporary "Proposition 8" reduction, the Assessor is required to annually review the property for a decline-in-value reduction for each subsequent January 1 lien date, until the time when the market value exceeds the property's factored base year value, then the factored base year value will be enrolled as the taxable value for that January 1 lien date.

Assessors in California have authority to use Proposition 8 ("Prop 8") criteria to apply reductions in valuation to classes of properties affected by any factors affecting value, including but not limited to negative economic conditions. COVID-19's impact on San Francisco real property values first arose on the 2021 Assessment Roll, with an almost 4-times increase in the total count of Prop 8 reductions granted compared to the 2020 Assessment Roll (up from 2,154 to 8,305) and more than 6.5-times increase in the value of the reductions (up from $359 million to $2.45 billion). The two most significant factors driving these changes were values of hotels and condominiums. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of $1.26 billion for 31 hotel properties on the 2021 Assessment Roll and $1.1 billion for 19 hotel properties on the 2022 Assessment Roll. Apart from these reductions for hotels, condominiums accounted for the largest share of new reductions at over 40% of the total value of reductions in both years and over 60% of the total count—with the reductions relating to condominiums increasing by roughly 10 times and 8 times for 2022 and 2021, respectively. Unlike the 2021 Assessment Roll, the Assessor's Office did not do proactive Prop 8 reductions for the 2022 or 2023 Assessment Rolls. For the 2023 Assessment Roll, the Assessor's Office will be reviewing all reductions granted for the 2022 Assessment Roll as well as additional requests, including ones submitted through March 31, 2023. The Assessor's Office will review all these items by end of May 2023.

In addition, qualifying taxpayers seek adjustment of their property assessed values based on a variety of factors. Requests for changes can be motivated by real estate market conditions or other factors.

A qualifying taxpayer can seek assessed value adjustments from the Assessment Appeals Board ("AAB") or from the Assessor or both. Supplemental and Base Year Appeals are to establish a property's base value. Escape and Regular Appeals are filed to contest a property's value as of January 1. The majority of appeals filed are Regular Appeals. For regular, annual secured property tax assessments, the period for property owners to file an appeal is between July 2nd and September 15th. If September 15th falls on a Saturday or Sunday, applications filed or postmarked the next business day are considered timely. The AAB generally is required to determine the outcome of appeals within two (2) years of each appeal's filing date. Appeals may also be resolved when the Assessor and a property owner stipulate to a corrected value, which the AAB may approve, or reject and require a hearing in which it determines the value. Upon hearing a supplemental or base year appeal to establish a base value, the AAB may decide to increase, decrease, or not change an assessment. In the case of an escape or regular appeal, the AAB may lower the taxable value or maintain the factored base year value but cannot increase the value above the factored base year value. If an escape or regular appeal results in a change in value, the new assessed value will be used to determine the property taxes for the year that was appealed. Subsequently, each year, the Assessor examines the property to see if the market value has risen back to the Proposition 13

base year value, or higher, and if so, restores the Proposition 13 base year value. This does not apply to appeals to establish a property's base value.

The volume of appeals is not necessarily an indication of how many appeals will be granted, nor of the magnitude of the reduction in assessed valuation that the Assessor may ultimately grant. City revenue estimates take into account projected losses from pending and future assessment appeals that are based on historical results as to appeals.

In the second quarter of fiscal year 2021-22, the total number of open appeals before the AAB was 3,746, with 2,412 new applications filed. Subsequently, as of June 30, 2022, the total number of open appeals before the AAB had been reduced to 2,670 while an additional 180 new applications were filed during the remainder of the 2021-22 fiscal year.

In the second quarter of fiscal year 2022-23, the total number of open appeals before the AAB was 4,176 with 2,673 new applications filed during this period. The difference between the current assessed value and the taxpayer's opinion of values for all the open applications is $64.1 billion. Assuming the City did not contest any taxpayer appeals and the AAB upheld all the taxpayer's requests, a negative potential total property tax impact of about $757.7 million would result. The General Fund's portion of that potential $757.7 million would be approximately $357.0 million. As set forth in a November 2022 presentation by the AAB, potential tax impact of total appeal applications received as of September 30, 2022 in the Financial District, SOMA, and Embarcadero neighborhoods was approximately $182 million. This describes the worst-case scenario in terms of potential negative revenue impacts for the purposes of illustration based on information as of September 30, 2022. In practice, the City has contested most taxpayer appeals. As such, actual reductions have historically been much lower than values asserted by appellant property owners and a majority of appeals are eventually withdrawn. Of the 2,359 appeals closed during fiscal year 2021-22 as of June 30, 2022, 1,769, or 75% of appeals, were withdrawn. The percentage rate of withdrawals increased during fiscal year 2021-22 because hearings were ceased for most of fiscal year 2020-21. Of the 1,099 appeals closed during the second quarter of fiscal year 2022-23 as of December 31, 2022, 737, or 67% of appeals, were withdrawn.

Nearly all the appeal applications filed during fiscal year 2020-21 challenge the assessed value of property for fiscal year 2020-21. However, because the assessed value of secured property for fiscal year 2020-21 is determined by the Assessor as of the January 1, 2020, lien date, which predated the COVID-19 pandemic and its related economic effects, the City does not expect a material reduction in assessed values resulting from fiscal year 2020-21 appeal applications. However, there was an increase in the number of appeals for fiscal year 2021-22 and a modest increase for fiscal year 2022-23. Additionally, under Proposition 8, adopted by California voters in 1978, the Assessor's Office could on its own initiative reduce the assessed value of properties with market values that fall below their values assessed in accordance with Proposition 13. Following a Proposition 8 reduction, the assessed value continues to match the market value until the market value again meets or exceeds the maximum assessed value calculated under Proposition 13, at which point the Proposition 13 factored base year value is restored.

Tax Levy and Collection

As the local tax-levying agency under State law, the City levies property taxes on all taxable property within the City's boundaries for the benefit of all overlapping local agencies, including SFUSD, SFCCD, the BAAQMD and BART. The total tax levy for all taxing entities to begin fiscal year 2022-23 was $3.9 billion, not including supplemental, escape and special assessments that may be assessed during the year. Of

total property tax revenues (including supplemental and escape property taxes) the City budgeted to receive $2.4 billion in the General Fund and $272.4 million in special revenue funds designated for children's programs, libraries and open space. SFUSD and SFCCD were estimated to receive approximately $237.1 million and $44.5 million, respectively, and the local ERAF was estimated to receive $369.6 million (before adjusting for the vehicle license fees ("VLF") backfill shift). The Successor Agency was estimated to receive approximately $149.0 million. The remaining portion will be allocated to various other governmental bodies, various special funds, general obligation bond debt service funds, and other taxing entities. Taxes levied to pay debt service for general obligation bonds issued by the City, SFUSD, SFCCD and BART may only be applied for that purpose. The City's General Fund is allocated about 47.1% of total property tax revenue before adjusting for the VLF backfill shift and excess ERAF.

General Fund property tax revenues in fiscal year 2021-22 were $2.3 billion, representing an increase of $3.2 million (0.1%) over fiscal year 2020-21 actual revenue. The majority of the increase was from year-over-year secured roll growth of about 5%. Tables A-2 and A-4 set forth a history of budgeted and actual property tax revenues.

Generally, property taxes levied by the City on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the City taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to ad valorem taxes is entered as secured or unsecured on the assessment roll maintained by the Assessor-Recorder. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the Assessor-Recorder, to secure payment of the taxes owed. Other property is placed on the "unsecured roll."

The method of collecting delinquent taxes is substantially different for the two classifications of property. The City has four ways of collecting unsecured personal property taxes: 1) pursuing civil action against the taxpayer; 2) filing a certificate in the Office of the Clerk of the Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; 3) filing a certificate of delinquency for recording in the Assessor-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and 4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the taxpayer. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes.

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

In October 1993, the Board of Supervisors passed a resolution that adopted the Alternative Method of Tax Apportionment (the "Teeter Plan"). This resolution changed the method by which the City apportions property taxes among itself and other taxing agencies. Additionally, the Teeter Plan was extended to include the allocation and distribution of special taxes levied for City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) in June 2017 (effective fiscal year 2017-

18) and for the Bay Restoration Authority Parcel Tax, SFUSD School Facilities Special Tax, SFUSD School Parcel Tax, and City College Parcel Tax in October 2017 (effective fiscal year 2018-19). The Teeter Plan method authorizes the City Controller to allocate to the City's taxing agencies 100% of the secured property taxes billed but not yet collected. In return, as the delinquent property taxes and associated penalties and interest are collected, the City's General Fund retains such amounts. Prior to adoption of the Teeter Plan, the City could only allocate secured property taxes actually collected (property taxes billed minus delinquent taxes). Delinquent taxes, penalties and interest were allocated to the City and other taxing agencies only when they were collected. The City has funded payment of accrued and current delinquencies through authorized internal borrowing. The City also maintains a Tax Loss Reserve for the Teeter Plan as shown on Table A-8. The Tax Loss Reserve sets aside 1% of the total of all taxes and assessments levied for which the Teeter Plan is the applicable distribution method. The purpose of the Tax Loss Reserve is to cover losses that may occur. The amount has grown in recent years as the assessed values on the secured roll has grown.

TABLE A-8

CITY AND COUNTY OF SAN FRANCISCO
Teeter Plan
Tax Loss Reserve Fund Balance
Fiscal Years 2013-14 through 2021-22
(000s)

Year Ended	Amount Funded
2013-14	$19,654
2014-15	20,569
2015-16	22,882
2016-17	24,882
2017-18	25,567
2018-19	29,126
2019-20	31,968
2020-21	35,298
2021-22	35,951

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

Assessed valuations of the aggregate ten largest assessment parcels in the City for the fiscal year beginning July 1, 2022 are shown in Table A-9. The City cannot determine from its assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the Office of the Assessor-Recorder.

TABLE A-9

CITY AND COUNTY OF SAN FRANCISCO
Top 10 Parcels Total Assessed Value
July 1, 2022

Assessee [1]	Location	Parcel Number	Type	Total Assessed Value 2	% Basis of Levy [3]
SUTTER BAY HOSPITALS 4	1101-1133 VAN NESS	0695 007	HOSPITAL	$2,689,828,828	0.817%
TRANSBAY TOWER LLC	415 MISSION ST	3720 009	OFFICE	$1,839,390,574	0.559%
GSW ARENA LLC	1 WARRIORS WAY	8722 026	ENTERTAINMENT COMP	$1,488,126,171	0.452%
PARK TOWER OWNER LLC	250 HOWARD ST	3718 040	OFFICE	$1,118,038,941	0.340%
KRE EXCHANGE OWNER LLC	1800 OWENS ST	8727 008	OFFICE	$1,103,805,000	0.335%
HWA 555 OWNERS LLC	555 CALIFORNIA ST	0259 026	OFFICE	$1,091,950,516	0.332%
ELM PROPERTY VENTURE LLC	101 CALIFORNIA ST	0263 011	OFFICE	$1,056,523,553	0.321%
PPF PARAMOUNT ONE MARKET PLAZA LP	1 MARKET ST	3713 007	OFFICE	$894,928,448	0.272%
SHR ST FRANCIS LLC	301-305 POWELL ST	0307 001	HOTEL	$786,924,101	0.239%
SUTTER BAY HOSPITALS DBA CA PACIFIC MED 4	3555 CESAR CHAVEZ ST/555 SAN JOSE	6575 005	HOSPITAL	$768,821,895	0.234%
				$12,838,338,027	**3.901%**

[1] Certain parcels fall within RDA project areas.

[2] Represents the Total Assessed Valuation (TAV) as of the Basis of Levy, which excludes assessments processed during the fiscal year. TAV includes land & improvments, personal property, and fixtures. Values reflect information as of January 1, 2022 lien date.

[3] The Basis of Levy is total assessed value less exemptions for which the state does not reimburse counties (e.g. those that apply to nonprofit organizations).

[4] Nonprofit organization that is exempt from property taxes.

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

Taxation of State-Assessed Utility Property

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

OTHER CITY TAX REVENUES

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

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

See Table A-10 below for a summary of revenue source as a percentage of total General Fund revenue based on audited financials for fiscal year 2021-22 and the Original Budget for fiscal year 2022-23.

TABLE A-10

CITY AND COUNTY OF SAN FRANCISCO
Revenue Overview
Fiscal Years 2021-22 vs 2022-23
(000s)

Revenues	FY 2021-22		FY 2022-23 Original Budget	
Property Taxes	$2,336,071	*36.9%*	$2,379,530	*38.5%*
Business Taxes	861,172	*13.6%*	902,300	*14.6%*
Other Local Taxes	1,115,553	*17.6%*	1,050,820	*17.0%*
Licenses, Permits and Franchises	32,078	*0.5%*	26,818	*0.4%*
Fines, Forfeitures and Penalties	5,755	*0.1%*	3,088	*0.0%*
Interest and Investment Income	(93,447)	*-1.5%*	44,467	*0.7%*
Rents and Concessions	10,668	*0.2%*	13,131	*0.2%*
Intergovernmental	1,795,395	*28.4%*	1,511,286	*24.4%*
Charges for Services	238,438	*3.8%*	236,924	*3.8%*
Other	23,265	*0.4%*	19,420	*0.3%*
Total Revenues	$6,324,948	*100.0%*	$6,187,784	*100.0%*

Note: Other local taxes includes sales, hotel, utility users, parking, sugar sweetened beverage, stadium admissions, access line, and cannabis taxes.

Business Taxes

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

Business tax revenue in fiscal year 2021-22 was $861.2 million for all funds, representing an increase of $137.0 million (18.9%) from fiscal year 2020-21. The fiscal year 2022-23 projection as set forth in the Six-Month Report is $848.9 million, a decrease of $12.3 million (1.4%) from fiscal year 2021-22 and a decrease of $53.4 million (5.9%) from the fiscal year 2022-23 Original Budget. The fiscal year 2023-24 projection from the Five-Year Plan is $884.2 million, an increase of $35.3 million (4.2%) from the fiscal year 2022-23 projection.

Revenues from business tax and registration fees have generally followed economic conditions in the City, primarily employment and wage growth. The COVID-19 emergency significantly adversely affected employment and wage growth, and the City's economic condition is still weak relative to pre-pandemic levels. The unemployment rate in the City peaked at 13.7% in April 2020 and declined steadily since then, reaching 2.0% in December 2022. Just prior to the start of the pandemic, there were approximately 580,000 employed residents in the City. After falling to a low of about 480,000 in April 2020, the number of employed residents has risen to about 560,000, which is still approximately 20,000 fewer than the pre-pandemic level.

Remote work occurring outside the City creates fiscal risk because, for certain categories of businesses, the gross receipts tax is dependent in part on their San Francisco payroll, and the firms only need to calculate their San Francisco payroll expense for employees that physically work within the City's geographic boundaries. Approximately half of the workers in major tax-paying sectors such as Professional Services, Financial Services, and Information live outside of San Francisco. Some of the City's largest employers in these sectors have indicated that employees may be able to work from home permanently or with a hybrid schedule.

According to polling data from WFH Research, in October 2022, employees preferred to work at home 2.75 days per week on average while employers' plans were for 2.25 days worked from home. This suggests that a hybrid work arrangement of in-office and at-home will be a permanent fixture of office work. Many major San Francisco employers, such as Salesforce and Google, have long-term plans for hybrid work. The Five-Year Financial Plan, published in January 2023, assumed that working from home would reduce gross receipts taxes in office-based industries by 40%, an increase from 33% from the fiscal year 2022-23 and fiscal year 2023-24 budget. See "BUDGETARY RISKS – Office Vacancy in San Francisco; Impact on Property Taxes and Other Revenues."

TABLE A-11

CITY AND COUNTY OF SAN FRANCISCO
Business Tax Revenues - All Funds [1]
Fiscal Years 2018-19 through 2023-24
(000s)

Fiscal Year[2]	Revenue	Change	Change %
2018-19	919,552	20,410	2.3%
2019-20	824,670	(94,882)	-10.3%
2020-21	724,140	(100,530)	-12.2%
2021-22	861,172	137,032	18.9%
2022-23 *projected*[3]	848,899	(12,273)	-1.4%
2023-24 *projected*[4]	884,200	35,301	4.2%

[1] Figures exclude Homelessness Gross Receipts and Commercial Rent Taxes that are allocated to special revenue funds.

[2] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals. Includes portion of Payroll Tax allocated to special revenue funds for the Community Challenge Grant program and Business Registration Tax.

[3] Fiscal year 2022-23 amounts represent projections from the fiscal year 2022-23 Six Month Report.

[4] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

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

Transient Occupancy Tax (Hotel Tax)

Pursuant to the San Francisco Business and Tax Regulation Code, a 14.0% transient occupancy tax is imposed on occupants of hotel rooms and is remitted by hotel operators to the City monthly. A quarterly tax-filing requirement is also imposed. Hotel tax revenue in fiscal year 2021-22 ended at $179.1 million (all funds), an increase of $136.9 million (324.5%) from fiscal year 2020-21. The fiscal year 2022-23 projection per the Six-Month Report is $287.5 million, an increase of $108.4 million (60.5%) from fiscal year 2021-22. The fiscal year 2023-24 projection from the Five-Year Plan is $327.1 million, an increase of $39.6 million (13.8%) from the fiscal year 2022-23 projection. Table A-12 includes hotel tax in all funds. Slightly less than 90% of the City's hotel tax is allocated to the General Fund, with 10.7% allocated to arts and cultural organizations and approximately $5 million for debt service on hotel tax revenue bonds.

Fiscal year 2021-22 revenue performed better than previously expected in the Six and Nine Month Reports, as leisure visits and convention activity resumed in 2022 after the winter COVID 19 Omicron surge. The City's Five-Year Plan anticipates hotel tax will return to pre-pandemic levels by fiscal year 2025-26, with pent-up demand for leisure travel initially driving growth in fiscal year 2021-22 and the resumption of large group events at full capacity contributing to additional growth in future fiscal years. The recovery in fiscal year 2021-22 largely was impacted by the return of conferences and conventions. In fiscal year 2021-22, a total of 23 conferences with over 126,000 attendees took place in Moscone Center, primarily in the third (24.0%) and fourth (62.7%) quarters of the fiscal year. This is compared to zero events in fiscal year 2020-21 and 54 events with over 723,000 attendees in fiscal year 2018-19.

San Francisco's hotel tax is derived from hotel stays from individual business travelers, group events such as conferences and meetings, and leisure tourists. These visitors primarily travel to the City by air. In April 2020, at the height of the first peak of the COVID pandemic, enplanements at SFO decreased by 97% compared to the prior year. While air travel has grown since April 2020, the recovery in San Francisco has lagged other metropolitan areas. Domestic and international enplanements throughout calendar year 2022 were 73.1% greater than 2021, but behind 2019 by 26.6%. In fiscal year 2021-22, the international sector improved 208.3% over fiscal year 2020-21 but lagged behind fiscal year 2018-19 by 34.1%. It is expected that international travel will continue to recover due to lifting of travel restrictions in Asia. San Francisco International Airport's (SFO) geographic location lends itself to being a "gateway" to Asia, and a hub for international travel. Conventions drive up hotel room rates through compression pricing, which is important to the full recovery of the City's hotel tax base.

Revenue per Available Room (RevPAR), a measurement of hotel tax revenue growth, is a function of occupancy and average daily room rates (ADR). Despite some slowdown in the growth in the hospitality industry after the 9/11 attacks in 2001 and the global financial crisis in 2008, average annual RevPAR generally grew at a steady rate from fiscal year 2000-01 to fiscal year 2018-19. In fiscal year 2018-19, RevPAR reached an all-time high of $263.90. In the first eight months of fiscal year 2019-20, RevPAR declined to $224.50. Due to the COVID-19 pandemic, associated flight bans, and shelter in place orders, RevPAR reached a historic all-time low of $14.40 in April 2020. RevPAR has steadily improved with the rollout of COVID vaccines and loosened restrictions. Annual average RevPAR in fiscal year 2020-21 was $42.03 and increased to $108.77 in fiscal year 2021-22. As of December 2022, average monthly RevPAR reached $142.54, with ADR at $203.68 and occupancy at 51.4%. Due to compression pricing, large conferences and events such as Dreamforce and RSA can strongly drive up the demand for rooms and ADR. As traffic at SFO improves and conventions return to San Francisco, RevPAR is projected to continue rising. The projections for fiscal years 2022-23 and 2023-24 assume annual average RevPAR will increase to $148.16 in fiscal year 2022-23 and $173.08 in fiscal year 2023-24. However, annual average RevPAR is

not expected to recover to pre-pandemic levels until fiscal year 2025-26. Full recovery will depend on the return of visitors from Asia, where several large markets, including China's, have recently begun to ease COVID restrictions on travel.

TABLE A-12

CITY AND COUNTY OF SAN FRANCISCO
Transient Occupancy Tax Revenues - All Funds[1]
Fiscal Years 2018-19 through 2023-24
(000s)

Fiscal Year[2]	Tax Rate	Revenue	Change	
2018-19	14.0%	$414,343	$28,792	7.5%
2019-20	14.0%	281,615	(132,728)	-32.0%
2020-21	14.0%	42,195	(239,420)	-85.0%
2021-22	14.0%	179,134	136,939	324.5%
2022-23 *projected*[3]	14.0%	287,529	108,395	60.5%
2023-24 *projected*[4]	14.0%	327,122	39,593	13.8%

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

[2] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals.

[3] Fiscal year 2022-23 amounts represent projections from the Fiscal year 2022-23 Six Month Report.

[4] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

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

Real Property Transfer Tax

Real property transfer tax (RPTT) is imposed on all real estate transfers recorded in the City. Transfer tax revenue is more susceptible to economic and real estate cycles than most other City revenue sources. After the passage of Proposition W on November 8, 2016, transfer tax rates were $5.00 per $1,000 of the sale price of the property being transferred for properties valued at $250,000 or less; $6.80 per $1,000 for properties valued more than $250,000 and less than $999,999; $7.50 per $1,000 for properties valued at $1.0 million to $5.0 million; $22.50 per $1,000 for properties valued more than $5.0 million and less than $10.0 million; $27.50 per $1,000 for properties valued at more than $10.0 million and less than $25.0 million; and $30.00 per $1,000 for properties valued at more than $25.0 million. After the passage of Proposition I in November 2020, transfer tax rates were doubled for the two highest tiers, to $55.00 per $1,000 for properties valued at more than $10.0 million and less than $25.0 million and $60.00 per $1,000 for properties valued at more than $25.0 million.

RPTT revenue for fiscal year 2021-22 ended at $520.4 million, a $175.7 million (51.0%) increase from fiscal year 2020-21 revenue. The fiscal year 2022-23 Six-Month projection is $233.8 million, a reduction of $286.6 million (55.1%) from the fiscal year 2021-22 actual and a $156.7 million (40.1%) reduction from the fiscal year 2022-23 Original Budget. The fiscal year 2023-24 Five-Year Plan projection is $277.5 million, an increase of $43.7 million (18.7%) from prior year budget. The entirety of RPTT revenue is recorded in the General Fund.

Despite a decrease in the number of large transactions since fiscal year 2018-19, the total dollar value of transfer tax increased in fiscal year 2021-22 primarily due to the Proposition I rate change and two large, once-in-a-generation transfers in the first six months of 2022. The effect of Proposition I in fiscal year 2021-22, which took effect in January 2021, is $178.1 million in fiscal year 2021-22. The fiscal year 2022-23 and 2023-24 forecasts decline from fiscal year 2021-22 actuals, acknowledging the one-time nature of the extraordinary transfers in that year, as well as a slowing number of transactions because of the interest rate environment and uncertainty around the value of office-based real estate with the shift to hybrid models of work.

As the City's most volatile revenue source, RPTT collections can see large year-over-year changes that have exceeded 70% in some instances. The main factors creating volatility are sales of high-value properties, availability of financing, and the relative attractiveness of San Francisco real estate compared to global investment options, all of which track closely with economic cycles, as well as voter-approved rate changes, which occurred in 2008, 2010, 2016, and 2020. The volatility of RPTT is attributable mainly to the sales of high-value (largely commercial) properties over $25 million. In fiscal year 2008-09, transactions above $25 million would have generated only $10.6 million under the current rates compared to the peak in fiscal year 2016-17, when these transactions generated $295.8 million. Since the end of the recession in fiscal year 2009-10, these large transactions made up on average 58.0% of total revenue but only 0.6% of the transaction count. This means that revenue is determined by a small handful of transactions. In the two recessions prior to COVID, the taxes collected on large transactions fell dramatically.

TABLE A-13

CITY AND COUNTY OF SAN FRANCISCO
Real Property Transfer Tax Receipts - All Funds
Fiscal Years 2018-19 through 2023-24
(000s)

Fiscal Year[1]	Revenue	Change	
2018-19	$364,044	$83,628	29.8%
2019-20	334,535	(29,509)	-8.1%
2020-21	344,683	10,148	3.0%
2021-22	520,359	175,676	51.0%
2022-23 *projected*[2]	233,806	(286,553)	-55.1%
2023-24 *projected*[3]	277,524	43,718	18.7%

[1] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals.

[2] Fiscal year 2022-23 amounts represent projections from the fiscal year 2022-23 Six Month Report.

[3] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

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

Sales and Use Tax

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

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

TABLE A-14

San Francisco's Sales & Use Tax Rate

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

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

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

Local sales tax (the 1% portion) revenue in fiscal year 2021-22 was $188.3 million, an increase of $41.5 million (28.2%) from fiscal year 2020-21. The projection for fiscal year 2022-23 as of the Six-Month Report is $201.4 million, an increase of $13.1 million (7.0%) from the fiscal year 2021-22 actual. The fiscal year 2023-24 projection is $205.8 million, an increase of $4.4 million (2.2%) from the fiscal year 2022-23 projection. The entirety of sales tax revenue is recorded in the General Fund.

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

The improvement from prior projections is a result of pandemic recovery and particularly notable in general consumer goods, restaurants, and hospitality. Reduced restrictions on indoor dining and a return of visitors for work and travel resulted in large gains as compared to fiscal year 2020-21. Consumer spending in apparel, electronics, jewelry, and home furnishings has grown year over year. Sales tax from vehicle purchases is strong due to high demand along with inventory constraints, and tax from fuel sales has risen with higher prices and consumption. Higher prices due to inflation also contributed to increased sales tax revenues. However, year-over-year quarterly growth in sales tax revenues is projected to slow starting in the latter half of fiscal year 2022-23 and persist through fiscal year 2023-24. In fiscal year 2024-25 and beyond, projections assume growth between 2.7% and 3.2% annually, and total revenues are not projected to reach pre-pandemic levels until fiscal year 2025-26.

TABLE A-15

CITY AND COUNTY OF SAN FRANCISCO
Sales and Use Tax Revenues
Fiscal Years 2018-19 through 2023-24
General Fund
(000s)

Fiscal Year[1]	Tax Rate	City Share	Revenue	Change	
2018-19	8.50%	1.00%	$213,625	$20,679	10.7%
2019-20	8.50%	1.00%	180,184	(33,441)	-15.7%
2020-21	8.50%	1.00%	146,863	(33,321)	-18.5%
2021-22	8.625%	1.00%	188,337	41,474	28.2%
2022-23 *projected*[2]	8.625%	1.00%	201,431	13,094	7.0%
2023-24 *projected*[3]	8.625%	1.00%	205,781	4,350	2.2%

[1] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals.

[2] Fiscal year 2022-23 amounts represent projections from the fiscal year 2022-23 Six Month Report.

[3] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

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

Other Local Taxes

The City imposes a number of other general purpose taxes:

- Utility Users Tax (UUT) - A 7.5% tax on non-residential users of gas, electricity, water, steam and telephone services.

- Access Line Tax ("ALT") – A charge of $3.80 on every telecommunications line, $28.58 on every trunk line, and $514.49 on every high-capacity line in the City. The ALT replaced the Emergency Response Fee ("ERF") in 2009. The tax is collected from telephone communications service subscribers by the telephone service supplier.

- Parking Tax - A 25% tax for off-street parking spaces. The tax is paid by occupants and remitted monthly to the City by parking facility operators. In accordance with Charter Section 16.110, 80% of parking tax revenues are transferred from the General Fund to the MTA's Enterprise Funds to support public transit.

- Sugar Sweetened Beverage Tax – A one cent per ounce tax on the distribution of sugary beverages. This measure was adopted by voters on November 9, 2016 (Proposition V) and took effect on January 1, 2018.

- Stadium Admission Tax – A tax between $0.25 and $1.50 per seat or space in a stadium for any event, with some specific exclusions.

- Cannabis Tax – A gross receipts tax of 1% to 5% on marijuana business and permits the City to tax businesses that do not have a physical presence in the City. This measure was adopted by voters in November 2018 (Proposition D). The tax was originally slated to go into effect on January 1, 2021, but the Board has delayed the imposition of the tax several times. The cannabis tax will now take effect beginning January 1, 2026.

- Franchise Tax – A tax for the use of City streets and rights-of-way on cable TV, electric, natural gas, and steam franchises.

- Tax on Executive Pay – In November 2020, voters adopted Proposition L, a new tax on businesses in the City, where compensation of the businesses' highest-paid managerial employee compared to the median compensation paid to the businesses' employees based in the City exceeds a ratio of 100:1. The measure took effect on January 1, 2022 for tax year 2022, so revenues will not be received until fiscal year 2022-23. Revenue from this tax is expected to be highly volatile due to the narrow base of expected payers, annual fluctuations in the value and form of executive compensation, which typically includes equity, and tax-avoidance risk associated with tax increases. Estimates based on prior years' activity may not be predictive of future revenues. The Six Month Report projects fiscal year 2022-23 revenue to be $100 million and the Five-Year Plan projects fiscal year 2023-24 revenue to be $80 million.

Table A-16 reflects the City's actual tax receipts for fiscal years 2018-19 through 2021-22 and forecasted amounts for fiscal years 2022-23 and 2023-24 from the Six Month Report and Five-Year Plan, respectively.

As with the larger tax revenues described above, the City anticipates these sources will be impacted by the pace of economic recovery. See "CITY BUDGET-Five-Year Financial Plan and Mayor's Budget Instructions" and "Other Budget Updates: Fiscal Year 2022-23 Six Month Budget Status Report" for a summary of the most recent projections.

TABLE A-16

CITY AND COUNTY OF SAN FRANCISCO
Other Local Taxes
Fiscal Years 2018-19 through 2023-24
General Fund
(000s)

Tax	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Projected[2]	2023-24 Projected[3]
Utility Users Tax	$93,918	$94,231	$81,367	$105,225	$108,249	$105,604
Access Line Tax	48,058	49,570	44,700	55,710	52,860	54,740
Parking Tax	86,020	69,461	47,555	71,122	80,200	84,100
Sugar Sweetened Beverage Tax	16,098	13,182	10,435	11,973	13,740	13,740
Stadium Admissions Tax	1,215	2,730	182	4,615	8,000	11,300
Cannabis Tax	N/A	N/A	N/A	N/A	-	-
Franchise Tax	15,640	16,028	14,898	15,494	15,560	15,560
Tax on Executive Pay	N/A	N/A	N/A	N/A	100,000	60,000

[1] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals.

[2] Fiscal year 2022-23 amounts represent projections from the fiscal year 2022-23 Six Month Report.

[3] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

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

INTERGOVERNMENTAL REVENUES

State Subventions Based on Taxes

San Francisco receives allocations of State sales tax and Vehicle License Fee (VLF) revenue for 1991 Health and Welfare Realignment, 2011 Public Safety Realignment, and Prop 172 Public Safety Sales Tax. These subventions fund programs that are substantially supported by the General Fund. See "GENERAL FUND REVENUES – OTHER CITY TAX REVENUES – Sales and Use Tax" above.

- Health and Welfare Realignment, enacted in 1991, restructured the state-county partnership by giving counties increased responsibilities and dedicated funding to administer certain public health, mental health and social service programs.

- Public Safety Realignment (AB 109), enacted in early 2011, transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and parole agents to county jails and probation officers.

- State Proposition 172, passed by California voters in November 1993, provided for the continuation of a one-half percent sales tax for public safety expenditures. This revenue is a function of the City's proportionate share of Statewide sales activity. These revenues are allocated to counties by the State separately from the local one-percent sales tax discussed above. Disbursements are made to counties based on the county ratio, which is the county's percent share of total statewide sales taxes in the most recent calendar year.

Table A-17 reflects the City's actual receipts for fiscal years 2018-19 through 2021-22 and forecasted amounts for fiscal years 2022-23 and 2023-24. In fiscal year 2021-22, State-wide sales tax performed better than local sales tax; therefore, formula-driven subventions grew faster than local sales tax. The State temporarily backfilled county realignment revenues by $28.0 million in fiscal year 2020-21.

TABLE A-17

CITY AND COUNTY OF SAN FRANCISCO
Selected State Subventions - All Funds
Fiscal Years 2018-19 through 2023-24
($millions)

Tax	2018-19 Actuals	2019-20 Actuals	2020-21 Actuals	2021-22 Actuals	2022-23 Projected[2]	2023-24 Projected[3]
Health and Welfare Realignment						
General Fund	$217.6	$219.6	$188.9	$283.5	$299.5	$301.9
Hospital Fund	58.5	54.1	48.1	67.1	68.5	66.4
Total - Health and Welfare	**$276.1**	**$273.7**	**$237.1**	**$350.6**	**$367.9**	**$368.3**
Backfill Realignment[4]						
General Fund			$22.1			
Non General Fund			6.0			
Total - Backfill Realignment			**$28.0**			
Public Safety Realignment (General Fund)	$39.4	$41.1	$38.4	$52.1	$58.4	$66.5
Public Safety Sales Tax (Prop 172) (General Fund)	$107.6	$103.9	$105.0	93.8	$93.2	$98.1

[1] Figures for fiscal year 2018-19 through fiscal year 2021-22 are actuals.

[2] Fiscal year 2022-23 amounts represent projections from the fiscal year 2022-23 Six Month Report.

[3] Fiscal year 2023-24 amounts from Five Year Plan, issued January 13, 2023.

[4] Backfill Realignment is a one-time State funding to fill the shortfall in Health and Welfare Realignment and Public Safety Realignment due to the decrease of sales tax and vehicle license fees.

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

CITY GENERAL FUND PROGRAMS AND EXPENDITURES

General Fund Expenditures by Major Service Area

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

TABLE A-18

CITY AND COUNTY OF SAN FRANCISCO
Expenditures by Major Service Area
Fiscal Years 2018-19 through 2023-24
(000s)

Major Service Areas	2018-19 Final Budget	2019-20 Final Budget	2020-21 Final Budget	2021-22 Final Budget	2022-23 Original Budget[2]	2023-24 Original Budget[2]
Public Protection	$1,390,266	$1,493,240	$1,505,780	$1,586,264	$1,675,801	$1,678,498
Human Welfare & Neighborhood Development	1,120,892	1,270,530	218,986	1,571,761	1,576,410	1,551,143
Community Health	967,113	1,065,051	1,605,573	1,119,891	1,162,956	1,168,262
General Administration & Finance	290,274	332,296	1,158,599	353,518	338,055	365,922
Culture & Recreation	154,056	161,274	147,334	161,417	197,596	204,661
General City Responsibilities	172,028	137,851	332,997	156,892	226,931	256,020
Public Works, Transportation & Commerce	214,928	216,824	126,993	244,365	262,733	229,775
Total[2]	$4,309,557	$4,677,066	$5,096,262	$5,194,108	$5,440,482	$5,454,281

[1] Figures for fiscal year 2018-19 through fiscal year 2021-22, as reflected in ACFR.

[2] Fiscal year 2022-23 and 2023-24 amounts represent the Original Budget, adopted July 27, 2022.

[3] Total may not add due to rounding.

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

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

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

Voter-Mandated Spending Requirements

The Charter requires funding for voter-mandated spending requirements, which are also referred to as "baselines," "set-asides," or "mandates". The chart below identifies the required and budgeted levels of funding for key mandates. The spending requirements are formula-driven, variously based on projected aggregate General Fund discretionary revenue, property tax revenues, total budgeted spending, staffing levels, or population growth. Table A-19 reflects fiscal year 2022-23 and 2023-24 spending requirements in the Original Budget. These mandates are generally budgeted as transfers out of the General Fund or allocations of revenue.

TABLE A-19

CITY AND COUNTY OF SAN FRANCISCO
Baselines & Set-Asides
FY 2022-23 and FY 2023-24
($millions)

	2022-23 Original Budget[1]	2023-24 Original Budget[1]
Projected General Fund Aggregate Discretionary Revenue (ADR)	***$4,329.2***	***$4,657.5***
Municipal Transportation Agency (MTA)		
MTA - Municipal Railway Baseline: 6.686% ADR	$306.0	$328.9
MTA - Parking & Traffic Baseline: 2.507% ADR	108.5	116.8
MTA - Population Adjustment	58.0	87.3
MTA - 80% Parking Tax In-Lieu	64.1	66.0
Subtotal - MTA	**$536.7**	**$599.0**
Library Preservation Fund		
Library - Baseline: 2.286% ADR	$99.0	$106.5
Library - Property Tax: $0.025 per $100 Net Assessed Valuation (NAV)	75.6	79.6
Subtotal - Library	**$174.6**	**$186.1**
Children's Services		
Children's Services Baseline - Requirement: 4.830% ADR	*$209.1*	*$224.9*
Children's Services Baseline - Eligible Items Budgeted	231.4	227.8
Transitional Aged Youth Baseline - Requirement: 0.580% ADR	*25.1*	*27.0*
Transitional Aged Youth Baseline - Eligible Items Budgeted	37.1	37.0
Public Education Services Baseline: 0.290% ADR	12.6	13.5
Children and Youth Fund Property Tax Set-Aside: $0.0375-0.4 per $100 NAV	121.2	126.5
Public Education Enrichment Fund: 3.057% ADR	*132.3*	*142.4*
1/3 Annual Contribution to Preschool for All	44.1	47.5
2/3 Annual Contribution to SF Unified School District	88.2	94.9
Subtotal - Children's Services	**$534.6**	**$547.3**
Recreation and Parks		
Open Space Property Tax Set-Aside: $0.025 per $100 NAV	$75.6	$79.6
Recreation & Parks Baseline - Requirement	82.2	85.2
Recreation & Parks Baseline - Budgeted	88.6	95.0
Subtotal - Recreation and Parks	**$164.3**	**$174.6**
Other		
Housing Trust Fund Requirement	$45.2	$44.5
Housing Trust Fund Budget	45.2	44.5
Dignity Fund	56.1	59.1
Street Tree Maintenance Fund: 0.5154% ADR	22.3	24.0
Municipal Symphony Baseline: $0.00125 per $100 NAV	4.0	4.2
City Services Auditor: 0.2% of Citywide Budget	26.1	25.7
Subtotal - Other	**$153.7**	**$157.4**
Recently Adopted Expenditure Requirements		
Our City, Our Home Baseline Requirement (Nov 2018 Prop C)	*215.0*	*215.0*
Our City, Our Home Budget, Estimated	367.9	364.2
Early Care and Education Baseline Requirement (June 2018 Prop C)	*91.1*	*98.0*
Early Care and Education Budget	94.7	98.3
Total Baselines and Set-Asides	**$2,026.4**	**$2,126.8**

[1] Fiscal year 2022-23 and 2023-24 amounts represent the Original Budget, adopted July 27, 2022.

EMPLOYMENT COSTS; POST-EMPLOYMENT OBLIGATIONS

The cost of salaries and benefits for City employees represents slightly less than half of the City's expenditures, totaling $6.5 billion and $6.6 billion in fiscal years 2022-23 and 2023-24 in the Original Budget. For the General Fund, the combined salary and benefits Original Budget is $3.1 billion in each fiscal year.

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

Labor Relations

The City's Original Budget for fiscal year 2022-23 included 39,246 full-time and part-time budgeted City positions. City workers are represented by 36 different labor unions. The largest unions in the City are the Service Employees International Union, Local 1021; the International Federation of Professional and Technical Engineers, Local 21; and the unions representing Police, Fire, Deputy Sheriffs, and Transit Workers.

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

Further, the City Charter requires binding arbitration to resolve negotiations in the event of impasse. If impasse is reached, the parties are required to convene a tripartite arbitration panel, chaired by an impartial third-party arbitrator, which sets the disputed terms of the new agreement. The award of the arbitration panel is final and binding. This process applies to all City employees except Registered Nurses and a small group of unrepresented employees, whose working conditions and compensation are established annually by ordinance. Wages, hours and working conditions of nurses are not subject to interest arbitration but are subject to Charter-mandated economic limits. Since 1976, no City employees have participated in a union-authorized strike, which is prohibited by the Charter.

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

In May 2022, the City negotiated two-year agreements (for fiscal years 2022-23 through 2023-24) with 27 labor unions. For the fiscal year 2022-23, the parties agreed to a base wage increase of 5.25% on July 1, 2022. For fiscal year 2023-24, the parties agreed to a base wage increase schedule of 2.5% on July 1, 2023 and 2.25% on January 6, 2024, with a provision to delay the fiscal year 2023-24 increases by six months if the City's budget deficit for fiscal year 2023-24, as projected in the 2023 March Joint Report, exceeds $300 million. For fiscal year 2022-23, the Unrepresented Employee Ordinance was passed approving a wage increase of 5.25%.

The City had previously negotiated a 2.0% base wage increase with labor organizations representing sworn members of the Police department due on July 1, 2020 and delayed to the pay period including January 1, 2021. The parties then agreed to defer this increase until the close of business on June 30, 2022. The parties also previously negotiated a 1% base wage increase to be effective January 1, 2021 and delayed until June 30, 2021. The parties then agreed to defer this increase until the close of business on June 30, 2022 as well. The parties agreed to a base wage increase of 3.0% on July 1, 2021. For the fiscal year 2022-23, the parties agreed to a base wage increase of 3.0% on July 1, 2022, with a provision to delay the increase by six months if the City's budget deficit for fiscal year 2022-23, as projected in the 2023 March Joint Report, exceeds $200 million.

The City had previously negotiated a 3% base wage increase with labor organizations representing the sworn members of the Fire department due on July 1, 2020 and delayed to the pay period including January 1, 2021. The parties then agreed to defer this increase until the close of business on June 30, 2022. The parties agreed to a base wage increase of 3.0% on July 1, 2021. For the fiscal year 2022-23, the parties agreed to a base wage increase of 3.0% on July 1, 2022, with a provision to delay the increase by six months if the City's budget deficit for fiscal year 2022-23, as projected in the 2023 March Joint Report, exceeds $200 million.

Also, in May 2022, the MTA negotiated two-year agreements (for fiscal years 2022-23 through 2023-24) with the unions that represent Transit Operators, Mechanics, Station Agents, Parking Control Officers and others, collectively referred to as Service-Critical. The parties agreed to the same wage increase schedule as the City, with the same wage deferral triggers.

In the Fall of 2022, the City commenced bargaining successor MOUs with labor organizations representing sworn members of Fire and Police departments, negotiated wage increases will come into effect on July 1, 2023.

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TABLE A-20

CITY AND COUNTY OF SAN FRANCISCO (All Funds)
Employee Organizations as of February 1, 2023

Organization	City Budgeted Positions	Expiration Date of MOU
Automotive Machinists, Local 1414	542	30-Jun-24
Bricklayers, Local 3	3	30-Jun-24
Building Inspectors' Association	88	30-Jun-24
Carpenters, Local 22	101	30-Jun-24
Carpet, Linoleum & Soft Tile	1	30-Jun-24
Cement Masons, Local 300	16	30-Jun-24
Deputy Probation Officers' Association (DPOA)	124	30-Jun-24
Deputy Sheriffs' Association (DSA)	792	30-Jun-24
Electrical Workers, Local 6	1,003	30-Jun-24
Firefighters' Association, Local 798	2,011	30-Jun-23
Glaziers, Local 718	10	30-Jun-24
Hod Carriers, Local 36	3	30-Jun-24
Ironworkers, Local 377	13	30-Jun-24
Laborers, Local 261	883	30-Jun-24
Municipal Attorneys' Association (MAA)	494	30-Jun-24
Municipal Executives' Association (MEA) Fire	12	30-Jun-23
Municipal Executives' Association (MEA) Miscellaneous	1,655	30-Jun-24
Municipal Executives' Association (MEA) Police	16	30-Jun-23
Operating Engineers, Local 3 Miscellaneous	55	30-Jun-24
Operating Engineers, Local 3 Supervising Probation	28	30-Jun-24
Pile Drivers, Local 34	27	30-Jun-24
Plumbers, Local 38	349	30-Jun-24
Police Officers' Association (POA)	2,360	30-Jun-23
Professional and Technical Engineers, Local 21	7,130	30-Jun-24
Roofers, Local 40	11	30-Jun-24
SEIU, Local 1021, H-1	1	30-Jun-24
SEIU, Local 1021 Misc	13,348	30-Jun-24
SEIU, Local 1021 Nurses	1,840	30-Jun-24
SF City Workers United	134	30-Jun-24
SFDA Investigators Association	44	30-Jun-24
Sheet Metal Workers, Local 104	31	30-Jun-24
Sheriffs' Supervisory and Management Association (MSA)	118	30-Jun-24
Stationary Engineers, Local 39	689	30-Jun-24
Teamsters, Local 853	130	30-Jun-24
Teamsters, Local 856, Multi	98	30-Jun-24
Teamsters, Local 856, Supervising Nurses	134	30-Jun-24
Theatrical Stage Emp, Local 16	32	30-Jun-24
TWU, Local 200	512	30-Jun-24
TWU, Local 250-A, Auto Service Work	135	30-Jun-24
TWU, Local 250-A, Miscellaneous	108	30-Jun-24
TWU, Local 250-A, Transit Fare Inspectors	45	30-Jun-24
TWU, Local 250-A, Transit Operator	2,670	30-Jun-24
Union of American Physicians and Dentists (UAPD)	210	30-Jun-24
Unrepresented Employees	93	30-Jun-24
Other	1,147	
	39,246	

San Francisco Employees' Retirement System ("SFERS" or "Retirement System")

History and Administration

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

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

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

Membership

Retirement System members include eligible employees of the City, SFUSD, SFCCD, and the San Francisco Trial Courts. The Retirement System estimates that the total active membership as of July 1, 2022 is 45,284, compared to 44,770 as of July 1, 2021. Active membership as of July 1, 2022 includes 11,066 terminated vested members and 1,019 reciprocal members. Terminated vested members are former employees who have vested rights in future benefits from SFERS. Reciprocal members are individuals who have established membership in a reciprocal pension plan such as CalPERS and may be eligible to receive a reciprocal pension from the Retirement System in the future. Monthly retirement allowances are paid to approximately 31,719 retired members and beneficiaries. Benefit recipients include retired members, vested members receiving a vesting allowance, and qualified survivors.

Table A-21 shows various member counts in the total Retirement System (City, SFUSD, SFCCD, and San Francisco Trial Courts) as of the five most recent actuarial valuation dates, July 1, 2018 through July 1, 2022. The number of retirees supported by each active member can be an important indicator of growing plan maturity and sensitivity to investment returns, assumption changes, and other changes to the System. In particular, if the ratio of retirees to active members grows, it indicates that any actuarial losses on retiree liabilities or assets are likely to place a relatively greater burden on employers and active members. The ratio for SFERS had been relatively stable but increased modestly in 2021 and again in 2022 with the two-year decline in number of active members.

TABLE A-21

City and County of San Francisco
Employees' Retirement System
July 1, 2018 through July 1, 2022

As of July 1st	Active Members	Vested Members	Reciprocal Members	Total Non-retired	Retirees & Continuants	Retiree to Active Ratio
2018	33,946	8,123	1,060	43,129	29,965 *	0.88
2019	34,202	8,911	1,044	44,157	29,490	0.86
2020	34,521	9,478	1,071	45,070	30,128	0.87
2021	33,644	10,066	1,060	44,770	30,854	0.92
2022	33,199	11,066	1,019	45,284	31,719	0.96

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

Notes: Member counts are for the entire Retirement System and include non-City employees.
* Retiree member counts duplicated for members who have both a Safety and a Miscellaneous benefit.

Funding Practices

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

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

At the December 9, 2020 Retirement Board meeting, the Board adopted all recommended demographic assumptions from the experience study dated August 12, 2020. The most significant adjustment was the update to the new Society of Actuaries public plan mortality tables, Pub-2010, for both general and safety members. The Board also adopted lower price and wage inflation rates, from 2.75% to 2.50% and from 3.50% to 3.25%, respectively. The new assumptions were first effective for the July 1, 2020 actuarial valuation. At the November 10, 2021 Board meeting, the Board lowered the assumed long-term investment earnings assumption from 7.40% to 7.20%, effective for the July 1, 2021 actuarial valuation. In the short term, this decrease is expected to result in increases in City contributions. In the long term, the true cost of a pension plan is determined by actual results and not by assumptions. At the November 17, 2022 Board meeting, the Board voted to maintain the actuarial assumptions at their current levels.

While employee contribution rates are mandated by the Charter, sources of payment of employee contributions (i.e. City or employee) may be the subject of collective bargaining agreements with each

union or bargaining unit. Since July 1, 2011, substantially all employee groups have agreed through collective bargaining for employees to contribute all employee contributions through pre-tax payroll deductions.

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

Employer Contribution History and Annual Valuations

Fiscal year 2021-22 City employer contributions to the Retirement System were $712.3 million, which includes $423.4 million from the General Fund. The fiscal year 2022-23 employer contribution rate is 21.35% (estimated to be 18.76% after cost-sharing), with a total budget of $707.7 million, which includes $434.3 million in the General Fund. The rate change reflects a reduction of the amortization period from twenty to five years, including investment gains from fiscal year 2020-21, offset by the drop in assumed investment return from 7.4% to 7.2% and the July 1, 2021 supplemental COLA to all retired members and their beneficiaries. Employer contribution rates anticipate annual increases in pensionable payroll of 3.25%. As discussed under "CITY BUDGET – Five-Year Financial Plan and Mayor's Budget Instructions", increases in retirement costs are projected in the City's Five-Year Financial Plan.

Table A-22 shows total Retirement System liabilities, assets and percent funded for the last five actuarial valuations as well as contributions for the fiscal years 2017-18 through 2021-22. Information is shown for all employers in the Retirement System (City & County, SFUSD, SFCCD and San Francisco Trial Courts). "Actuarial Liability" reflects the actuarial accrued liability of the Retirement System measured for purposes of determining the funding contribution. "Market Value of Assets" reflects the fair market value of assets held in trust for payment of pension benefits. "Actuarial Value of Assets" refers to the plan assets with investment returns different than expected smoothed over five years to provide a more stable contribution rate. The "Market Percent Funded" column is determined by dividing the market value of assets by the actuarial accrued liability. The "Actuarial Percent Funded" column is determined by dividing the actuarial value of assets by the actuarial accrued liability. "Employee and Employer Contributions" reflects the sum of mandated employee and employer contributions received by the Retirement System in the fiscal year ended June 30 prior to the July 1 valuation date.

TABLE A-22

City and County of San Francisco
Employees' Retirement System
July 1, 2018 through July 1, 2022
(Dollar amounts in 000s)

As of July 1st	Actuarial Liability	Market Value of Assets	Actuarial Value of Assets	Market Percent Funded	Actuarial Percent Funded	Employee & Employer Contributions in prior FY	Employer Contribution Rates[1] in prior FY
2018	$ 27,335,417	$ 24,557,966	$ 23,866,028	89.8%	87.3%	$ 983,763	23.46%
2019	28,798,581	26,078,649	25,247,549	90.6%	87.7%	1,026,036	23.31%
2020	29,499,918	26,620,218	26,695,844	90.2%	90.5%	1,143,634	25.19%
2021	31,905,275	35,673,834	30,043,222	111.8%	94.2%	1,245,957	26.90%
2022	33,591,565	32,798,524	32,275,474	97.6%	96.1%	1,191,934	24.41%

[1] Employer contribution rates are shown prior to employer/employee cost-sharing provisions of 2011 Proposition C. Employer contribution rates for fiscal years 2022-23 and 2023-24 are 21.35% and 18.24%, respectively.

Sources: SFERS' audited year-end financial statements and required supplemental information.
SFERS' annual Actuarial Valuation Report dated July 1st. See the Retirement System's website, mysfers.org, under Publications. The information on such website is not incorporated herein by reference.

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

As shown in the table above as of July 2022, the market percent funded ratio is slightly higher than the actuarial percent funded ratio, reflecting net asset gains not yet recognized in the smoothed actuarial value of assets. The Retirement System's investment portfolio had a -2.9% return during fiscal year 2021-22 following the 33.7% return during fiscal year 2020-21, the highest fiscal return in the System's history. The July 1, 2022 actuarial value of assets only reflects 20% of the negative 2021-22 return and 40% of the extraordinary 2020-21 return. Global markets remain volatile due to continued uncertainty about tighter monetary policy, inflation, and the effect of the war in Ukraine. The gap between market value of assets and actuarial value of assets provides a cushion for future adverse experience. Employer contribution rates are anticipated to continue to decline in the next two years.

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

Risks to City's Retirement Plan

In its July 2022 actuarial report, Cheiron identified three primary risks to the System as required by Actuarial Standards of Practice No. 51 (Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions). The material risks identified were as follows: investment risk, interest rate risk, and supplemental COLA risk. Investment risk is the potential for investment returns to be different than expected, while interest rate risk is the potential for longer-term trends to impact economic assumptions such as inflation and wage increases but particularly the discount rate. Supplemental COLA risk is the potential for the cost of future supplemental COLAs to increase contribution rates.

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

supplemental COLA when granted typically represents a 1.5% increase in benefit.

Cheiron's July 2022 report provides stress testing of the supplemental COLA provision and shows that the current funding policy of amortizing new supplemental COLAs over five years manages the risk with contributions remaining very close to baseline and a relatively stable funded status.

Governmental Accounting Standards Board ("GASB") Disclosures

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

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

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

TABLE A-23

City and County of San Francisco
Employees' Retirement System
GASB 67/68 Disclosures
Fiscal Years 2017-2018 through 2021-2022
(Dollar amounts in 000s)

As of June 30th	Collective Total Pension Liability (TPL)	Discount Rate %	Plan Fiduciary Net Position	Plan Net Position as % of TPL	Collective Net Pension Liability (NPL)	City and County's Proportionate Share of NPL
2018	$ 28,840,673	7.50%	$ 24,557,966	85.2%	$ 4,993,365	$ 4,030,207
2019	30,555,289	7.40%	26,078,649	85.3%	4,476,640	4,213,807
2020	32,031,018	7.40%	26,620,218	83.1%	5,410,800	5,107,271
2021	33,088,765	7.40%	35,673,834	107.8%	(2,585,069)	(2,446,563)
2022	35,489,639	7.20%	32,798,524	92.4%	2,691,115	2,552,997

Sources: SFERS fiscal year-end GASB 67/68 Reports as of each June 30
Notes: Collective amounts include all employees (City and County, SFUSD, SFCCD, Trial Courts)

NPL can be quite volatile. The increase in NPL between fiscal year-ends 2018 and 2019 is attributable to the decline in discount rate from 7.5% to 7.4%, while the increase in NPL at fiscal year-end 2020 is due to lower-than-expected investment returns. The large decline at fiscal year-end 2021 is due to the 33.7% investment portfolio return during that year, while the increase at fiscal year-end 2022 is due to both the -2.9% return and also to a reduction in discount rate from 7.4% to 7.2%.

Asset Management

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

Annualized investment return (net of fees and expenses) for the Retirement System for the five years ending June 30, 2022 was 9.83%. For the ten-year and twenty-year periods ending June 30, 2022, annualized investment returns were 9.90% and 8.28% respectively.

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

Voter Approved Changes to the Retirement Plan

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

The most recent amendment, Proposition A, was approved by voters in November 2022. This amendment made certain retirees who commenced benefits before November 6, 1996 eligible for a supplemental COLA even if SFERS is not fully funded. For these retirees, in years when SFERS is not fully funded, the supplemental COLA would be limited to $200 per month for retirees who have an annual pension of more than $50,000.

Proposition C was approved by voters in November 2011 to reduce future pension costs and introduced new benefit tiers effective for employees hired on and after January 7, 2012.

In August 2012, then-Governor Brown signed the Public Employee Pension Reform Act of 2012 ("PEPRA"). Current plan provisions of SFERS are not subject to PEPRA although future amendments may be subject to these reforms.

Impact on the Retirement System from Changes in the Economic Environment

As of June 30, 2022, the audited market value of Retirement System assets was $32.8 billion. As of January 31, 2023, the unaudited value of the System assets was $33.4 billion. These values represent, as of the date specified, the estimated value of the Retirement System's portfolio if it were liquidated on that date. The Retirement System cannot be certain of the value of certain of its portfolio assets and, accordingly, the market value of the portfolio could be lower or higher. Moreover, appraisals for classes of assets that are not publicly traded are based on estimates which typically lag changes in actual market value by three to six months. Representations of market valuations are audited at each fiscal year end as part of the annual audit of the Retirement System's financial statements.

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

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

Other Employee Retirement Benefits

As noted above, various City employees are members of CalPERS, an agent multiple-employer public employee defined benefit plan for safety members and a cost-sharing multiple-employer plan for miscellaneous members. The City makes certain payments to CalPERS in respect of such members, at rates determined by the CalPERS board. Section A8.510 of the Charter requires the City to pay the full amount required by the actuarial valuations. The actual total employer contributions to CalPERS were $45.6 million in fiscal year 2020-21. In addition to the required amounts, the City elected to pay an additional amount of $8.4 million in fiscal years 2017-18, 2018-19 and 2019-2020; $5.0 million in fiscal year 2021-22; and $16.7 million in fiscal year 2022-23 in order to reduce its unfunded liability. A discussion of other post-employment benefits, including retiree medical benefits, is provided below under "Medical Benefits – Post-Employment Health Care Benefits" and "GASB 75 Reporting Requirements."

Medical Benefits

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

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

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

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

Under the City Charter, the Health Service System Trust Fund is not a fund through which assets are accumulated to finance post-employment healthcare benefits (an "Other Post-Employment Benefits Trust Fund"). Thus, GASB Statement Number 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 45") and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* ("GASB 75"), which apply to OPEB trust funds, do not apply to the San Francisco Health Service System Trust Fund. However, the City has been funding the Retiree Health Care Trust Fund for the purpose of prefunding future OPEB payments as described below.

Determination of Employer and Employee Contributions for Medical Benefits

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

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

City Contribution for Retirees

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

Retiree Medical Coverage / Employer Contribution for Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	Percentage of Employer Contribution Established in Charter Section A8.428 Subsection (b)(3)
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(5) **(A8.428 Subsection (b)(6))**	0% - Access to Retiree Medical Benefits Coverage. Including Access to Dependent Coverage
At least 10 but less than 15 years of Credited Service with the Employers **(AB.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years pf Credited Service with the Employers **(AB.428 Subsection (b)(5))**	75%
At least 20 years of Credited Service with the Employer; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(AB.428 Subsection (b)(4))**	100%

Health Care Reform

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

Three ACA taxes impact SFHSS rates for medical coverage. The taxes and the current status are as follow:

- **Excise Tax on High-cost Employer-sponsored Health Plans**
  The Excise Tax on High-cost Employer-sponsored Health Plans (Cadillac Tax) is a 40% excise tax on high-cost coverage health plans. The National Defense Authorization Act for Fiscal Year 2020 repealed the Cadillac tax, effective January 1, 2020.

- **Health Insurance Tax ("HIT")**
  The ACA also imposed a tax on health insurance providers, which was passed on to employer sponsored fully insured plans in the form of higher premiums. The HIT was in effect in 2020 and substantially impacted rates. The tax was repealed effective January 1, 2021 also by the National Defense Authorization Act for Fiscal Year 2020.

- **Medical Device Excise Tax**
  The ACA's medical device excise tax imposes a 2.3 percent tax on sales of medical devices (except certain devices sold at retail). The tax was repealed effective January 1, 2020.

- **Patient-Centered Outcomes Research Institute (PCORI) Fee**
  Congress revived and extended the PCORI fee, which had expired in 2019. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The fee applies to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

Employer Contributions for San Francisco Health Service System Benefits

For fiscal year 2021-22, based on the most recent audited financial statements, the San Francisco Health Service System received approximately $861 million from participating employers for San Francisco Health Service System benefit costs. Of this total, the City contributed approximately $732 million; approximately $211 million of this $732 million amount was for health care benefits for approximately 23,395 retired City employees and their eligible dependents, and approximately $520 million was for benefits for approximately 31,229 active City employees and their eligible dependents.

The 2022 aggregate (employee and employer) cost of medical benefits offered by SFHSS to the City increased by 1.4%, which is below national trends of 4.7% to 5.7%. This can be attributed to several factors including contracting by SFHSS that maintains competition among the health plans, implementing value-based models such as Accountable Care Organizations, use of generic prescription, and implementing flex-funded plans using narrow networks. Flex-funding eliminates the typical margins added by health plans; however, more risk is assumed by the city, and reserves are required to protect against this risk.

Post-Employment Health Care Benefits

Eligibility of former City employees for retiree health care benefits is governed by the Charter. In general, employees hired before January 10, 2009 and a spouse or dependent are potentially eligible for health benefits following retirement at age 50 and completion of five years of City service. Proposition B, passed by San Francisco voters on June 3, 2008, tightened post-retirement health benefit eligibility rules for employees hired on or after January 10, 2009, and generally requires payments by these employees equal to 2% of their salary, with the City contributing an additional 1%, into a Retiree Health Care Trust Fund.

Under Proposition C, passed by San Francisco voters in November of 2011, employees hired on or before January 9, 2009, were required to contribute 0.25% of compensation into the Retiree Health Care Trust Fund beginning in fiscal year 2016-17. This contribution increased to 0.50% in fiscal year 2017-18, 0.75% in fiscal year 2018-19, and reached the maximum contribution of 1.00% in fiscal year 2019-20. These contributions are matched by the City on a one-to-one basis.

Unlike employee pension contributions that are made to individual accounts, contributions to the Retiree Health Care Trust Fund are non-refundable, even if an employee separates from the City and does not receive retiree health care from the City.

Proposition A, passed by San Francisco voters on November 5, 2013, restricted the City's ability to withdraw funds from the Retiree Health Care Trust Fund. The restrictions allow payments from the fund only when certain conditions are met. The balance in the Retiree Health Care Trust Fund as of June 30, 2022 is approximately $739.9 million. The City will continue to monitor and update its actuarial valuations of liability as required under GASB 75.

GASB 75 Reporting Requirements

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

City's Estimated Liability

The City is required by GASB 75 to prepare a new actuarial study of its postemployment benefits obligation at least once every two years. As of the measurement date of June 30, 2021 (issued January 2023), used in the most recent actuarial valuation report updated to June 30, 2021, the retiree health care fiduciary plan net position as a percentage of the total OPEB liability was 16.3%. This reflects the net position of the Retiree Health Care Trust Fund in the amount of $718.8 million divided by the total OPEB liability of $4.4 billion. The estimated covered payroll (annual payroll of active employees covered by the plan) was $3.96 billion, and the ratio of the Net OPEB liability to the covered payroll was 93.3%.

While GASB 75 does not require funding of the annual OPEB cost, any differences between the amount funded in a year and the annual OPEB cost are recorded as increases or decreases in the net OPEB liability. Five-year trend information is displayed in Table A-24, which reflects the annual OPEB expense and the City's charter mandated payments on a percentage basis. For example, for fiscal year 2021-22 the annual OPEB expense was $272.0 million, and the City paid $252.9 million, which includes "pay-as-you-go" benefit payments and contributions to the Retiree Health Care Trust Fund.

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TABLE A-24

CITY AND COUNTY OF SAN FRANCISCO
Five-year Trend
Fiscal Years 2015-16 to 2021-22
(000s)

Fiscal Year	Annual OPEB	Percentage of Annual OPEB Cost Funded	Net OPEB Obligation
2015-16	$326,133	51.8%	$2,147,434
2016-17	421,402	43.6%	2,384,938
2017-18[1]	355,186	57.4%	3,717,209
2018-19	320,331	68.2%	3,600,967
2019-20	330,673	71.4%	3,915,815
2020-21	320,684	76.7%	3,823,335
2021-22	272,001	93.0%	3,691,121

1 Starting in FY2017-18, the liability amount reflects what is referred to as Net OPEB Liability due to the implementation of GASB Statement No. 75.

Total City Employee Benefits Costs

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

Table A-25 below provides a summary of the City's employee benefit actual costs for fiscal years 2018-19 through 2021-22 and budgeted costs for fiscal years 2022-23 through 2023-24.

TABLE A-25

CITY AND COUNTY OF SAN FRANCISCO
Employee Benefit Costs, All Funds
Fiscal Years 2018-19 through 2023-24
(000s)

	2018-19 Actual[1]	2019-20 Actual[1]	2020-21 Actual[1]	2021-22 Actual[1]	2022-23 Budget[4]	2023-24 Budget[4]
SFERS and PERS Retirement Contributions	$650,011	$759,933	$823,317	$771,705	$795,832	$677,245
Social Security & Medicare	$219,176	$231,557	$229,044	$241,735	$280,444	$292,553
Health - Medical + Dental, active employees [2]	$522,006	$555,780	$564,453	$570,262	$610,023	$656,039
Health - Retiree Medical [2]	$186,677	$196,641	$216,916	$222,556	$231,213	$245,317
Other Benefits [3]	$26,452	$28,493	$24,111	$20,766	$26,547	$24,911
Total Benefit Costs	$1,604,322	$1,772,403	$1,857,841	$1,827,024	$1,944,060	$1,896,066

[1] Figures for fiscal year 2018-19 through fiscal year 2020-21 are actuals. Figures for fiscal year 2021-22 are from the Final Budget, July 30, 2022.
[2] Does not include Health Service System administrative costs. Does include flexible benefits that may be used for health insurance.
[3] "Other Benefits" includes unemployment insurance premiums, life insurance and other miscellaneous employee benefits.
[4] Figures for fiscal years 2022-23 and 2023-24 reflect the Final Budget, July 30, 2022.
Source: Office of the Controller, City and County of San Francisco.

INVESTMENT OF CITY FUNDS

Investment Pool

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

Investment Policy

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

The Investment Policy is reviewed and monitored annually by a Treasury Oversight Committee established by the Board of Supervisors. The Treasury Oversight Committee meets quarterly and is comprised of members drawn from (a) the Treasurer; (b) the Controller; (c) a representative appointed by the Board of Supervisors; (d) the County Superintendent of Schools or his/her designee; (e) the Chancellor of the Community College District or his/her designee; and (f) Members of the general public. A complete copy of the Treasurer's Investment Policy, dated May 2021, is included as an Appendix to this Official Statement.

Investment Portfolio

As of January 31, 2023, the City's surplus investment fund consisted of the investments classified in Table A-26 and had the investment maturity distribution presented in Table A-27.

TABLE A-26

City and County of San Francisco
Investment Portfolio
Pooled Funds
As of January 31, 2023

Type of Investment	Par Value	Book Value	Market Value
U.S. Treasuries	$4,075,000,000	$4,079,430,573	$3,821,152,344
Federal Agencies	5,706,504,000	5,705,508,527	5,478,319,772
Public Time Deposits	40,000,000	40,000,000	40,000,000
Negotiable Certificates of Deposit	2,020,000,000	2,020,000,000	2,015,800,760
Commercial Paper	550,000,000	535,254,000	539,753,400
Money Market Funds	1,383,712,308	1,383,712,308	1,383,712,308
Supranationals	704,156,000	710,959,207	680,127,313
Total	$14,479,372,308	$14,474,864,614	$13,958,865,897

January Earned Income Yield: 2.14%

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

TABLE A-27

City and County of San Francisco
Investment Maturity Distribution
Pooled Funds
As of January 31, 2023

Maturity in Months			Par Value	Percentage
0	to	1	$1,834,012,308	12.67%
1	to	2	425,000,000	2.94%
2	to	3	239,500,000	1.65%
3	to	4	162,500,000	1.12%
4	to	5	1,212,067,000	8.37%
5	to	6	610,000,000	4.21%
6	to	12	2,302,011,000	15.90%
12	to	24	3,062,679,000	21.15%
24	to	36	2,388,415,000	16.50%
36	to	48	1,870,000,000	12.91%
48	to	60	373,188,000	2.58%
			$14,479,372,308	100.00%

Weighted Average Maturity: 528 Days

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

Further Information

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

CAPITAL FINANCING AND BONDS

Capital Plan

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

The City Administrator, in conjunction with the CPC, is directed to develop and submit a 10-year capital plan every other fiscal year for approval by the Board of Supervisors. The Capital Plan is a fiscally constrained long-term finance strategy that prioritizes projects based on a set of funding principles. It provides an assessment of the City's infrastructure and other funding needs over 10 years, highlights investments required to meet these needs and recommends a plan of finance to fund these investments. Although the Capital Plan provides cost estimates and proposes methods to finance such costs, the document does not reflect any commitment by the Board of Supervisors to expend such amounts or to adopt any specific financing method. The Capital Plan is required to be updated and adopted biennially, along with the City's Five-Year Financial Plan and the Five-Year Information & Communication Technology Plan. The CPC is also charged with reviewing the annual capital budget submission and all long-term financing proposals and providing recommendations to the Board of Supervisors relating to the compliance of any such proposal or submission with the adopted Capital Plan.

The Capital Plan is required to be submitted to the Mayor and the Board of Supervisors by each March 1 in odd-numbered years and adopted by the Board of Supervisors and the Mayor on or before May 1 of the same year. The proposed fiscal years 2024-2033 Capital Plan, which was approved by the CPC on February 27, 2023 and introduced to the Board of Supervisors on March 7, 2023, contains $41.2 billion in capital investments over the next 10 years, including $5.7 billion in projects for General Fund-supported departments, $19.0 billion for enterprise departments, and $16.5 billion for external agencies.

The fiscal years 2022-2031 Capital Plan ("Adopted Capital Plan") was approved by the CPC on February 22, 2021 and was adopted by the Board of Supervisors on April 30, 2021. The Adopted Capital Plan contains $38.0 billion in capital investments over the coming decade for all City departments, including $4.6 billion in projects for General Fund-supported departments. The Adopted Capital Plan proposes $1.2 billion for General Fund pay-as-you-go capital projects over the next 10 years. The amount for General Fund pay-as-you-go capital projects is $1 billion lower than the previous capital plan funding level due to budget impacts in the early years resulting from the COVID-19 pandemic. Major capital projects for General Fund-supported departments included in the Capital Plan consist of critical seismic projects and relocation of staff from seismically vulnerable facilities; upgrades to public health, police, and fire facilities; transportation and utility system improvements; improvements to homeless service sites and permanent supportive housing projects; affordable housing; street and right-of-way improvements; the removal of barriers to accessibility; and park improvements, among other capital projects. $1.5 billion of the capital projects of General Fund supported departments are expected to be financed with general obligation bonds and other long- term obligations, subject to planning policy constraints. The balance is expected to be funded by federal and State funds, the General Fund and other sources.

In addition to the City General Fund-supported capital spending, the Adopted Capital Plan recommends $18.0 billion in enterprise fund department projects to continue major transit, economic development and public utility projects such as the Central Subway project, runway and terminal upgrades at San Francisco International Airport, Pier 70 infrastructure investments, the Sewer System Improvement Program, and building adequate facilities to support the City's growing transit fleet, among others. Approximately $8.5 billion of enterprise fund department capital projects are anticipated to be financed with revenue bonds and general obligation bonds. The balance is expected to be funded by federal and State funds, user/operator fees, General Fund and other sources.

While significant investments are proposed in the City's Adopted Capital Plan, identified resources remain below those necessary to maintain and enhance the City's physical infrastructure. As a result, over $7.5 billion in capital needs including enhancements are deferred from the plan's horizon.

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

Tax-Supported Debt Service – City General Obligation Bonds

Under the State Constitution and the Charter, City bonds secured by *ad valorem* property taxes ("general obligation bonds" or "GO bonds") can only be authorized with a two-thirds approval of the voters. As of March 1, 2023, the City had approximately $2.6 billion aggregate principal amount of GO bonds outstanding. In addition to the City's general obligation bonds, BART, SFUSD and SFCCD also have outstanding general obligation bonds as shown in Table A-33.

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

TABLE A-28

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds Debt Service
As of March 1, 2023 [1] [2]

Fiscal Year	Principal	Interest	Annual Debt Service
2022-23	$173,545,251	$52,958,902	$226,504,153
2023-24	175,056,206	97,944,159	273,000,365
2024-25	177,481,476	89,887,165	267,368,641
2025-26	165,756,279	81,804,053	247,560,332
2026-27	172,635,840	74,368,550	247,004,390
2027-28	179,064,035	66,869,778	245,933,814
2028-29	181,156,751	59,409,377	240,566,128
2029-30	179,395,095	51,583,497	230,978,592
2030-31	144,611,950	43,994,155	188,606,105
2031-32	149,965,000	38,340,356	188,305,356
2032-33	118,820,000	32,657,285	151,477,285
2033-34	101,040,000	28,262,795	129,302,795
2034-35	95,040,000	24,705,347	119,745,347
2035-36	80,045,000	21,475,808	101,520,808
2036-37	69,590,000	18,769,081	88,359,081
2037-38	60,880,000	16,429,118	77,309,118
2038-39	42,505,000	14,358,049	56,863,049
2039-40	42,240,000	12,952,057	55,192,057
2040-41	36,635,000	11,535,894	48,170,894
2041-42	37,970,000	10,201,011	48,171,011
2042-43	39,365,000	8,802,762	48,167,762
2043-44	40,820,000	7,352,149	48,172,149
2044-45	42,315,000	5,846,885	48,161,885
2045-46	38,505,000	4,285,480	42,790,480
2046-47	5,005,000	2,880,246	7,885,246
2047-48	5,170,000	2,710,945	7,880,945
2048-49	5,345,000	2,535,881	7,880,881
2049-50	5,530,000	2,354,712	7,884,712
2050-51	5,725,000	2,159,925	7,884,925
2051-52	5,935,000	1,950,338	7,885,338
2052-53	6,155,000	1,732,790	7,887,790
2053-54	6,380,000	1,506,973	7,886,973
2054-55	6,610,000	1,272,671	7,882,671
2055-56	6,855,000	1,029,667	7,884,667
2056-57	7,110,000	777,438	7,887,438
2057-58	7,370,000	515,551	7,885,551
2058-59	3,895,000	243,790	4,138,790
2059-60	4,010,000	123,668	4,133,668
TOTAL [4]	**$2,625,532,882**	**$896,588,308**	**$3,522,121,190**

[1] This table only includes the City's General Obligation Bonds and does not include any of the overlapping debt as shown in Table A-33.

[2] Totals reflect rounding to nearest dollar.

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

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

Authorized but Unissued City GO Bonds

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

In November 1992, voters approved Proposition A ("1992 Proposition A") which authorized the issuance of up to $350.0 million in GO bonds to support San Francisco's Seismic Safety Loan Program ("SSLP"), which provides loans for the seismic strengthening of privately-owned unreinforced masonry affordable housing, market-rate residential, commercial and institutional buildings. Between 1994 and 2015, the City issued $89.3 million of bonds under the original 1992 Proposition A authorization. In November 2016, voters approved Proposition C ("2016 Proposition C"), which amended the 1992 Proposition A authorization (together, the "1992A/2016A Propositions") to broaden the scope of the remaining $260.7 million authorization by adding the eligibility to finance the acquisition, improvement, and rehabilitation to convert at-risk multi-unit residential buildings to affordable housing, as well as the needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs. In 2019 and 2020, the City issued $175.0 million of bonds across two series under the 1992A/2016A Propositions. Currently $85.7 million remains authorized and unissued.

In November 2018, voters approved Proposition A ("2018 Embarcadero Seawall Improvement Proposition"), authorizing the issuance of up to $425.0 million in general obligation bonds for repair and improvement projects along the City's Embarcadero and Seawall to protect the waterfront, BART and Muni, buildings, historic piers, and roads from earthquakes, flooding, and sea level rise. On June 2, 2020, the City closed the first series of bonds in the par amount of $49.7 million, leaving $375.3 million authorized and unissued.

In November 2019, voters approved Proposition A ("2019 Affordable Housing Proposition"), which authorized the issuance of up to $600.0 million in general obligation bonds to finance the construction, development, acquisition, and preservation of affordable housing for certain vulnerable San Francisco residents; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for SFUSD and City College of San Francisco employees; and to pay related costs. On March 30, 2021, the City closed the first series of bonds in the par amount of $254.6 million, leaving $345.4 million authorized and unissued.

In March 2020, voters approved Proposition B ("2020 Earthquake Safety and Emergency Response Proposition") which authorized the issuance of up to $628.5 million in general obligation bonds to aid fire, earthquake and emergency response by improving, constructing, and/or replacing: deteriorating cisterns, pipes, tunnels, and related facilities to ensure firefighters a reliable water supply for fires and disasters; neighborhood fire and police stations and supporting facilities; the City's 911 Call Center; and other disaster response and public safety facilities, and to pay related costs. In 2021, the City closed the first four series of bonds with a total par amount of $167.8 million, leaving $460.7 million authorized and unissued.

In November 2020, voters approved Proposition A ("2020 Health and Recovery Bond"), which authorized the issuance of up to $487.5 million in general obligation bonds to fund permanent investments in transitional supportive housing facilities, shelters, and/or facilities that serve individuals experiencing homelessness, mental health challenges, or substance use; improve the safety and quality of parks; and improve the safety and condition of streets and other public rights of way. In 2021, the City closed the first two series of bonds in an aggregate par amount of $258.5 million, leaving approximately $229 million authorized and unissued.

Refunding General Obligation Bonds

The Board of Supervisors adopted and the Mayor approved Resolution No. 272-04 in May of 2004 ("2004 Resolution"). The 2004 Resolution authorized the issuance of $800.0 million general obligation refunding bonds from time to time in one or more series for the purpose of refunding all or a portion of the City's outstanding General Obligation Bonds. In November of 2011, the Board of Supervisors adopted and the Mayor approved, Resolution No. 448-11 ("2011 Resolution," and together with the 2004 Resolution, the "Refunding Resolutions"). The 2011 Resolution authorized the issuance of approximately $1.5 billion general obligation refunding bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. In March of 2020, the Board of Supervisors adopted and the Mayor approved, Resolution No. 097-20 ("2020 Resolution," and together with the 2004 Resolution and 2011 Resolution, the "Refunding Resolutions"). The 2020 Resolution authorized the issuance of approximately $1.5 billion general obligation refunding bonds from time to time in one or more series for the purpose of refunding certain outstanding General Obligation Bonds of the City. The refunding bonds outstanding as of March 1, 2023, under the Refunding Resolutions, are shown in Table A-29 below.

TABLE A-29

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Refunding Bonds
As of March 1, 2023

Series Name	Date Issued	Principal Amount Issued	Amount Outstanding
2015-R1	February 2015	$293,910,000	$187,040,000 [1]
2020-R1	May 2020	195,250,000	168,770,000 [2]
2021-R1	May 2021	91,230,000	84,035,000 [3]
2021-R2	September 2021	86,905,000	64,285,000 [4]
2022-R1	May 2022	327,300,000	327,300,000 [5]

[1] Series 2006-R1, 2006-R2, and 2008-R3 Bonds were refunded by the 2015-R1 Bonds in February 2015.

[2] Series 2008-R1 Bonds were refunded by the 2020-R1 Bonds in May 2020.

[3] Series 2013A, 2013B, and 2013C Bonds were refunded by the 2021-R1 Bonds in May 2021.

[4] Series 2011-R1 Bonds, which refunded the 2004-R1 Bonds, were refunded by the 2021-R2 Bonds in September 2021.

[5] Series 2012D, 2012E, 2014A, 2014C, and 2014D Bonds were refunded by the 2022-R1 Bonds in May 2022.

Table A-30 on the following page lists for each of the City's voter-authorized general obligation bond programs, the amounts issued and outstanding, and the amount of remaining authorization for which bonds have not yet been issued. Series are grouped by program authorization in chronological order. The authorized and unissued column refers to total program authorization that can still be issued and does not refer to any particular series. As of March 1, 2023, the City had authorized and unissued general obligation bond authority of approximately $1.5 billion.

TABLE A-30

CITY AND COUNTY OF SAN FRANCISCO
General Obligation Bonds
As of March 1, 2023[1]

Bond Authorization Name	Election Date	Authorized Amount	Series	Bonds Issued	Bonds Outstanding	Authorized & Unissued
Seismic Safety Loan Program	11/3/92	$350,000,000	1994A	$35,000,000	-	
			2007A	$30,315,450	$13,912,882	[2]
			2015A	$24,000,000	-	
Reauthorization to Repurpose for Affordable Housin	11/8/16		2019A	$72,420,000	$69,665,000	
			2020C	$102,580,000	$95,240,000	$85,684,550
Clean & Safe Neighborhood Parks	2/5/08	$185,000,000	2008B	$42,520,000	-	
			2010B	$24,785,000	-	
			2010D	$35,645,000	$27,185,000	
			2012B	$73,355,000	-	
			2016A	$8,695,000	$6,125,000	-
San Francisco General Hospital & Trauma Center Earthquake Safety	11/4/08	$887,400,000	2009A	$131,650,000	-	
			2010A	$120,890,000	-	
			2010C	$173,805,000	$132,565,000	
			2012D	$251,100,000	-	
			2014A	$209,955,000	-	-
Earthquake Safety and Emergency Response Bond	6/8/10	$412,300,000	2010E	$79,520,000	-	
			2012A	$183,330,000	-	
			2012E	$38,265,000	-	
			2013B	$31,020,000	-	
			2014C	$54,950,000	-	
			2016C	$25,215,000	$18,330,000	-
Road Repaving & Street Safety	11/8/11	$248,000,000	2012C	$74,295,000	-	
			2013C	$129,560,000	-	
			2016E	$44,145,000	$32,090,000	-
Clean & Safe Neighborhood Parks	11/6/12	$195,000,000	2013A	$71,970,000	-	
			2016B	$43,220,000	$19,890,000	
			2018A	$76,710,000	$39,460,000	
			2019B	$3,100,000	-	-
Earthquake Safety and Emergency Response Bond	6/3/14	$400,000,000	2014D	$100,670,000	-	
			2016D	$109,595,000	$61,840,000	
			2018C	$189,735,000	$122,260,000	-
Transportation and Road Improvement	11/4/14	$500,000,000	2015B	$67,005,000	$35,925,000	
			2018B	$174,445,000	$89,740,000	
			2020B	$135,765,000	$106,235,000	
			2021C-1	$104,785,000	$85,285,000	
			2021C-2	$18,000,000	-	-
Affordable Housing Bond	11/3/15	$310,000,000	2016F	$75,130,000	$41,280,000	
			2018D	$142,145,000	$90,010,000	
			2019C	$92,725,000	$22,990,000	-
Public Health and Safety Bond	6/7/16	$350,000,000	2017A	$173,120,000	$101,945,000	
			2018E	$49,955,000	$32,520,000	
			2020D-1	$111,925,000	$79,830,000	
			2020D-2	$15,000,000	-	-
Embarcadero Seawall Earthquake Safety	11/6/18	$425,000,000	2020A	$49,675,000	-	$375,325,000
Affordable Housing Bond	11/5/19	$600,000,000	2021A	$254,585,000	$174,410,000	$345,415,000
Earthquake Safety and Emergency Response Bond	3/3/20	$628,500,000	2021B-1	$69,215,000	$65,925,000	
			2021B-2	$11,500,000	-	
			2021E-1	$74,090,000	$60,990,000	
			2021E-2	$13,000,000	-	$460,695,000
Health and Recovery Bond	11/4/20	$487,500,000	2021D-1	$194,255,000	$168,455,000	
			2021D-2	$64,250,000	-	$228,995,000
SUBTOTAL		$5,978,700,000		$4,482,585,450	$1,794,102,882	$1,496,114,550

General Obligation Refunding Bonds	Dated Issued	Bonds Issued	Bonds Outstanding
Series 2015-R1	2/25/15	$293,910,000	$187,040,000
Series 2020-R1	5/7/20	$195,250,000	$168,770,000
Series 2021-R1	5/6/21	$91,230,000	$84,035,000
Series 2021-R2	9/16/21	$86,905,000	$64,285,000
Series 2022-R1	5/18/22	$327,300,000	$327,300,000
SUBTOTAL		$994,595,000	$831,430,000
TOTALS		**$5,978,700,000**	**$5,477,180,450**	**$2,625,532,882**	**$1,496,114,550**

[1] Section 9.106 of the City Charter limits issuance of general obligation bonds of the City to 3% of the assessed value of all taxable real and personal property, located within the City and County.

[2] Of the $35,000,000 authorized by the Board of Supervisors in February 2007, $30,315,450 has been drawn upon to date pursuant to the Credit Agreement described under "General Obligation Bonds ."

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

General Fund Lease Obligations

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

Table A-31 sets forth the aggregate annual lease payment obligations supported by the City's General Fund with respect to outstanding long-term lease revenue bonds and certificates of participation as of March 1, 2023.

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TABLE A-31

CITY AND COUNTY OF SAN FRANCISCO

Lease Revenue Bonds and Certificates of Participation

As of March 1, 2023[1 2]

Fiscal Year	Principal	Interest [3]	Annual Payment Obligation
2022-23[4]	$47,399,317	$30,524,374	$77,923,690
2023-24	73,041,503	61,661,824	134,703,327
2024-25	74,653,037	58,067,122	132,720,159
2025-26	75,198,229	54,445,064	129,643,293
2026-27	75,603,731	50,749,535	126,353,267
2027-28	70,855,000	47,156,600	118,011,600
2028-29	74,115,000	43,689,945	117,804,945
2029-30	77,340,000	40,220,141	117,560,141
2030-31	70,485,000	36,975,914	107,460,914
2031-32	63,590,000	34,282,816	97,872,816
2032-33	64,685,000	31,871,841	96,556,841
2033-34	67,135,000	29,260,160	96,395,160
2034-35	60,275,000	26,761,447	87,036,447
2035-36	60,515,000	24,174,242	84,689,242
2036-37	60,190,000	21,538,229	81,728,229
2037-38	62,625,000	18,910,664	81,535,664
2038-39	65,160,000	16,175,156	81,335,156
2039-40	67,805,000	13,324,472	81,129,472
2040-41	70,555,000	10,357,468	80,912,468
2041-42	56,000,000	7,430,811	63,430,811
2042-43	20,990,000	5,247,200	26,237,200
2043-44	19,855,000	4,388,600	24,243,600
2044-45	20,650,000	3,594,400	24,244,400
2045-46	13,695,000	2,768,400	16,463,400
2046-47	14,245,000	2,220,600	16,465,600
2047-48	13,220,000	1,650,800	14,870,800
2048-49	13,750,000	1,122,000	14,872,000
2049-50	14,300,000	572,000	14,872,000
TOTAL [5]	**$1,467,930,817**	**$679,141,825**	**$2,147,072,641**

[1] Includes privately placed lease purchase financings and excludes the 833 Bryant lease and commercial paper.

[2] Actual payment dates are used to project outstanding payment obligations.

[3] Totals reflect rounding to nearest dollar.

[4] Excludes payments made to date in current fiscal year.

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

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

Voter-Approved Lease Revenue Bonds

The City electorate has approved several lease revenue bond propositions, some of which have authorized but unissued bonds. The following lease programs have remaining authorization:

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

In 1990, voters approved Proposition C ("1990 Proposition C"), which amended the Charter to authorize the City to lease purchase equipment through a nonprofit corporation without additional voter approval but with certain restrictions. The City and County of San Francisco Finance Corporation (the "Corporation") was incorporated for that purpose. 1990 Proposition C provides that the outstanding aggregate principal amount of obligations with respect to lease financings may not exceed $20.0 million, with such amount increasing by five percent each fiscal year. As of July 1, 2022, the total authorized and unissued amount for such financings was $95.3 million. There is no current plan to issue additional bonds at this time.

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

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

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

Table A-32 below lists the City's outstanding certificates of participation, lease purchase financings, and voter-authorized lease revenue bonds.

TABLE A-32

CITY AND COUNTY OF SAN FRANCISCO
Outstanding Certificates of Participation and Lease Revenue Bonds[1]
As of March 1, 2023

Issue Name	Final Maturity	Original Par	Outstanding Principal
CERTIFICATES OF PARTICIPATION			
Series 2009D - Taxable BABs (525 Golden Gate Avenue)	2041	129,550,000	129,550,000
Refunding Series 2011A (Moscone Center South)	2024	23,105,000	4,540,000
Series 2012A (Multiple Capital Improvement Projects)	2036	42,835,000	29,465,000
Series 2013B - Non-AMT (Port Facilities Project)	2038	4,830,000	4,830,000
Series 2013C - AMT (Port Facilities Project)	2043	32,870,000	19,935,000
Refunding Series 2014-R2 (Juevenile Hall Project)	2034	33,605,000	23,015,000
Series 2015A (War Memorial Veterans Building)	2045	112,100,000	112,100,000
Series 2015B - Taxable (War Memorial Veterans Building)	2024	22,225,000	2,350,000
Refunding Series 2015-R1 (City Office Buildings - Multiple Properties)	2040	123,600,000	101,725,000
Series 2016A (War Memorial Veterans Building)	2032	16,125,000	10,700,000
Series 2017A - Taxable (Hope SF)	2047	28,320,000	25,235,000
Series 2017B (Moscone Convention Center Expansion Project)	2042	412,355,000	370,090,000
Series 2019A (49 South Van Ness Project)	2050	247,810,000	243,485,000
Refunding Series 2019-R1 (Multiple Capital Improvement Projects)	2035	116,460,000	92,615,000
Refunding Series 2020-R1 (Multiple Capital Improvement Projects)	2033	70,640,000	62,785,000
Series 2020 (Animal Care & Control Project)	2041	47,075,000	45,570,000
Series 2021A (Multiple Capital Improvement Projects)	2041	76,020,000	76,020,000
SUBTOTAL CERTIFICATES OF PARTICIPATION		**$1,539,525,000**	**$1,354,010,000**
LEASE PURCHASE FINANCINGS			
2010 Lease Purchase Financing (SFGH Emergency Backup Generators)	2025	$22,549,489	$6,379,734
2016 Lease Purchase Financing (Public Safety Radio Replacement Project)	2026	34,184,136	14,361,083
SUBTOTAL LEASE PURCHASE FINANCINGS		**$56,733,625**	**$20,740,817**
FINANCE CORPORATION LEASE REVENUE BONDS			
Refunding Series 2008-1 (Moscone Center Expansion Project) - Variable	2030	$72,670,000	$29,100,000
Refunding Series 2008-2 (Moscone Center Expansion Project) - Variable	2030	72,670,000	29,100,000
Refunding Series 2010-R1 (Emergency Communications System)	2024	22,280,000	3,395,000
Refunding Series 2018A (Open Space Fund - Various Park Projects)	2029	34,950,000	22,920,000
Refunding Series 2018B (Branch Library Improvement Program)	2028	13,355,000	8,665,000
SUBTOTAL LEASE REVENUE BONDS		**$215,925,000**	**$93,180,000**
TOTAL GENERAL FUND OBLIGATIONS		**$1,812,183,625**	**$1,467,930,817**

1 Excludes commercial paper and California HFA Revenue Bonds (San Francisco Supportive Housing - 833 Bryant Apartments) ($26,985,000)

Board Authorized and Unissued Long-Term Certificates of Participation

Treasure Island Improvement Project: In October of 2013, the Board authorized, and the Mayor approved the issuance of not to exceed $13.5 million of City and County of San Francisco Certificates of Participation to finance the cost of additions and improvements to the utility infrastructure at Treasure Island. At this time there is not an expected timeline for the issuance of these certificates, but commercial paper is anticipated to be issued to finance the projects in fiscal year 2024-25.

Housing Trust Fund Project: In April 2016, the Board authorized and the Mayor approved the issuance of not to exceed $95.0 million of City and County of San Francisco Certificates of Participation (Affordable Housing Projects) to provide funds to assist in the development, acquisition, construction or rehabilitation of affordable rental housing projects. The City currently issues commercial paper to finance these projects and pays down their commercial paper balance annually rather than issuing certificates at this time.

Hall of Justice Relocation Projects: In October 2019, the Board authorized and the Mayor approved the issuance of not to exceed $62.0 million of City and County of San Francisco Certificates of Participation (Multiple Capital Projects) to finance or refinance tenant improvements involving the construction, acquisition, improvement, renovation, and retrofitting of City-owned properties as needed for the Hall of Justice Improvement Project enabling staff and offices to be consolidated in acquired City-owned properties. The City funded $4.6 million in project fund and related financing costs related to this authorization for the 444 Sixth Street acquisition as part of the Certificates of Participation, Series 2021A. The City expects to issue the remainder of the long-term COPs in fiscal year 2024-25.

HOPE SF Project: In December 2019, the Board authorized, and the Mayor approved the issuance of not to exceed $83.6 million of City and County of San Francisco Certificates of Participation to finance or refinance certain capital improvements, including but not limited to certain properties generally known as Hunters View, Sunnydale, and Potrero Terrace and Annex housing developments. The City anticipates issuing the long-term COPs from this authorization in fiscal year 2024-25.

Department of Public Health Facilities Improvements: In November 2020, the Board authorized and the Mayor approved the issuance of not to exceed $157.0 million of City and County of San Francisco Certificates of Participation to finance projects for the Department of Public Health ("DPH"), including but not limited to certain projects generally known as the Homeless Services Center, Laguna Honda Hospital Wings Reuse Project, AITC Immunization and Travel Clinic Relocation, and San Francisco General Hospital Chiller and Cooling Tower Replacement Project. The City anticipates issuing the long-term COPs in fiscal year 2024-25.

Critical Repairs and Recovery Stimulus (FY2022): In July 2021, the Board authorized and the Mayor approved the issuance of not to exceed $67.5 million of City and County of San Francisco Certificates of Participation, to finance and refinance certain capital improvements generally consisting of critical repairs, renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and local economic stimulus projects. The City anticipates issuing the long-term COPs in fiscal year 2024-25.

Critical Repairs, Recovery Stimulus and Street Repaving Projects (FY2023): In July 2022 the Board authorized and in August 2022 the Mayor approved the issuance of not to exceed $140.0 million of City and County of San Francisco Certificates of Participation, to finance and refinance certain capital improvements generally consisting of (a) street repaving and reconstruction, (b) critical repairs, including

renovations and improvements to City-owned buildings, facilities and works utilized by various City departments and (c) local economic stimulus projects. The City anticipates issuing the long-term COPs in fiscal year 2024-25.

Affordable Housing and Community Development Projects: In July 2022 the Board authorized and in August 2022 the Mayor approved the appropriation of not to exceed $112.0 million of Certificate of Participation proceeds to the Mayor's Office of Housing and Community Development for a notice of funding availability (NOFA) to finance land acquisition with priority for development of 100% affordable projects in California Debt Limit Allocation Committee (CDLAC) designated high/resources areas and/or high need areas, repairs for Public Housing or Federal Housing and Urban Development (HUD) co-ops, affordable housing for educators, elevators in the City's Single Room Occupancy (SRO) portfolio, and acquisition for non-profit sites. An additional $34.8 million of Certificate of Participation proceeds were appropriated for financing costs. The associated legislation authorizing the issuance of these Certificates of Participation has not yet gone to the Board.

Commercial Paper Program

In March 2009, the Board authorized and the Mayor approved a not-to-exceed $150.0 million Lease Revenue Commercial Paper Certificates of Participation Program, Series 1 and 1-T and Series 2 and 2-T (the "Original CP Program"). In July of 2013, the Board authorized, and the Mayor approved an additional $100.0 million of Lease Revenue Commercial Paper Certificates of Participation, Series 3 and 3-T and Series 4 and 4-T (the "Second CP Program" and together with the Original CP Program, the "City CP Program") that increased the total authorization of the City CP Program to $250.0 million. Commercial Paper Notes (the "CP Notes") are issued from time to time to pay approved project costs in connection with the acquisition, improvement, renovation and construction of real property and the acquisition of capital equipment and vehicles in anticipation of long-term or other take-out financing to be issued when market conditions are favorable. Projects are eligible to access the CP Program once the Board and the Mayor have approved the project and the long-term, permanent financing for the project.

The Series 1 and 1-T and Series 2 and 2-T CP notes are secured by credit facilities from: (i) State Street Bank and Trust Company (with a maximum principal amount of $75 million) and (ii) U.S. Bank National Association (with a maximum principal amount of $75 million). These credit facilities expire in May 2023. The Series 3 and 3-T and 4 and 4-T are secured by a $100 million revolving letter of credit issued by Bank of the West, which expires in April 2026.

As of March 2, 2023, the outstanding principal amount of CP Notes is $33.1 million. The interest rate for the $13.4 million outstanding tax-exempt CP Notes is 2.40%. The interest rate for the $19.7 million outstanding taxable CP Notes is 4.76%. The projects with Board Authorized and Unissued Certificates of Participation currently utilizing the CP Program includes the Housing Trust Fund, HOPE SF, DPH Facilities Improvements, Critical Repairs & Recovery Stimulus, and Hall of Justice Relocation Project - Tenant Improvements. Additionally, there is a short-term financing for Police Vehicle acquisition utilizing the City's CP Program and expected to be paid down over 5-years beginning fiscal year 2022-23. The following is a summary of the outstanding liability by project associated with the CP Notes outstanding.

Project	CP Notes Liability as of 3/2/2023
Housing Trust Fund	$16,391,462
HOPE SF	3,298,538
DPH Facilities Improvements	9,286,305
Critical Repairs & Recovery Stimulus	1,732,721
Police Vehicle Acquisition	2,379,284
HOJ Relocation – Tenant Improvements	42,691
TOTAL	**$33,131,000**

Overlapping Debt

Table A-33 shows bonded debt and long-term obligations as of March 1, 2023, sold in the public capital markets, except for those financings otherwise noted in the table, by the City and those public agencies whose boundaries overlap the boundaries of the City in whole or in part. Long-term obligations of non-City agencies generally are not payable from revenues of the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. In the table, lease obligations of the City which support indebtedness incurred by others are included. As noted below, the Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City.

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TABLE A-33

CITY AND COUNTY OF SAN FRANCISCO
Statement of Direct and Overlapping Debt and Long-Term Obligations
As of March 1, 2023

2022-23 Assessed Valuation (includes unitary utility valuation):	$329,109,287,967 [1]
GENERAL OBLIGATION BONDED DEBT	
San Francisco City and County	$2,625,532,882
San Francisco Unified School District	1,118,600,000
San Francisco Community College District	436,085,000
TOTAL GENERAL OBLIGATION BONDED DEBT	$4,180,217,882
LEASE OBLIGATIONS BONDS	
San Francisco City and County	$1,467,930,819
TOTAL LEASE OBLIGATION BONDED DEBT	$1,467,930,819 [2]
TOTAL COMBINED DIRECT DEBT	$5,648,148,701
OVERLAPPING TAX AND ASSESSMENT DEBT	
Bay Area Rapid Transit District General Obligation Bond (34.740%)	$848,855,342
San Francisco Community Facilities District No. 6	111,562,516
San Francisco Community Facilities District No. 7	29,945,000
San Francisco Community Facilities District No. 2009-1, Improvement Areas 1 and 2	2,337,095
San Francisco Community Facilities District No. 2014-1 Transbay Transit Center	576,115,000
San Francisco Community Facilities District No. 2016-1 Treasure Island, Improvement Areas 1 and 2	83,295,000
San Francisco Special Tax District No. 2020-1 Mission Rock Facilities	106,230,000
City of San Francisco Assessment District No. 95-1	260,000
ABAG Community Facilities District No. 2004-1 Seismic Safety Improvements	8,530,000
ABAG Community Facilities District No. 2006-1 San Francisco Rincon Hill	4,655,000
ABAG Community Facilities District No. 2006-2 San Francisco Mint Plaza	2,685,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	$1,774,469,953
OVERLAPPING TAX INCREMENT DEBT:	
Successor Agency to the San Francisco Redevelopment Agency	$757,036,904
Transbay Joint Powers Authority	234,035,000
TOTAL OVERLAPPING INCREMENT DEBT	$991,071,904
OVERLAPPING TAX INCREMENT REVENUE DEBT:	
San Francisco Infrastructure and Revitalization Financing District No. 1	$29,390,000
TOTAL OVERLAPPING INCREMENT DEBT	$29,390,000
TOTAL DIRECT AND OVERLAPPING BONDED DEBT	$8,443,080,558 [3]
Ratios to 2022-23 Assessed Valuation ($329,109,287,967)	**Actual Ratio**
Direct General Obligation Bonded Debt ($4,180,217,882)	1.27% [4]
Combined Direct Debt ($5,648,148,701)	1.72%
Total Direct and Overlapping Bonded Debt	2.57%
Ratio to 2022-23 Redevelopment Incremental Valuation ($42,244,048,147)	
Total Overlapping Tax Increment Debt	2.35%

[1] Includes $578,793,600 homeowner's exemption for FY22-23.
[2] Excludes 833 Bryant lease.
[3] Excludes tax and revenue anticipation notes, enterprise revenue bonds and airport improvement corporation bonds, as well as issue to be sold.
[4] The Charter limits the City's outstanding general obligation bond debt to 3% of the total assessed valuation of all taxable real and personal property within the City. The City's general obligation debt as a percentage of FY22-23 AV is 0.8%.

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

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

Article XIIIA of the California Constitution

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

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

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

Article XIIIB of the California Constitution

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

Article XIIID contains several provisions making it generally more difficult for local agencies, such as the City, to levy and maintain "assessments" (as defined in Article XIIID) for local services and programs. The City has created a number of special assessment districts both for neighborhood business improvement

purposes and community benefit purposes and has caused limited obligation bonds to be issued in 1996 to finance construction of a new public right of way. The City cannot predict the future impact of Proposition 218 on the finances of the City, and no assurance can be given that Proposition 218 will not have a material adverse impact on the City's revenues.

Proposition 1A

Proposition 1A, a constitutional amendment proposed by the State Legislature and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate, or change the allocation of local sales tax revenues, subject to certain exceptions. As set forth under the laws in effect as of November 3, 2004, Proposition 1A generally prohibits the State from shifting any share of property tax revenues allocated to local governments for any fiscal year to schools or community colleges. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. If the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

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

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

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increases a school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment

agencies to shift funds to schools or other agencies (but see "San Francisco Redevelopment Agency Dissolution" above). While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives.

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

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26 ("Proposition 26"), revising certain provisions of Articles XIIIA and XIIIC of the California Constitution. Proposition 26 re-categorizes many State and local fees as taxes, requires local governments to obtain two-thirds voter approval for taxes levied by local governments, and requires the State to obtain the approval of two-thirds of both houses of the State Legislature to approve State laws that increase taxes. Furthermore, pursuant to Proposition 26, any increase in a fee beyond the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require a two-thirds vote. In addition, for State-imposed charges, any tax or fee adopted after January 1, 2010 with a majority vote which would have required a two-thirds vote if Proposition 26 were effective at the time of such adoption was repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

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

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

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

Future Initiatives and Changes in Law

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

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

LEGAL MATTERS AND RISK MANAGEMENT

Pending Litigation

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

Ongoing Investigations

Public Works Investigation. In January 2020, the City's former Director of Public Works, Mohammad Nuru, was criminally charged with public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation ("**FBI**") agents. In February 2020, then-City Attorney Dennis Herrera and Controller Ben Rosenfield announced the initiation of a joint investigation stemming from the federal criminal charges against Mr. Nuru. The City Attorney's Office focused on holding public officials and City vendors accountable. The Controller undertook a public integrity review of contracts, purchase orders, and grants to the City.

Mr. Nuru resigned from employment with the City in January 2021. In January 2022, Mr. Nuru pled guilty to taking bribes from contractors, developers, and entities he regulated, including bribes from Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or

controlled multiple entities doing business with the City. In August 2022, the district court judge sentenced Mr. Nuru to 84 months in prison.

Mr. Wong was criminally charged in June 2020 with conspiring with City officials and laundering money. As part of the criminal investigation into Mr. Nuru and Mr. Wong, the SFPUC received a federal, criminal, grand jury subpoena in June 2020 for the production of documents, communications, contracts and records, including the complete personnel file of the SFPUC's former General Manager, Harlan L. Kelly, Jr.

In November 2020, Mr. Kelly was charged in a criminal complaint with one count of honest services wire fraud. The complaint alleged that Mr. Kelly also engaged in a long-running bribery scheme and corrupt partnership with Mr. Wong. The complaint further alleged 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. According to the criminal complaint against Mr. Kelly, Mr. Wong bribed Mr. Kelly with thousands of dollars in airfare, meals, jewelry, and travel expenses, as well as by making improvements to Mr. Kelly's home.

Mr. Wong pled guilty in July 2020 and continues to cooperate with the ongoing federal criminal investigation. Mr. Wong has not been sentenced. Mr. Wong settled civilly with the City in May 2021. As part of his civil settlement, he and his companies agreed to pay the City more than $300,000 in ethics fines and more than $1 million in restitution. The total restitution amount to the City includes $73,000 that he received through the SFPUC when Mr. Kelly was General Manager.

Mr. Kelly resigned from employment with the City, effective November 30, 2020. Michael Carlin, former-Deputy General Manager of the SFPUC, then served as the Acting General Manager of the SFPUC through October 31, 2021. Mr. Herrera began serving as General Manager of the SFPUC on November 1, 2021.

Since Mr. Nuru's arrest in January 2020, the Controller's Office, in consultation with the City Attorney, has issued 11 public integrity reviews, all of which can be found on the Controller's website. Ten of the 11 reports focus primarily on City departments other than the SFPUC. The Controller's Office's December 9, 2021, Public Integrity Audit looked specifically at SFPUC's Social Impact Partnership Program and made seven recommendations to strengthen internal controls and oversight. The SFPUC concurred with all seven of those recommendations, and as of December 2022, five of the seven recommendations had been implemented and two were in progress.

In October 2021, a criminal grand jury returned an indictment against Mr. Kelly and Victor Makras, a San Francisco real estate broker and property developer. Mr. Makras formerly served on a number of City boards and commissions, including the Port Commission, Police Commission, Public Utilities Commission, and Retirement Board. In addition to the original charges against Mr. Kelly of conspiracy with Mr. Wong, the indictment added charges of bank fraud and bank fraud conspiracy related to a $1.3 million loan Mr. Kelly obtained from Quicken Loans.

Mr. Makras' case was severed from Mr. Kelly's, and in August 2022, a jury convicted Mr. Makras of bank fraud for his role in making false statements to the bank in support of the loan to Mr. Kelly. In December 2022, Mr. Makras was sentenced to three years of probation and fined $15,200. Mr. Kelly's trial is set to begin on June 26, 2023. The FBI investigation is ongoing, and the City can give no assurance when the FBI will complete its investigation.

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

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

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

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

Risk Retention Program

Citywide risk management is coordinated by the Risk Management Division of the City Administrator's Office. With certain exceptions, it is the general policy of the City to first evaluate self-insurance and not purchase commercial liability insurance for the risks of losses to which it is exposed. The City believes that it is more economical to manage its risks internally and administer, adjust, settle, defend, and pay claims from budgeted resources (i.e., "self-insurance"). The City obtains commercial insurance in certain circumstances, including when required by bond or lease financing covenants and for other limited purposes. The City actuarially determines liability and workers' compensation risk exposures as permitted under State law. The City does not maintain commercial earthquake coverage, with certain minor exceptions.

The City's decision to obtain commercial insurance depends on various factors. For property insurance, these factors include whether the facility is currently under construction or if the property is owned by a self-supporting enterprise fund department. For new construction projects, the City has utilized traditional

insurance, owner-controlled insurance programs or contractor-controlled insurance programs. Under the latter two approaches, the insurance program provides coverage for the entire construction project. When a traditional insurance program is used, the City requires each contractor to provide its own insurance, while ensuring that the full scope of work be covered with satisfactory limits. The majority of the City's commercial insurance coverage is purchased for enterprise fund departments and other similar revenue-generating departments (i.e. the Airport, MTA, the PUC, the Port and Convention Facilities, etc.). The remainder of the commercial insurance coverage is for General Fund departments that are required to provide coverage for bond-financed facilities, coverage for collections at City-owned museums and to meet statutory requirements for bonding of various public officials, and other limited purposes where required by contract or other agreement. In recent years, the City has purchased Cyber Liability insurance for departments and certain enterprise fund departments providing critical City services and/or managing high volumes of confidential/personal data.

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

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

APPENDIX B

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____ **CITY AND COUNTY OF SAN FRANCISCO** **CERTIFICATES OF PARTICIPATION** **SERIES 2023A** **(AFFORDABLE HOUSING AND COMMUNITY FACILITIES PROJECTS)** **(FEDERALLY TAXABLE)**	**$_____** **CITY AND COUNTY OF SAN FRANCISCO** **REFUNDING CERTIFICATES OF PARTICIPATION** **SERIES 2023-R1** **(MULTIPLE CAPITAL IMPROVEMENT PROJECTS)** **(TAX-EXEMPT)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") in connection with the delivery of the certificates of participation captioned above (the "Certificates"). The Certificates are issued pursuant to that certain Trust Agreement, dated as of May 1, 2009 (the "Original Trust Agreement"), as previously supplemented and amended and as supplemented and amended by the [_____] Supplement to Trust Agreement, dated as of [Month] 1, 2023 and the [_____] Supplement to Trust Agreement, dated as of [Month] 1, 2023 (as supplemented and amended, the "Trust Agreement"), between the City and U.S. Bank Trust Company, National Association, as successor-in-interest to U.S. Bank National Association (in such capacity, the "Trustee"). Pursuant to Section 8.10 of the Original Trust Agreement and Section 4.8 of that certain Project Lease, dated as of May 1, 2009, as previously supplemented and amended and as supplemented and amended by the [_____] Supplement to Project Lease, dated as of [Month] 1, 2023 and the [_____] Supplement to Project Lease, dated as of [Month] 1, 2023 (as supplemented and amended, the "Project Lease"), by and between the Trustee and the City, the City covenants and agrees as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms will have the following meanings:

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

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

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

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

"Holder" will mean either the registered owners of the Certificates, or, if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" will mean any of the events listed in Section 5(a) of this Disclosure Certificate.

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

"Participating Underwriter" will mean any of the original underwriters or purchasers of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" will mean Rule 15c2-12(b)(5) adopted by the S.E.C. under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

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

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

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

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

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

(b) a summary of budgeted general fund revenues and appropriations;

(c) a summary of the assessed valuation of taxable property in the City;

(d) a summary of the ad valorem property tax levy and delinquency rate;

(e) a summary of aggregate annual scheduled lease payments or rental obligations with respect to outstanding certificates of participation and lease revenue bonds payable from the general fund of the City.

(f) a summary of outstanding and authorized but unissued general fund lease obligations, certificates of participation, and other long-term obligations payable from the general fund of the City.

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

SECTION 5. Reporting of Listed Events.

(a) To the extent applicable and pursuant to the provisions of this Section 5, the City will give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates:

(1) Principal and interest payment delinquencies;
(2) Nonpayment related defaults, if material;
(3) Unscheduled draws on any debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
(7) Modifications to the rights of Certificate holders, if material;
(8) Certificate calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
(13) Consummation of a merger, consolidation or acquisition involving an obligated person of the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City will, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

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

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

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

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

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

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

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

SECTION 9. Additional Information. Nothing in this Disclosure Certificate will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City will have

no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

SECTION 12. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Date: _____

CITY AND COUNTY OF SAN FRANCISCO

_____
Benjamin Rosenfield
Controller

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: _____
Deputy City Attorney

CONTINUING DISCLOSURE CERTIFICATE – EXHIBIT A

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

Name of Issuer:	CITY AND COUNTY OF SAN FRANCISCO
Name of Issue:	CITY AND COUNTY OF SAN FRANCISCO CERTIFICATES OF PARTICIPATION SERIES 2023A (AFFORDABLE HOUSING AND COMMUNITY FACILITIES PROJECTS) (FEDERALLY TAXABLE) CITY AND COUNTY OF SAN FRANCISCO REFUNDING CERTIFICATES OF PARTICIPATION SERIES 2023-R1 (MULTIPLE CAPITAL IMPROVEMENT PROJECTS) (TAX-EXEMPT)
Date of Delivery:	[_____]

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated the Date of Delivery. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

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

APPENDIX E

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

APPENDIX F

PROPOSED FORM OF CO-SPECIAL COUNSEL OPINIONS

[Closing Date]

Board of Supervisors
City and County of San Francisco
San Francisco, California

APPENDIX G

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

From:	Conine-Nakano, Susanna (MYR)
To:	BOS Legislation, (BOS); BLAKE, MARK (CAT)
Cc:	Paulino, Tom (MYR); Trivedi, Vishal (CON); Smeallie, Kyle (BOS); Carson, Grant (CON); Van Degna, Anna (CON)
Subject:	Mayor -- Ordinance -- Authorizing Refunding COPs
Date:	Tuesday, April 4, 2023 4:37:44 PM
Attachments:	Mayor -- Ordinance -- Authorizing Refunding COPs.zip

Hello Clerks,

Attached for introduction to the Board of Supervisors is an Ordinance authorizing the execution and delivery of refunding Certificates of Participation, in one or more series from time to time ("Certificates"), to prepay certain certificates of participation that financed and refinanced various capital improvement projects within the City and County of San Francisco ("City"); approving the form of a Supplement to Trust Agreement between the City and U.S. Bank Trust Company, National Association (as successor-in-interest to U.S. Bank National Association), as trustee ("Trustee") (including certain indemnities contained therein); approving respective forms of a Supplement to Property Lease and a Supplement to Project Lease, each between the City and the Trustee, for the lease and lease back of all or a portion of certain real property and improvements owned by the City and located at 375 Laguna Honda Boulevard within the City, at 1 Moreland Drive, San Bruno, California, and/or any other property as shall be determined by the City's Director of Public Finance; approving the form of Escrow Agreement (including certain indemnities contained therein), between the City and U.S. Bank Trust Company, National Association, as escrow agent ("Escrow Agent"); approving the form of an Official Notice of Sale and a Notice of Intention to Sell the Certificates; approving the form of an official statement in preliminary and final form; approving the form of a purchase contract between the City and one or more initial purchasers of the Certificates; approving the form of a Continuing Disclosure Certificate; granting general authority to City officials to take necessary actions in connection with the authorization, sale, execution and delivery of the Certificates; approving modifications to documents; and ratifying previous actions taken in connection therewith, as defined herein.

@BLAKE, MARK (CAT), can you please reply-all to confirm your approval? Thanks!
Please note that Supervisor Preston is a co-sponsor of this legislation.

Best,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147