

Report 2

Successor Agency to the Redevelopment Agency of the City and County of San Francisco

Continuing Disclosure Annual Report *dated December 29, 2021*

Pursuant to the Continuing Disclosure Certificate dated March 17, 2011, we hereby submit the Continuing Disclosure Annual Report for fiscal year ended June 30, 2021, in connection with the bonds identified below (the “Bonds”) issued by the Redevelopment Agency of the City and County of San Francisco (the “Agency”):

Bonds:

\$43,780,000 Redevelopment Agency of the City and County of San Francisco Hotel Occupancy Tax Revenue Refunding Bonds, Series 2011.

The information provided below is submitted pursuant to Section 4 of the above-referenced Continuing Disclosure Certificate.

Section 4(a): Audited financial statements of the Agency (now the Successor Agency).

See the audited Annual Financial Report of the Successor Agency for FY 2020-21 (the “Annual Financial Report”), which is attached hereto and incorporated herein by this reference.

Section 4(b): Additional required information.

1. The Hotel Tax Revenues for the fiscal year to which the Annual Report pertains.
See Report II, Attachment #1 – Historical Hotel Tax Revenues, which is attached hereto and incorporated herein by this reference, for an updated Summary of Hotel Tax Revenues for the Levy Area Hotels.
2. Estimated annual debt service coverage for the Bonds and any Parity Debt for the fiscal year to which the Annual Report pertains.
See “Report II, Attachment #2 -Debt Coverage Analysis,” which is attached hereto and incorporated herein by this reference, for an update of the debt service coverage.
3. (i) Description of any Parity Debt issued by the Agency in the fiscal year to which the Annual Report pertains and (ii) the amount of all Agency debt outstanding payable with tax increment revenue from the Project Areas as of the end of the fiscal year to which the Annual Report pertains.
 - (i) **No Parity Debt was issued by the Successor Agency for the fiscal year ended June 30, 2021.**
 - (ii) **The amount of all debt outstanding payable with tax increment revenues from the “Project Areas” (originally “SFRA Project Area”) as of June 30, 2021 is \$89,205,754. For a listing of all debt outstanding and payable with tax increment revenues from all Successor Agency sources, See Table 4a - Long Term Obligations, in the Notes to the Basic Financial Statements for Fiscal Year 2021 in the Annual Financial Report.**

4. If known to the Agency, a list of Hotels in the Levy Area which commenced operations during the fiscal year to which the Annual Report pertains.

The Successor Agency is not aware of any Hotels in the Levy Area that commenced operations during the fiscal year ended June 30, 2021.

5. If known to the Agency, a list of Hotels in the Levy Area generating at least 10% of the Hotel Tax Revenues for the fiscal year to which the Annual Report relates which ceased operations for more than 60 days during the fiscal year to which the Annual Report pertains, and the reason, if known to the Agency, for such cessation.

The Successor Agency is not aware of any Hotel in the Levy Area generating at least 10% of the Hotel Tax Revenues that ceased operations for more than 60 days during the fiscal year ended June 30, 2021. However, 5 Hotels in the Levy Area reported \$0 in hotel occupancy tax (which constitutes Hotel Tax Revenues) payable for a period of more than 60 days.

Disclosure Regarding Impact of COVID-19

The COVID-19 pandemic is a significant development materially adversely affecting the City and County of San Francisco (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. Financial impacts relevant to the Successor Agency (whose revenue is derived primarily from tax increment or other tax revenues generated in the Successor Agency’s project areas, which are located within the City) have included, and could continue to include, a decrease in assessed valuation and in the amount of certain other tax revenues generated due to this sustained downturn in economic activity. To date, the City’s economic and tax revenue losses associated with the COVID-19 pandemic have been significant.

The significant decline in fiscal year 2020-21 Hotel Tax Revenues was due to the far-reaching impact of the pandemic on San Francisco’s travel and hospitality industries for the majority of the fiscal year. San Francisco’s hotels are, on average, in the higher-priced tiers and rely on business travelers and tourists who arrive by air. Moreover, because of the perceived risk of air travel and disruptions caused by COVID-19 variants and fluctuating case counts in key travel markets, higher tier hotels are expected to be the slowest class of hotels to recover in this current economic climate. While some smaller meetings have occurred, large conferences, which drive up rates through compression pricing, are not expected to resume during the current fiscal year and possibly later.

While certain emergency orders have been lifted, and the national and local economy has improved, the situation is still developing and the resulting impact on the City’s economy, finances and operations remains unknown.

Notwithstanding the foregoing, the Successor Agency ended Fiscal Year 2020-21 with a positive net operating result and met all of its debt service obligations, its fund balance and debt service coverage requirements. It currently anticipates that the same will be true for Fiscal Year ending 2022; however, the Successor Agency can make no guarantees or assurances.

The information in this Annual Report only speaks as of its date and does not constitute, or imply, any representation (i) that all of the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the Successor Agency, its projects or the Bonds or (iii) that no other circumstances or events have occurred or that no other

information exists concerning the Successor Agency or the Bonds, which may have a bearing on the financial condition of the Successor Agency, the security for the Bonds, or an investor's decision to buy, sell or hold any Bonds.

Report II, Attachment #1

Table Related to Disclosure Item 4(b)1
Summary of Hotel Tax Revenues for the Levy Area Hotels
San Francisco Redevelopment Agency
Project Area Hotels
Historical Hotel Tax Revenues

Fiscal Year Ended	Hotel	Tax	Room	Yr-to-Yr
June 30,	Tax Receipts	Rate ⁽⁶⁾	Revenues ⁽⁷⁾	%Chg
1992	\$13,192,639	11.00%	\$119,933,082	0.6%
1993 ⁽¹⁾	\$12,653,614	11.00%	\$115,032,855	-4.1%
1994	\$15,817,345	11.88%	\$133,198,695	15.8%
1995	\$16,768,351	12.00%	\$139,736,258	4.9%
1996	\$17,556,127	12.00%	\$146,301,058	4.7%
1997	\$20,747,091	12.00%	\$172,892,425	18.2%
1998	\$22,167,275	12.00%	\$184,727,292	6.8%
1999	\$23,528,737	12.00%	\$196,072,808	6.1%
2000 ⁽²⁾	\$28,422,379	12.00%	\$236,853,158	20.8%
2001	\$30,469,617	12.00%	\$253,913,475	7.2%
2002 ⁽³⁾	\$23,531,417	12.00%	\$196,095,142	-22.8%
2003	\$22,939,617	12.00%	\$191,163,475	-2.5%
2004	\$23,139,855	12.00%	\$192,832,123	0.9%
2005	\$27,698,389	12.00%	\$230,819,906	19.7%
2006 ⁽⁴⁾	\$29,894,762	12.00%	\$249,123,014	7.9%
2007	\$35,054,799	12.00%	\$292,123,325	17.3%
2008	\$41,139,190	12.00%	\$342,826,583	17.4%
2009	\$37,904,408	12.00%	\$315,870,067	-7.9%
2010	\$33,670,174	12.00%	\$280,584,783	-11.2%
2011	\$44,859,169	12.00%	\$373,826,408	33.2%
2012	\$46,345,121	12.00%	\$386,209,344	3.3%
2013	\$53,782,530	12.00%	\$448,187,747	16.0%
2014	\$62,744,420	12.00%	\$522,870,167	16.7%
2015	\$64,554,023	12.00%	\$537,950,191	2.9%
2016	\$71,157,996	12.00%	\$592,983,298	10.2%
2017 ⁽⁵⁾	\$66,303,038	12.00%	\$552,525,317	-6.8%
2018	\$69,521,100	12.00%	\$579,342,503	4.9%
2019	\$71,599,081	12.00%	\$596,659,009	3.0%
2020	\$56,802,830	12.00%	\$473,356,919	-20.7%
2021	\$8,072,506	12.00%	\$67,270,886	-85.8%

(1) The Hyatt Regency was closed for renovations for three months in 1993.

Effective August 15, 1993, the tax rate was raised to 12%.

(2) The W San Francisco Hotel opened for business in May 1999.

(3) The Four Seasons Hotel opened for business in October 2001.

(4) The St. Regis Hotel opened for business in November 2005.

(5) Tax Receipts switch to cash basis in 2017

(6) Reflects Hotel Occupancy Tax.

(7) Constitutes Hotel Tax Revenues.

Source: Tax Collector, City and County of San Francisco

Notes:

(a) Tax rate of 9.75% from FY 1982/83 thru 12/31/1988.

(b) Tax rate of 11.0% as of 01/01/88.

(c) Tax rate of 12.0% as of 8/15/93.

(d) Tax rate of 14.0% as of 8/1/96 but the amount available to the Agency is 12.0%

Report II, Attachment #2
Table Related to Disclosure Item 4(b)2
San Francisco Redevelopment Agency
Project Area Hotels
Debt Coverage Analysis

Fiscal Year Ended June 30,	Agency Hotel Tax Revenue	Maximum Annual Debt Service ⁽¹⁾	Coverage
2000	\$28,422,379	\$6,267,714	4.53
2001	\$30,469,617	\$6,268,832	4.86
2002	\$23,531,417	\$6,206,010	3.79
2003	\$22,939,617	\$6,180,955	3.71
2004	\$25,012,828	\$6,642,935	3.77
2005	\$27,698,389	\$5,951,650	4.65
2006	\$29,801,003	\$5,880,173	5.07
2007	\$35,054,799	\$5,809,163	6.03
2008	\$41,139,190	\$5,724,363	7.19
2009	\$37,904,408	\$5,647,838	6.71
2010	\$33,670,174	\$5,564,988	6.05
2011	\$44,859,169	\$5,995,750	7.48
2012	\$46,345,121	\$5,995,750	7.73
2013	\$53,782,530	\$5,995,750	8.97
2014	\$62,744,420	\$5,995,750	10.46
2015	\$64,554,023	\$5,995,750	10.77
2016	\$71,157,996	\$5,995,750	11.87
2017 ⁽²⁾	\$66,303,038	\$5,995,750	11.06
2018	\$69,521,100	\$5,995,750	11.60
2019 ⁽³⁾	\$71,599,081	\$4,677,750	15.31
2020	\$56,802,830	\$4,677,750	12.14
2021	\$8,072,506	\$4,677,750	1.73

(1) Maximum debt service on all parity debt.

(2) Tax Receipts on Cash basis from 2017 forward.

(3) Max Annual Debt Service ("MADS") for 2019 is corrected. 2019 incorrectly used \$5,995,750 as MADS. That amount was paid in the bond year ending 6/1/2020 and MADS then dropped to \$4,677,750..