

Report 2

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

Continuing Disclosure Annual Report *dated December 29, 2020*

Pursuant to the Continuing Disclosure Certificate dated March 17, 2011, we hereby submit the Continuing Disclosure Annual Report for fiscal year ended June 30, 2020, in connection with the following bonds (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 2019-20 (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, 2020.**
 - (ii) **The amount of all debt outstanding payable with tax increment revenues from the “Project Areas” (originally “SFRA Project Area”) as of June 30, 2020 is \$92,566,564. For a listing of all debt outstanding and payable with tax increment from all Successor Agency sources, see Table 4a - Long Term Obligations, in the Notes to the Basic Financial Statements for Fiscal Year 2020 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 Hotels in the Levy Area that commenced operations during the fiscal year ended June 30, 2020.

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, 2020.

Two Hotels in the Levy Area have reported \$0 in hotel occupancy tax (which constitutes Hotel Tax Revenues) payable for more than 60 days but, to the best of the Successor Agency's knowledge, these hotels have not ceased operations.

Disclosure Regarding Impact of COVID-19

The COVID-19 pandemic is a significant development materially adversely affecting the City and County of San Francisco's ("City") finances and outlook. Potential impacts relevant to the Successor Agency (whose revenue is derived primarily from property taxes in Successor Agency project areas) from the COVID-19 outbreak include decrease in assessed values due to sustained downturn in economic activity. As a result, any historical information relating to, or budgets of, the City, 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.

Fiscal Year 2019-20 saw a significant decline in the City's revenue from the hotel occupancy tax, due to the pandemic's far-reaching impact on the City's travel and hospitality industries. San Francisco hotels are, on average, in a tier of higher-priced hotels and rely on business travelers and tourists arriving by air. Air travel to the Bay Area continues to be significantly reduced compared to pre-pandemic levels and as such higher tier hotels are expected to be the slowest class of hotels to recover in this economic climate. Additionally, large gatherings and conferences, which normally drive up hotel occupancy rates through compression pricing, remain prohibited in San Francisco. The timing of the removal of such restrictions and projections for recovery of hotel tax-related revenues in the City are largely based on the assumption that an effective vaccine and/or other treatment will be timely distributed and allow for more travel and large, in-person gatherings; for which there can be no guarantees or assurances.

Notwithstanding the foregoing, the Successor Agency ended Fiscal Year 2019-20 with a positive net operating result and met all of its debt service obligations and its fund balance and debt service coverage requirements. It currently anticipates that the same will be true for Fiscal Year 2020-21; 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 June 30,	Hotel Tax Receipts	Tax Rate	Room Revenues	Yr-to-Yr %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%

(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

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

- (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.