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Annual Report
For
Fiscal Year Ended June 30, 2021

Port Commission of the City and County of San Francisco

Issued: March 31, 2022

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I. Introduction

The Port Commission of the City and County of San Francisco (Port) hereby makes this disclosure filing in connection with the Port's Revenue Bonds, Series 2014A, Series 2020A and Series 2020B, identified by the CUSIP numbers shown below. The Port hereby provides its annual disclosure report for the fiscal year ("FY") ended June 30, 2021 prepared in accordance with the Continuing Disclosure Certificates dated May 29, 2014 and February 27, 2020.

II. Port Revenue Bonds

The Port Commission has outstanding the following reportable obligations (collectively, the "Bonds").

Continuing Disclosure Certificate	*Issue Name*	*Original Par Amount*	*Outstanding Par Amount*
May 29, 2014	Port Commission of the City and County of San Francisco Revenue Bonds, Series 2014A (AMT Tax-Exempt)	$19,880,000	$19,345,000
February 27, 2020	Port Commission of the City and County of San Francisco Revenue Bonds, Series 2020A (Non-AMT Tax-Exempt)	$10,885,000	$10,885,000
February 27, 2020	Port Commission of the City and County of San Francisco Revenue Bonds, Series 2020B (Taxable)	$12,895,000	$11,710,000

Series 2014A Bonds (AMT Tax-Exempt)

Maturity Date	*Principal Amount*	*CUSIP No.*
3/1/2022	495,000	797679 AY3
3/1/2024	1,055,000	797679 BE6
3/1/2026	1,160,000	797679 BF3
3/1/2028	1,280,000	797679 AZ0
3/1/2030	1,415,000	797679 BA4
3/1/2035	4,115,000	797679 BB2
3/1/2044	9,825,000	797679 BC0
	$19,345,000	

Series 2020A Bonds (Non-AMT Tax-Exempt)

Maturity Date	*Principal Amount*	*CUSIP No.*
3/1/2031	$875,000	797679 BN6
3/1/2032	$915,000	797679 BP1
3/1/2033	$960,000	797679 BQ9
3/1/2034	$1,010,000	797679 BR7
3/1/2035	$1,060,000	797679 BS5
3/1/2036	$1,115,000	797679 BT3
3/1/2037	$1,165,000	797679 BU0
3/1/2038	$1,215,000	797679 BV8
3/1/2039	$1,260,000	797679 BW6
3/1/2040	$1,310,000	797679 BX4
	$10,885,000	

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Series 2020B Bonds (Taxable)

Maturity Date	*Principal Amount*	*CUSIP No.*
3/1/2022	$1,210,000	797679 BZ9
3/1/2023	$1,230,000	797679 CA3
3/1/2024	$1,245,000	797679 CB1
3/1/2025	$1,275,000	797679 CC9
3/1/2026	$1,295,000	797679 CD7
3/1/2027	$1,320,000	797679 CE5
3/1/2028	$1,345,000	797679 CF2
3/1/2029	$1,380,000	797679 CG0
3/1/2030	$1,410,000	797679 CH8
	$11,710,000	

Contacts

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III. Other Non-Reportable Obligations

Issue Name	*Original Par Amount*	*Balance as of Report Issuance Date*	*Final Maturity*
Certificates of Participation*	$37,700,000	$27,515,000	2043
California Division of Boating & Waterways Loan	$3,500,000	$1,365,667	2028

* A Certificates of Participation ("COPs") financing was completed on October 31, 2013 by the City and County of San Francisco ("City") on behalf of the Port. Under terms of a Memorandum of Understanding with the City, the Port has agreed during the term of the COPs to budget sufficient funding to service the obligation.

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IV. Port of San Francisco, Debt Service Coverage

PORT OF SAN FRANCISCO
Historic Debt Service Coverage
For Fiscal Years Ended June 30, 2021 (Amounts in Thousands)

	2017	2018	2019	2020	2021
Revenues [1]					
Maritime	$25,975	$23,349	$23,186	$21,547	$15,147
Real Estate & Asset Management	83,124	79,668	92,217	74,151	68,944
Interest Income [2]	1,348	3,107	4,153	3,958	2,299
Other Revenue	5,254	6,752	5,807	7,908	4,672
Total Revenues	$115,701	$112,876	$125,363	$107,564	$91,060
Operating Expenses [1]					
Operations & Maintenance [3]	$76,502	$84,992	$86,449	$93,031	100,287
Total Operating Expenses	$76,502	$84,992	$86,449	$93,031	$100,287
Net Revenues	$39,199	$27,884	$38,914	$14,533	($9,227)
Debt Service on Bonds [4]	$4,169	$4,174	$4,177	$4,173	$3,275
Net Revenue Coverage on Bonds [4] (times)	**9.40**	**6.68**	**9.32**	**3.48**	-
Debt Service on Subordinate Obligations [5]	$3,028	$2,966	$2,965	$2,962	$2,967
Net Revenue Coverage on Bonds and Subordinate Obligations [5] (times)	**5.45**	**3.91**	**5.45**	**2.04**	-

1 Revenues and expenses were determined in accordance with the Master Bond Indenture dated February 1, 2010. For all years, the amounts were derived from financial reports which have been audited and adjusted for the elements discussed in footnotes 2 and 3. Amounts exclude operations of the Port's South Beach Harbor, which was acquired on April 30, 2019, and designated by the Port Commission as a Port special facility.

2 Represents interest income earned on funds on deposit with the City Treasurer plus late charges from tenants.

3 Operations & Maintenance Expenses excludes non-cash expenses and credits associated with OPEB and pension obligations pursuant to the Bond Indenture. Also excludes non-cash charges and credits against operating expenses resulting from changes in estimated future costs for environmental remediation of the Pier 70 area. A summary breakdown of these adjustments is provided in the table titled "Historical Operations & Maintenance Expenses."

4 Represents debt service and Net Revenue coverage on the Port revenue bonds. Net revenue coverage for fiscal year 2017 has been revised from previously published amounts, due to the exclusion from operating expenses of non-cash charges associated with changes in estimated future cost of environmental remediation of the Pier 70 area. Due to the COVID-19 pandemic, revenues in FY2021 were severely constrained such that net revenue was negative (see section XIII. Other Matters - COVID-19 Impacts).

5 Includes the following subordinated obligations: (i) a loan from the California Department of Boating and Waterways for Hyde Street Harbor, and (ii) a Certificates of Participation obligation issued by the City on behalf of the Port. The Indenture does not require the Port to maintain any level of Net Revenue coverage on Subordinated Bonds or other subordinate obligations. Subordinated net revenue coverage for fiscal year 2017 has been revised from previously published amounts due to the effect of the changes in environmental remediation cost estimates for the Pier 70 area.

Source: Port of San Francisco

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V. Major Port Operating Revenues

PORT OF SAN FRANCISCO

Major Port Operating Revenues[1]

	Annualized Revenue[2]			Square Footage[3]	
		Amount	Percent	Amount	Percent
Real Estate:					
Industrial[4]	$	26,529,142	32%	7,131,667	37%
Development	$	14,032,019	17%	4,280,043	22%
Restaurant & Retail	$	8,877,361	11%	519,398	3%
Parking	$	6,529,567	8%	765,085	4%
Office	$	8,820,075	11%	288,224	1%
Subtotal Real Estate	$	64,788,165	79%	12,984,416	67%
Maritime[5]					
Cargo	$	8,714,937	11%	4,688,813	24%
Commercial Fishing	$	2,849,659	3%	237,346	1%
Harbor Services	$	2,276,743	3%	374,270	2%
Passenger Cruise	$	281,114	0%	354,360	2%
Various Martime	$	3,218,440	4%	775,070	4%
Ship Repair 6	$	-	0%	-	0%
Subtotal Maritime	$	17,340,893	21%	6,410,829	33%
Total	$	82,129,058	100%	19,395,245	100%

1 Table includes revenues derived from tenancy and operating agreements, and as such reflects rent due per the lease terms, not necessarily rent paid. Not included are revenues from miscellaneous sources, or adjustments from the rent deferral and rent forgiveness programs offered to tenants during the COVID-19 pandemic which would impact rent due from March 2020 through the end of the reporting period included in this disclosure. The total operating revenue as shown in Table IX for the fiscal year ending June 30, 2021 was $89.1 million.

2 Based on lease rents as of June 30, 2021 and Fiscal Year 2021 percentage rents in excess of base rent amounts.

3 Excludes portion of area in water.

4 Includes lease revenues and square footage from the Port's ferry excursion operators. These participation rent-based leases are managed by Real Estate, and the revenues from them are reported as Real Estate-related revenues on the Ports financial statements.

5 Including traditional user fees within the maritime industry, such as wharfage, dockage and demurrage. Excludes revenues generated from ferry excursion operators along with the associated areas leased as discussed in footnote 4 above.

6 On December 30, 2016 BAE System, Inc., the Ports longtime ship yard operator, sold all of the assets of and its interest in the shipyard at Pier 70, including the Port's lease, to Puglia Engineering. At the end of May 2017, Puglia abandoned the leasehold due to legal disputes with the former operator concerning the condition of the shipyard's facilities and equipment. Currently there are no ship repair operations occurring at the Pier 70 facility.

Source: Port of San Francisco

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VI. Port of San Francisco Top Ten Tenants and Customers

PORT OF SAN FRANCISCO

Top Ten Port Tenants and Customers by Revenue
Fiscal Year ending June 30, 2021 (Revenue in Thousands)

	Customer/Tenant Name	Revenue[1]	Percent of Top 10 Revenue[2]	Primary Use	Expiration
1	JPPF Waterfront Plaza, LP	$5,044	17.09%	Mixed Use, Parking	8/31/2023
2	Recology San Francisco	$3,765	12.75%	Industrial	7/31/2023[3]
3	SP Plus-Hyde Parking Joint Venture	$3,445	11.67%	Parking	5/31/2022[4]
4	CCSF Department of Public Health	$2,756	9.34%	COVID testing center	6/17/2021[5]
5	China Basin Ballpark Company LLC	$2,665	9.03%	Baseball Stadium	12/31/2063[6]
6	Pasha Automotive Services	$3,001	10.17%	Maritime	6/30/2031[7]
7	AMB Pier 1	$2,348	7.95%	Office	8/1/2049
8	CCSF Public Utilities Commission	$2,325	7.88%	Office, Parking, Storage, Other	11/30/2023
9	Hanson Aggregates	$2,172	7.36%	Maritime	8/31/2023
10	Hudson One Ferry Operating LP	$1,998	6.77%	Mixed Use, Parking	4/9/2067
		$29,519	100.00%		

1 Table includes revenues derived from tenancy and operating agreements, and as such reflects rent due per the lease terms, not necessarily rent paid. Not included are adjustments from the rent deferral and rent forgiveness programs offered to tenants during the COVID-19 pandemic which would impact rent due from March 2020 through the end of the reporting period included in this disclosure.

2 Operating revenue for the fiscal year ending June 30, 2021 was $89.1 million.

3 Tenant has two leases. The primary lease expires 7/31/2023. The tenant's other lease has been in holdover since 7/31/2019.

4 Includes the operations of Port tenants Central Parking System, a wholly-owned subsidiary of SP Plus, and SP Plus-Hyde Parking Joint Venture, a California general partnership of which SP Plus is the controlling partner. SP Plus-Hyde Parking took over the operations of five parking sites under new leases which began 6/1/2017 and expire on 5/31/2022.

5 Revenues recorded here were received by the Port entirely in FY20-21 for an occupancy period which began before the fiscal year began, from April 2020 to June 2021. The Department of Public Health is no longer a tenant.

6 Tenant has multiple leases. The primary lease's initial term expires 12/31/2022. Eight extensions allowed, the first seven extensions for five years each, the last for six years, which ends 12/31/2063.

7 Pasha Automotive Services is the Port's cargo terminal operator at Pier 80. The revenue represents fees paid to the Port based on cargo ship call duration and cargo volume generated by automotive import/export operations.

Source: Port of San Francisco

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VII. Port of San Francisco Real Estate Leases, Remaining Lease Terms

PORT OF SAN FRANCISCO
Real Estate Leases

	Number of Leases [1]		Annualized Revenue [2]		
Month-to-Month	231	50%	$	11,824,894	18%
Remaining Term:					
Less than One Year	71	15%	$	12,430,168	19%
One to Five Years	81	18%	$	14,678,538	23%
Five to Ten Years	11	2%	$	4,051,723	6%
Ten to Twenty Years	30	7%	$	9,709,998	15%
Twenty to Thirty Years	17	4%	$	8,276,749	13%
Over Thirty Years	19	4%	$	3,816,094	6%
Total	460	100%	$	64,788,165	100%

[1] Table includes Real Estate Leases only.

[2] Based on current minimum rents as of June 30, 2021 and FY 2021 Percentage Rents over base rent amounts. Table includes revenues derived from tenancy and operating agreements, and as such reflect rent due per the lease terms, not necessarily rent paid. Not included are adjustments from the rent deferral and rent forgiveness programs offered to tenants during the COVID-19 pandemic which would impact rent due during the reporting period.

Source: Port of San Francisco

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VIII. Port of San Francisco Top Ten Real Estate Tenants and Customers

PORT OF SAN FRANCISCO

Top Ten Port Real Estate Tenants and Customers by Revenue
Fiscal Year ending June 30, 2021 (Revenue in Thousands)

	Customer/Tenant Name	Revenue[1]	Percent of Top 10 Revenue[2]	Primary Use	Expiration
1	JPPF Waterfront Plaza, LP	$5,044	17.88%	Mixed Use, Parking	8/31/2023
2	Recology San Francisco	$3,765	13.34%	Industrial	7/31/2023[3]
3	SP Plus-Hyde Parking Joint Venture	$3,445	12.21%	Parking	5/31/2022[4]
4	CCSF Department of Public Health	$2,756	9.77%	COVID testing center	6/17/2021[5]
5	China Basin Ballpark Company LLC	$2,665	9.44%	Baseball Stadium	12/31/2063[6]
6	AMB Pier 1	$2,348	8.32%	Office	8/1/2049
7	CCSF Public Utilities Commission	$2,325	8.24%	Office, Parking, Storage	11/30/2023
8	Hudson One Ferry Operating LP	$1,998	7.08%	Mixed Use, Parking	4/9/2067
9	CCSF Police Department	$1,937	6.86%	Office, Parking, Storage	8/31/2017[7]
10	Trans Bay Cable LLC	$1,933	6.85%	Utilities	11/21/2045
		$28,216	100.00%		

1 Table includes revenues derived from tenancy and operating agreements, and as such reflect rent due per the lease terms, not necessarily rent paid. Not included are adjustments from the rent deferral and rent forgiveness programs offered to tenants during the COVID-19 pandemic which would impact rent due from March 2020 through the end of the reporting period included in this disclosure.

2 Operating revenue for the fiscal year ending June 30, 2021 was $89.1 million.

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4 Includes the operations of Port tenants Central Parking System, a wholly-owned subsidiary of SP Plus, and SP Plus-Hyde Parking Joint Venture, a California general partnership of which SP Plus is the controlling partner. SP Plus-Hyde Parking took over the operations of five parking sites under new leases which began 6/1/2017 and expire on 5/31/2022.

5 Revenues recorded here were received by the Port entirely in FY20-21 for an occupancy period which began before the fiscal year began, from April 2020 to June 2021. The Department of Public Health is no longer a tenant.

6 Tenant has multiple leases. The primary lease's initial term expires 12/31/2022. Eight extensions allowed, the first seven extensions for five years each, the last for six years, which ends 12/31/2063.

7 On month-to-month holdover lease since 8/31/2017.

Source: Port of San Francisco

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IX. Port of San Francisco Historical Results of Operations

PORT OF SAN FRANCISCO
Historical Results of Operations
For Fiscal Year Ended June 30, (Amounts in Thousands)

	Audited 2017	Audited 2018	Unaudited[1] 2019	Audited 2020	Audited 2021
Operating Revenues:					
Maritime					
Cargo	$6,248	$8,685	$7,844	$8,861	$8,186
Ship Repair	1,398	0	0	0	0
Harbor Services	1,827	1,847	1,894	2,041	2,123
Cruise	7,406	7,901	7,947	5,227	292
Fishing	2,402	2,184	2,273	2,218	1,383
Other Marine	1,739	2,652	2,521	2,845	3,084
Miscellaneous[2]	4,955	80	707	355	79
Total Maritime	$25,975	$23,349	$23,186	$21,547	$15,147
Real Estate & Asset Management					
Commercial/Industrial	$54,510	$57,336	$60,015	$55,617	$59,039
Parking	21,900	22,281	21,770	18,418	9,898
Filming & Special Event Revenue	240	49	103	114	7
Miscellaneous	6,474	2	10,328	2	0
Total Real Estate & Asset Management	$83,124	$79,668	$92,216	$74,151	$68,944
Other Operating Revenues	$4,254	$6,752	$5,760	$7,450	$5,047
Total Operating Revenues	$113,353	$109,769	$121,162	$103,148	$89,137
Operating Expenses					
Operations & Maintenance[2]	$89,884	$79,026	$86,890	$89,544	$108,893
Depreciation & Amortization	24,191	17,778	24,466	25,528	22,628
Total Operating Expenses	$114,075	$96,804	$111,356	$115,072	$131,521
Operating Income/(Loss)	($722)	$12,965	$9,806	($11,924)	($42,384)
Other Income & (Expenses)					
Interest & Investment Income	$1,502	$2,231	$6,189	$5,306	$598
Interest Expense	(4,262)	(4,461)	(4,288)	(3,797)	(2,800)
Gain/(Loss) on Disposal of Assets	(56)	(1,383)	(174)	15	5
Other	3,786	4,232	(3,169)	4,916	16,771
Total Other Income/(Expense) Net	$970	$619	($1,442)	$6,440	$14,573
Contribution	$248	$13,584	$8,364	($5,484)	($27,811)
Capital Grants and Other Contributions	$1,822	$2,626	$1,909	$43,895	$2,259
Change in Net Position	$2,070	$16,210	$10,273	$38,411	($25,551)

1 Total Port operations in 2019, including the Port's South Beach Harbor special facility, were audited as a whole. SBH revenues are not included as security on the subject revenue bonds, and were therefore removed by Port staff to provide the unaudited results above.

2 In 2018 the Port implemented GASB Statement No. 75, a new standard that is intended to improve the accounting and financial reporting of OPEB obligations. GASB 75 supersedes GASB 45, an earlier accounting standard regarding the accounting of OPEB obligations. A summary breakdown of the non-cash adjustments associated with the accounting of pension obligations and OPEB for all years is shown in table titled "Historical Operations & Maintenance Expenses".

Source: Port of San Francisco

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X. Port of San Francisco Historical Operations and Maintenance Expenses

PORT OF SAN FRANCISCO
Historical Operations & Maintenance Expenses
For Fiscal Year Ended June 30, 2021
(Amounts in Thousands)

	Audited 2017	Audited 2018	Unaudited [1] 2019	Audited 2020	Audited 2021
Operations & Maintenance					
Personnel Expense[2]	$34,858	$38,686	$38,179	$43,471	$52,488
City-Wide Overhead	747	228	379	849	2,740
Other Current Expenses	4,364	5,491	4,726	6,135	1,099
Professional & Specialized Services[3]	9,810	14,946	16,950	15,463	19,284
Utility Expenses	2,833	2,859	2,908	2,591	2,107
Materials & Supplies	1,853	1,001	1,331	1,589	963
Judgments, Claims & Litigation	154	(663)	30	1	332
Office Rent	2,723	2,614	2,736	2,748	2,951
Charges for Use of City Services	19,009	19,310	18,666	19,803	22,125
Other Operating & Maint. Exp. (net)	151	520	544	381	266
Operations & Maint. Exp. - Subtotal	$76,502	$84,992	$86,449	$93,031	$104,354
Non-cash adjustments for:					
(i) pensions pursuant to GASB 68	10,920	993	(667)	(2,392)	(3,730)
(ii) estimated cost for pollution remediation for the Pier 70 area.	242	(8,211)	1,105	(1,207)	7,388
(iii) Other Post Employment Benefits (OPEB)	2,220	1,252	3	112	881
Total Operations & Maintenance Exp.	$89,884	$79,026	$86,890	$89,544	$108,893

1 Total Port operations in 2019, including the Port's South Beach Harbor special facility, were audited as a whole. SBH revenues are not included as security on the subject revenue bonds, and were therefore removed by Port staff to provide the unaudited results above.

2 The reported expenses excludes charges and credits associated with non-cash adjustments related to accounting and reporting of OPEB and pension obligations.

3 The credits for "judgements, claims and litigation" reported for fiscal years ended June 30, 2015, 2016 and 2018 reflect large reductions in the reserve of claims and litigation taken for those years, based on estimates of then current and potential future claims.

4 In 2018 the Port implemented GASB Statement No. 75, a new standard that is intended to improve the accounting and financial reporting of post-employment benefits other than pensions (OPEB) obligations by, among other things, requiring a fuller and more timely recognition of such obligations. GASB 75 supersedes GASB 45, an earlier accounting standard regarding the accounting of OPEB obligations.

Source: Port of San Francisco

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XI. Audited Financial Statements of the Port Enterprise, City and County of San Francisco for the Fiscal Year Ended June 30, 2021.

For the Port's Audited Financial Statements for fiscal year ended June 30, 2021, please go to the link titled "2021 Audited Financial Statements" located in the "About", and then "Financial Plans & Reports" sections of the Port's website at www.sfport.com.

XII. Significant Events-

From March 10, 2017 (the date of issuance of the June 30, 2016 Annual Report) through the issuance date of this Annual Report, other than the events described below, no "Significant Event" or "Listed Event" has occurred as enumerated in Section 5 of the Continuing Disclosure Certificates dated May 29, 2014 or February 27, 2020, respectively.

-On January 31, 2022, the Port received notice from U.S. Bank National Association that it had transferred substantially all of its corporate trust business to its affiliate, U.S. Bank Trust Company, National Association ("USBTC"). USBTC has acted as successor trustee for the above listed issues as of January 29, 2022. This event was disclosed by the Port on February 11, 2022. The trustee contact listed in Section II reflects the successor trustee.

XIII. Other Matters

COVID-19 Impacts on Coverage

Please see the Port's Voluntary Statement Regarding Impacts of COVID-19, filed August 6, 2020. That filing included forward looking statements regarding the debt service coverage obligations of the indenture, which require the Port to maintain debt service coverage ratios of (a) at least 1.3 including contributions from a revenue stabilization fund, and (b) 1.0 when excluding such contributions.

As anticipated in the filing, in the fiscal year ending June 30, 2021 the Port met all debt service obligations, satisfied the coverage ratio requirement of 1.3 including contributions from the Port's revenue stabilization fund, but did not achieve the coverage ratio requirement 1.0 when excluding such contributions. As required by Section 6.02 of the Indenture, the Port has engaged a Port Consultant to review business operations and the schedule of rates and charges in the context of the forecasted post-pandemic recovery to recommend any changes the Port should make to improve the coverage ratio. Once the Port Consultant has provided recommendations, the Port shall take any reasonable recommendations into account when considering an amendment to the budget for Fiscal Year ending June 30, 2024.

In addition to the coverage implications discussed above, the Port implemented rent deferral and rent forgiveness programs to provide support to Port tenants enduring financial difficulties caused by COVID-19 (see www.sfport.com/covidrelief for more detail). The impact of these programs reduced revenues from March 2020 through the end of the reporting period included in this disclosure.

Public Health Emergency – COVID-19

The following information is provided for informational purposes only. The Port makes no representation that such information is material to Port bondholders. The Port does not undertake to update such information in the future.

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of a new disease ("COVID- 19"), an upper respiratory tract illness caused by infection by a transmissible, novel coronavirus. COVID-19 has since spread across the globe. The WHO has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States. From time to time since the onset of the pandemic, all counties in the Bay Area (including the City) have implemented and revised restrictions on mass gatherings and widespread closings or other limitations of the operations of government, commercial, educational, and other institutions. While significant portions of the

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population of the State of California (including the City) have been vaccinated, COVID-19 variants have resulted in increased infection rates and the imposition of certain restrictions on commercial and other activities. Although COVID-19 case rates had been relatively stable through October, November and early December 2021, case rates increased substantially in late December 2021 through early January 2022, including among the vaccinated. However, case rates have since declined from a peak of 3,161 new daily cases on January 5, 2022, to 56 new daily cases on March 9, 2022. As of March 9, 2022, the cumulative COVID-19 case count in San Francisco was 122,272 and the total death count was 825.

The spread of COVID-19 has had significant adverse health and financial impacts throughout the world, including the City. The impacts on the City's and the region's economy have been material and adverse. Existing and potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the City's public health system, reductions in tourism and disruption of the regional and local economy, widespread business closures, worker migration out of the City due to permissive remote work policies and significantly higher levels of unemployment, as further discussed below. In the City, numerous businesses have closed on a permanent basis and tourism-related economic activity declined substantially, with only a partial recovery to date. The unemployment rate in the City rose to a high of 13.0% in April 2020 from 2.2% in February 2020, before declining to 3.0% in December 2021. Some of the City's largest private employers instituted remote work policies that may continue for extended periods or indefinitely. A large-scale return to workplaces has yet to materialize, which is also reflected in continued low (though recently rising) transit ridership to workplace centers in the City. The COVID-19 pandemic has negatively impacted values in certain segments of the real estate market in San Francisco. The City cannot predict how long the current economic conditions will last. While some public health restrictions have been loosened or eliminated in response to positive public health data on COVID-19, the COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. The ultimate impact of COVID-19 on the operations and finances of the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known.

American Rescue Plan Act

President Biden signed the American Rescue Plan Act ("ARPA") into law in March of 2021, providing billions in federal stimulus to state and local governments, including $27 billion for California and $454 million for the City and County of San Francisco. In conjunction with the California Association of Port Authorities, Port staff successfully identified $250 million of the State of California's ARPA allocation for distribution to California ports to offset pandemic-related economic losses. On December 8, 2021, the State of California, acting through the State Lands Commission, allocated $56.6 million in ARPA funding to offset revenue losses in calendar year 2020. The Port has requested an additional $58.2 million of ARPA funding to offset revenue losses in calendar year 2021. The State Lands Commission currently plans to consider the Port's request at its hearing on April 26, 2022. The Port intends to use ARPA funding to avoid layoffs, generate economic growth, restore efforts and resources that were cut or delayed due to COVID-19, and assist communities disproportionately impacted by COVID-19.

Transfer of South Beach Harbor

On May 1, 2019, the Port received the South Beach Harbor (SBH) operations from the Office of Community Investment and Infrastructure (OCII), successor agency to the Redevelopment Agency, along with the related assets and liabilities. The receipt of SBH resulted in a Special Item increasing the Port's change in net position in FY 2019 by $18,340,000. The transfer of South Beach Harbor included three loans funded by the California Division of Boating and Waterways (Cal Boating), which totaled $6,144,000 and accrue interest at a rate of 4.5% per annum. Under the terms of the Port's loan contract, Cal Boating may take possession of SBH if after ninety days written notice, the Port remains in breach of any of the provisions of Small Craft Harbor Loans and Operation contract. Cal Boating shall operate or maintain the operations for the account of the Port until the loan is repaid in full. For more information, see Note 8 of the Port's audited financial statements for fiscal year ending June 30, 2021.

Special Facilities

In conjunction with the receipt of SBH, the Port designated SBH as a Special Facility and its Cal Boating loans as Special Facility Bonds as provided under the Port's Revenue Bond Master Trust Indenture ("Master Indenture"). Pursuant to

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Section 2.14 of the Master Indenture, the Port Commission is authorized to designate an existing or planned facility, structure, equipment or other property, real or personal property that is located within the Port Area as a Special Facility. The Port Commission may designate revenue earned by the Port from or with respect to a Special Facility as "Special Facility Revenue." Special Facility Revenue is not included in revenue as defined in the Revenue Bond Master Trust Indenture, and consequently, is not included in the Net Revenues pledged as security for the Revenue Bonds under the Master Indenture.

In September 2019, the Port executed documents, pursuant to Section 2.14 of the Port's Master Indenture, which made effective the Port Commission's earlier designation of the Pier 70 Special Use District ("SUD") and Mission Rock Project Site as Special Facilities under Section 2.14 of the Master Indenture. The revenues from the Pier 70 SUD and Mission Rock Project Site constitute Special Facility Revenues and are not included in the Net Revenues pledged to the Revenue Bonds.

Community Facilities Districts and Infrastructure Financing Districts

Since 2005 the Port has pursued state and local legislative changes to increase the options available to fund the Port's deferred maintenance and other capital requirements, and to expand the range and profitability of uses on Port property. Through this effort, the Port has acquired the authority to use infrastructure financing districts to capture property tax growth to fund public improvements along the San Francisco waterfront. In 2005 the state approved Senate Bill No. 1085 which authorized the Board of Supervisors ("Board") to form an infrastructure financing district ("IFD") covering Port property.

In 2012 the Board authorized the formation of Infrastructure Finance District No. 2 consisting of the entire waterfront area under Port jurisdiction and designated eight initial proposed project areas within this IFD.

The first of these project areas was established by the Board in 2016 for the rehabilitation of several historic properties located along 20th Street in the Pier 70 area known as the Historic Core or the "Orton" site. The project, which is being developed by an affiliate of Orton Development, is fully leased. Tenants have moved into all but one of those buildings and the final building will open in March 2022.

The Board has also established project areas for the property located within the Pier 70 area known as the "Waterfront" site, and for the Seawall Lot 337 and Pier 48 properties known as the "Mission Rock" site.

Brookfield Properties (formerly Forest City), developer of the Waterfront site, commenced site preparation and demolition in August 2018 and construction of horizontal improvements in March 2019 for the first of three phases. Phase 1 infrastructure, aside from parks, is nearly complete. Brookfield will time construction of parks to coincide with the delivery of adjacent vertical development. Current vertical development on the site includes rehabilitation of historic Building 12, which is substantially complete and has a temporary certificate of occupancy. The Port and Brookfield are working to lease or sell the five remaining Phase 1 development sites.

Seawall Lot 337 Associates (an affiliate of the San Francisco Giants and Tishman Speyer), the developer of the Mission Rock site, broke ground on Phase 1 of the project in 2020, including work on horizontal infrastructure and two of the four parcels in Phase 1. Construction of the third building commenced in the fall of 2021 and construction of the final Phase 1 building is scheduled to commence in April 2022. Construction on the inland portion of China Basin Park began in March 2022. Occupancy of the completed buildings will begin in the fall of 2022, with full occupancy estimated to take approximately one year. The developer is scheduled to submit the Phase 2 project application to the Port by the end of 2022.

In late 2019 and early 2020, the Board established Mello-Roos Community Facilities Districts ("CFDs") at both the, Mission Rock and Pier 70 Waterfront sites. The Mission Rock CFD, in conjunction with the IFD discussed above, provides the security for the Mission Rock CFD bonds issued in 2021. The Mission Rock project issued $99.03 million in CFD bonds in calendar year 2021, including $52.98 million or tax-exempt purposes and $46.05 million for taxable

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purposes. The debt is an obligation of the relevant CFD, secured by the special tax revenues generated within the district. This debt is not secured by, or repayable from, Port harbor fund revenues.

Waterfront Resilience

The San Francisco Bay Area is seismically active and faces risk of a significant earthquake within the next 30 years. Such an event would have a major impact on the Port's facilities and infrastructure, including its Embarcadero Seawall, a three-mile retaining wall that runs from Fisherman's Wharf in the north to Mission Creek in the south. The Embarcadero Seawall ("Seawall") was constructed in sections over a period of 40 years beginning in 1878. No section of the Seawall, or the filled land behind the Seawall, was designed to withstand soil liquefaction. In a major seismic event, if liquefaction occurs, specific Seawall sections could move vertically downward and/or laterally outward, causing major damage to the Embarcadero Roadway and Promenade and utilities and regional infrastructure, and cause localized failures of wharves and the bulkhead buildings at the heads of piers.

In 2014 the Port initiated an earthquake vulnerability study to better understand how the Seawall would perform in an earthquake, predict damage, and develop a plan to improve its performance. The study, which was published in July 2016, determined that the Seawall requires significant improvements to withstand a major earthquake and to mitigate flood risk from sea level rise. In recognition of the need to address both seismic and flood risk, the Port of San Francisco has created the Waterfront Resilience Program and is advancing assessments, policies, plans and projects to reduce these risks as efficiently and effectively as possible. The rough estimated cost to reduce these risks is over $5 billion, with less than $1 billion of such amount secured to date. Initial funding sources include the U.S. Army Corps of Engineers (USACE), General Obligation bonds, and Port contributions, as described below.

> In September 2018, the Port signed an agreement with the USACE to advance a resilience study in the area of from Aquatic Park to Heron's Head Park. That agreement was extended by the U.S. Assistant Secretary of the Army-Civil Works in November 2021, to increase both the duration and budget for the study.
>
> In November 2018, San Francisco voters approved Proposition A, authorizing the City to issue up to $425 million in General Obligation Bonds to fund repairs and improvements to the Embarcadero Seawall. In May of 2020, the City issued $49.7 million in such bonds, and anticipates a second issuance in spring of 2023.
>
> Costs ineligible for USACE or bond funding are supported by the Port of San Francisco.

As of the writing of this report, the Port has identified 23 potential Embarcadero early projects based on its extensive risk assessment work, including the Embarcadero Seawall Multi-Hazard Risk Assessment and the joint Disaster Response Exercise conducted with the Department of Emergency Management. The Port is considering 16 Embarcadero early projects to advance through Proposition A General Obligation Bond funding, with plans to advance the remaining projects by pursuing additional funding sources and partnerships.

Ten-Year Capital Plan and Five-Year Capital Improvement Plan

Every two years the Port prepares a comprehensive ten-year capital plan to identify the major maintenance and capital improvement needs of the Port's facilities, prioritize capital projects, and identify potential funding sources. Capital improvements are classified in the plan as either: (i) needed to maintain the Port's facilities in a state of good repair; or (ii) a planned enhancement to Port facilities. Enhancements include potential seismic improvements which are required where a change in use or a major rehabilitation is taking place, consistent with City building code requirements.

The most recent update to the plan, adopted by the Port Commission on February 23, 2021, identifies $1.99 billion in total capital need and $1.93 billion in planned capital enhancements for a total of $3.925 billion. Shown below, for comparison purposes, are capital improvement totals from the 2019 update:

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Type of Improvement	2019 Update ($millions)	2021 Update ($millions)
Needed to maintain a state of good repair	$1,677.5	$1,994.0
Planned enhancements		
Seawall Program	$484.1	$592.9
Conditional seismic work	584.2	605.0
Other enhancements	786.4	733.1
Enhancements - Subtotal	$1,854.7	$1,931.0
Total	$3,532.2	$3,925.0

The Port's $1.99 billion state of good repair need consists of deferred maintenance and subsystem renewal projects required to ensure Port facilities are able to remain in continuous operation with standard, reasonable maintenance costs.

The 2021 capital plan update reflects a $393 million increase in the funding needed to maintain the Port's facilities in a state of good repair. This increase is primarily due to improved estimates of repairs to selected facilities, inflation, unfunded needs from prior years rolling forward, and the addition of new years to the ten-year window.

Planned enhancements totaling $1.93 billion include seismic upgrades, new parks along the waterfront, new infrastructure, new developments in the Northeast, Central and Southern Waterfronts, and improvements to the Embarcadero Seawall and maritime facilities.

The latest update projects that $1.74 billion in funding will be available over the next ten years to address the Port's capital needs, including enhancements and seismic work. Of this amount, $340.0 million is expected to be derived from internally generated funds consisting of Port capital and Port tenant obligations. The remaining $1.4 billion represents externally generated funding consisting of: (i) development project funding; (ii) City and County of San Francisco general obligation bonds; and (iii) local, state and federal grants. No funding has been identified for the remaining $2.185 billion in state of good repair and enhancement projects at this time. The Port continues to work to identify additional sources of funds for the unfunded portion of its ten-year capital plan.

In order to assist Port management with project prioritization, and determining future capital funding needs, the Port develops a five-year Capital Improvement Plan ("CIP"). The CIP serves as a bridge between the Port's ten-year Capital Plan and its two-year Capital Budget, which appropriates funding for specific capital projects. The CIP programs specific projects according to the amount of capital funding that Port staff estimates will be available over the next five years. The CIP allows staff to consider the time frame necessary to conceive, design and deliver capital projects. The CIP also allows staff more time to identify and secure grant and other third-party funding for those projects that may be eligible for such funding. Port staff will next update the CIP the summer of 2022.

In February of 2022, the Port Commission approved a two-year capital budget for Fiscal Years 2022-23 and 2023-24 which included over $90 million in capital investments. This historic level of investment is only possible due to the availability of ARPA stimulus, which provides $62 million of that capital investment; and the Port does not expect to maintain that level of funding beyond Fiscal Year 2023-24.

More details can be found in the complete 2021 update to the Port's ten-year capital plan and the five-year capital improvement plan, both of which are located in the "About", and then "Financial Plans & Reports" sections of the Port's website at www.sfport.com. Finance & Administration page of the Port's website at www.sfport.com.

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Miscellaneous

This annual report is provided solely for purposes of conformance with the Continuing Disclosure Agreement and the information contained herein speaks only as of the dates referenced. The filing of this Annual Report does not constitute or imply any representation: (i) that the information provided is material to investors, (ii) regarding any other financial or operating information about the Port or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this Annual Report relates (other than that contained in this Annual Report), or that no other information exists which may have a bearing on the Port's financial condition, the security of the bonds, or an investor's decision to buy, sell, or hold any of the Bonds. An explanation of the significance of the credit ratings assigned to the subject bonds may be obtained from the ratings agencies at the following addresses:

In the Case of Moody's
Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007

In the Case of Fitch
Fitch Ratings
One State Street Plaza
New York, NY 10004

In the case of Standard & Poor's
Standard & Poor's Ratings Services
55 Water Street
New York, NY 10041

The ratings reflect only the views of the relevant credit rating agency. Generally, the agencies base their ratings on such information and materials, investigations, studies, and assumptions made by the agencies themselves. Any downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the subject bonds.

The information contained in this Annual Report has been obtained from sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about the future financial performance of the Port. The Port has no obligation to update the information provided herein except as provided in the Continuing Disclosure Agreement.

For questions or clarifications with respect to this Annual Report, please contact Nate Cruz at (415) 274-0446.

Port Commission of the
City and County of San Francisco

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Katharine E. Petrucione
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Katharine E. Petrucione
Deputy Director, Finance and Administration