

LEGISLATIVE DIGEST

[Authorizing Certificates of Participation and Assessment Notes – Moscone Expansion Project - Not to Exceed \$507,880,000]

Ordinance authorizing the execution and delivery of Certificates of Participation evidencing and representing an aggregate principal amount of not to exceed \$507,880,000 to finance the costs of additions and improvements to the George R. Moscone Convention Center; approving the form of Trust Agreement between the City and County of San Francisco and the Trustee (including certain indemnities contained therein); authorizing the selection of the Trustee by the Director of Public Finance; approving respective forms of a Property Lease and a Project Lease, each between the City and the Trustee for the lease and lease back of all or a portion of the Moscone Center, including the Moscone Expansion Project to be constructed thereon; authorizing the execution and delivery of Assessment Notes payable from Moscone Expansion District assessments to further secure principal, premium, if any, and interest evidenced and represented by the Certificates; granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of the Certificates and the Assessment Notes; approving modifications to documents and agreements; and ratifying previous actions taken in connection therewith.

Existing Law

This is new legislation.

Background Information

The proposed Ordinance authorizes the execution and delivery of Certificates of Participation (COPs) in an amount not to exceed \$507,880,000 to finance the costs of additions and improvements to the George R. Moscone Convention Center (the “Moscone Project”). The Moscone Project will enable the Convention Center to attract larger conferences to the City.

The COPs will be delivered under the terms of a trust agreement executed between the City and the trustee named therein (the “Trustee”). In connection with the execution of the COPs the City will also execute a Property Lease, pursuant to which the City will lease to the Trustee one or more portions of the Moscone Center, including the Moscone Expansion Project, which consists of the area from Mission Street on Third Avenue to Folsom Street, then on Folsom Street to Fourth Avenue, then on Fourth Avenue to Howard Street, then on Howard Street to Fifth Avenue, then on Fifth Avenue to Minna Street, then on Minna Street back to Fourth Avenue, then on Fourth Avenue to Mission Street, and on Mission Street back to Third Avenue, and property adjacent thereto (which represents the “Leased Property”). Under the terms of the Project Lease the Trustee will lease the Leased Property back to the City, and the City will be required to make certain lease payments to the Trustee. The lease payments by the City under the Project Lease will be applied to the payment of principal and interest evidenced and represented by the COPs.

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The Ordinance also authorizes the issuance by the City Assessment Notes in an amount not in excess of the principal amount evidenced by the Certificates, such Assessment Notes to be payable from the assessments to be levied by the Board in the Moscone Expansion District business improvement district (the "District"). The Assessment Notes will evidence the obligation of the hotels to pay the business assessment, the proceeds of which will be applied to offset debt service on the COPS. The issuance of the Assessment Notes will provide the legal underpinnings of a validation action in which the City will validate the formation of the District and the levy of the Assessments.