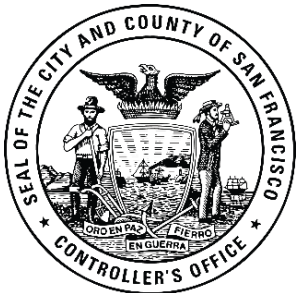




Refunding Certificates of Participation Series 2025R

- Ordinance authorizing the execution and delivery of refunding Certificates of Participation to prepay the currently outstanding Series 2017B certificates of participation
- Supplemental ordinance appropriating the proceeds of the 2025R Refunding COPs



**Budget & Finance
Committee**

May 21, 2025

Proposed Refunding Certificates of Participation

- The City has identified the 2017B COPs as a potential refunding candidate:

Outstanding Series	Par Amount Outstanding	Average Interest Rate	First Optional Call Date	Final Maturity	Average Annual Debt Service
2017B COPs	\$332,515,000	4%	10/1/2025	4/1/2042	\$27.2 million

- The 2017B COPs were issued to finance and refinance various capital improvements associated with the City’s Moscone Convention Center Expansion Project (the “Project”)
- To help finance the Project, tourist hotels in the City voted to establish the Moscone Expansion District (MED), which created an assessment based on hotel room revenue
- MED assessments are available to pay debt service on the 2017B COPs for amounts exceeding the City’s annual general fund base contribution
- Surpluses in MED assessments are first used to fund a Stabilization Fund up to \$15,000,000 and subsequently to repay any City contribution exceeding the general fund base contribution

Proposed Refunding Certificates of Participation

Financing Estimates*

- Par amount: \$276.0M
- Final Maturity: April 1, 2042
- True Interest Cost: 3.49%
- Average Annual Debt Service: \$24.2M

Lease-Lease Back Structure

- The 2017B COPs are currently secured under a standalone lease agreement with the northern portion of the Moscone Convention Center (“Moscone North”) serving as the leased asset
- The Refunding COPs will be added to the City’s Master Lease, which currently includes the Laguna Honda Hospital Campus, San Bruno Jail Complex, and One South Van Ness. It is anticipated that Moscone North will be added to the pool of City assets

Sources and Uses (Supplemental Appropriation)

Sources:

COP Proceeds	\$350,000,000
Prior Reserve Funds	29,000,000
Total Sources	\$379,000,000

Uses:

Refunding Escrow	\$340,000,000
Issuance Expenses and Reserve Fund	32,500,000
Market Uncertainty Reserve	6,500,000
Total Uses	\$379,000,000

**Preliminary estimates as of March 26, 2025
Provided by the City’s Municipal Advisor, KNN Public*

Anticipated Financing Timeline

Milestones	Dates
• Introduction of Legislation to Board of Supervisors	April 15, 2025
• Budget and Finance Committee	May 21, 2025
• Board of Supervisors Considers Ordinances (1 st Hearing)	June 3, 2025
• Board of Supervisors Considers Ordinances (2 nd Hearing)	June 10, 2025
• Sale and Closing of COPs	Fall 2025*

**Anticipated, timing may vary based on market conditions.*

Thank you
