Office of Community Investment and Infrastructure

Tax Allocation Bonds (Mission Bay South)

- 2026 Series A (New Money)
- 2026 Series B (Refunding)

July 21, 2026

Overview

- **Enabling Authority**
  - 2026A New Money Bonds
    - California Health and Safety Code Section 34177.5 (a)(4)
  - 2026B Refunding Bonds
    - California Health and Safety Code Section 34177.5 (a)(1)
    - Article 11 of Ch. 3 of Part 1 of Division 2 of Title 5 of California Government Code

Overview

- **2026A New Money Bonds Purpose**
  - Not to exceed $48 million
  - Reimburse developer for Mission Bay South Infrastructure
    - Completed open space and streets
      - Park 19, P22 (Bayfront Park), Mission Bay School Play Yard, Blocks 29-34
    - Infrastructure and open space - under construction / upcoming
      - P2/P8 (Mission Creek Extension), Storm Water Pump Station #3, Bridgeview Way Mid-Block

- **2026B Refunding Bonds Purpose**
  - Not to exceed $170 million
  - Refund for savings Series 2014A, 2016B, 2016C Tax Allocation Bonds (Mission Bay South)
    - Lock in debt service savings from lower market rates

Approval Process

- **April 15, 2025 –** Commission approved the OCII FY25-26 budget including the issuance of up to $48M new money bonds for Mission Bay South (Reso 04-2025)
- **July 23, 2025 –** Board of Supervisors ("BOS") approved the OCII FY25-26 budget including the issuance of up to $48M new money bonds for Mission Bay South (BOS Reso 321-25)
- **January 6, 2026 –** Commission conditionally authorized, subject to State Department of Finance (“DOF”) approval, the issuance of the Bonds and certain primary bond documents (Reso 01-2026)
- **January 12, 2026 –** Oversight Board approved the issuance of the Bonds (Reso 02-2026)
- **March 11, 2026 –** DOF approved the issuance of the Bonds
- **April 21, 2026 –** Commission approved the OCII FY26-27 budget including reaffirmation of the authority to issue up to $48M new money bonds for Mission Bay South (Reso 12-2026)

Estimated Sources by Uses

- Not To Exceed amounts include cushions for potential cost increases (10% Debt Service Reserve Fund, 25% project/inflation/tariffs cushion, 5% interest on refunded bonds, etc.)
- Current estimate provided below, actual issuance amount will be finalized in the weeks before the bond issuance and will be based on the most up-to-date project costs and market conditions

	2026A New Money	2026B Refunding	Total
Sources:			
Bond Proceeds	$40,580,900	131,359,293	171,940,193
2014A Reserve Release	0	5,996,607	**5,996,607**
Total Sources	**$40,580,900**	**$137,355,900**	**$177,936,801**
Uses:			
2026A Project Fund	40,000,000	0	**40,000,000**
2026B Refunding	0	135,472,069	**135,472,069**
Cost of Issuance	218,168	706,832	**925,000**
Underwriters' Fee	99,395	322,025	**421,420**
Bond Insurance	196,869	637,828	**834,697**
Surety Reserve	66,376	215,049	**281,425**
Rounding	92	2,097	**2,189**
Total Uses	**$40,580,900**	**$137,355,900**	**$177,936,801**

Estimated Savings

<u>Savings Schedule</u>

- Savings generated by refinancing existing bonds at an interest rate of 5.0% with refunding bonds at an interest rate estimated at 4.2%

Bond Year Ending 8/1	2014A, 2016B&C Refunded Debt Service	2026B Refunding Debt Service	Savings
2027	11,908,000	10,709,188	1,198,813
2028	11,908,250	10,707,500	1,200,750
2029	11,910,500	10,707,250	1,203,250
2030	11,909,000	10,709,750	1,199,250
2031	11,908,250	10,709,250	1,199,000
2032-43	142,904,750	128,490,750	14,414,000
Total	**$202,448,750**	**$182,033,688**	**$20,415,063**

<u>Assumptions</u>

- Key assumptions used in the analysis:

Bond Series	Bond Proceeds ($ Millions)	All-In True Interest Cost	Underwriter's Discount
2026A 2026B	$40.6 $131.4	4.2% 4.2%	0.3% 0.3%

Proposed Action

Approve POS, OS and CDC

- **Preliminary Official Statement ("POS") –** disclosure document released to potential investors prior to the sale of the bonds.
  - Informs potential investors of all information material to the legality, revenue source for repayment, and risks.
  - Must include any information that would affect a reasonable investor's decision to buy the bonds.
- **Final Official Statement ("OS") –** essentially the same as the POS but with the addition of the bond interest rates, maturity structure, final costs of issuance, sources and uses and other specifics determined after the date of the bond sale.
- **Continuing Disclosure Certificate ("CDC") –** SEC-mandated contract between the issuer of the bonds and the underwriter setting forth the information that the issuer is obligated to disclose to the market as long as the bonds are outstanding.

Next Steps

Actions Necessary to Complete the Proposed Transaction

Date	Action
July 21	Commission consideration of preliminary official statement and other actions necessary for issuance
July 28	Board of Supervisors consideration of OCII FY26-27 budget
Mid-September	Bond Pricing – exact time depends on market conditions
Mid-October	Bond Closing – within 4 weeks of Bond Pricing