Oversight Board of the City and County of San Francisco

Series 2023C & 2023D Mission Bay South Refunding Bonds

June 29, 2023

OCII

Background

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

Overview

- **2023 Series C & D Purpose**
  - Refunding the Mission Bay South Series 2016D Bonds
    - Estimated $4.8 million present value debt service savings from:
      - Lower market rates
      - Credit rating upgrade from non-rated to anticipated A-
        - 2016D bonds are subordinate and non-rated
        - 2023 C&D bonds will be on parity with outstanding Series 2014A, 2016B and 2016C Bonds and carry that rating (currently A-)

Sources by Uses

2023 Series C and 2023 Series D Bonds

	2023C Taxable Refunding Bonds	2023D Tax-exempt Refunding Bonds	Total
SOURCES			
Bond Proceeds	36,310,000	31,605,000	67,915,000
Premium	-	4,432,571	4,432,571
Debt Service Reserve	3,153,010	3,127,418	6,280,428
Total Soruces	**39,463,010**	**39,164,989**	**78,627,999**
USES			
Refunding Escrow Deposit	35,416,050	35,198,780	70,614,830
Debt Service Reserve	3,631,000	3,603,757	7,234,757
Costo of Issuance	267,319	232,681	500,000
Underwriter's Discount	145,240	126,420	271,660
Other Uses of Funds	3,401	3,352	6,753
	39,463,010	**39,164,990**	**78,628,000**

The actual principal issuance amounts will be based on the most up-to-date project costs and market conditions

Proposed Action

- Approve the issuance by OCII of the 2023C and 2023D Bonds to refund the outstanding 2016D Bonds for debt service savings
- Make certain determinations that OCII will rely on to issue the 2023C and 2023D Bonds, including:
  - OCII is authorized to recover its issuance costs from the proceeds of the 2023C Bonds and 2023D Bonds;
  - OCII is authorized to expend proceeds of the 2023C Bonds and 2023D Bonds to refund outstanding Mission Bay South Series 2016D Bonds and costs of issuance;
  - OCII is authorized to receive its Administrative Cost Allowance without deductions for to continuing post-issuance compliance and administration costs related to the 2023C Bonds and 2023D Bonds
- Approve OCII's execution of financing documents for 2023C Bonds and 2023D Bonds (e.g., Second Supplemental Indenture, Escrow Agreement, Bond Purchase Contract)

Estimated Debt Service Savings

- Estimated Debt Service Savings (based on Debt Service Savings Analysis)

Prior Bond Series	Par Amount of Bonds Refunded	Accreted Interest Refunded	Refunding Par Amount	Prior Avg. Bond Rate [1]	New Bond Rate [2]	NPV Savings [3]	% Savings [4]
2016D Bonds	$50,178,740	$20,686,815	$67,915,000	4.96%	4.26%	$4,808,752	6.81%

[1] Prior Average Bond Rate = Average coupon of refunded bond series
[2] New Bond Rate = All-In True Interest Cost of 2023 Bonds
[3] Net Present Value Savings = annual net savings discounted at the Arbitrage Yield of the 2023 Bonds
[4] Percentage Savings = NPV Savings divided by (Par Amount of Bonds Refunded + Accreted Interest Refunded)
Source: PFMCA estimates based on Market Conditions on May 5, 2023. See Attachment A.

- Below are the key assumptions used in Municipal Advisor's Debt Service Savings Analysis:

Bond Series	Principal Amount	True Interest Cost	Underwriter's Discount
2023C 2023D	$36.310 $31.605	4.44% 4.83%	.40% .40%

Next Steps

Actions Necessary to Complete the Proposed Transactions

Date	Action
June 29	Submission of Oversight Board approval resolution and related documents to DOF for review and approval
September 2	Final date for DOF determination regarding issuance
September 5	After DOF approval, Commission consideration of preliminary official statement and other actions necessary for issuance
Late September	Bond Pricing – exact time depends on market conditions
Mid October	Bond Closing – within 3 weeks of Pricing

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Questions / Comments