



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**


**Ben Rosenfield**  
**Controller**

**Todd Rydstrom**  
**Deputy Controller**

**Nadia Sesay**  
**Director**  
**Office of Public Finance**

**MEMORANDUM**

**TO:** Honorable Members, Capital Planning Committee

**FROM:** Nadia Sesay, Director   
Controller's Office of Public Finance

**SUBJECT:** Ordinance Authorizing the Appropriation of Certificates of Participation (Animal Care & Control Renovation Project)

**DATE:** April 1, 2016

I respectfully request that the Capital Planning Committee consider for review and adoption the ordinance appropriating \$60,500,000 of City and County of San Francisco Certificates of Participation for the construction of the Animal Care & Control Renovation Project ("Project"). The ordinance authorizing the execution and delivery of the certificates will be presented to the Board of Supervisors (the "Board") at a future meeting, prior to the execution and delivery of the certificates.

In connection with this request, the ordinance approving the appropriation of the certificates are expected to be introduced at the Tuesday, April 5, 2016 Board meeting.

**The Animal Care & Control Renovation Project:**

The proposed ordinance authorizes the City to appropriate \$60,500,000 of City and County of San Francisco Certificates of Participation (Animal Care & Control Renovation Project) (the "Certificates") to finance the design and construction of Animal Care and Control's replacement facility at 1419 Bryant Street, a City-owned property.

**The Current Plan of Finance:**

The Certificates are expected to be executed and delivered in an amount sufficient to fully pay the costs of the Project, including any capitalized interest financing and delivery expenses for the Project. Table 1 outlines anticipated sources and uses for the Certificates.

**Table 1: Anticipated Sources and Uses from the Delivery of the Certificates.**

<b>Total Not-To-Exceed Sources</b>		<b>\$60,500,000</b>
<i>Reserve for Market Uncertainty</i>		<u>\$920,000</u>
Expected Par Amount		\$59,580,000
<b>Estimated Uses</b>		
Project Fund Deposit		\$49,098,000
Project Fund	\$49,000,000	
CSA Audit Fee	\$98,000	
Other Fund Deposits		\$9,282,300
Debt Service Reserve Fund	\$5,409,600	
Reserve/Capitalized Interest Fund	\$3,872,700	
Delivery Date Expenses		\$1,199,700
Cost of Issuance	\$603,900	
Underwriter's Discount	\$595,800	
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Expected Par Amount		\$59,580,000
<i>Reserve for Market Uncertainty</i>		<u>\$920,000</u>
<b>Total Estimated Uses</b>		<b>\$60,500,000</b>

The appropriation amount above the expected delivery amount of \$59,580,000 allows for fluctuations in market conditions from the date of recommendation by the Capital Planning Committee and authorization by the Board to the time of the sale of the Certificates. The Office of Public Finance expects the Certificates to have a maturity of approximately 20 years.

Based upon conservative estimates of approximately 6.500% interest rate, the Office of Public Finance estimates that fiscal year net base rental payments on the Certificates average approximately \$5,369,556. The anticipated total par amount of \$59,580,000 is estimated to result in approximately \$50,495,900 in interest payments over the life of the Certificates. The total base rental payments over the life of the Certificates total approximately \$110,075,900. Based on market conditions expected to exist at the time of the sale, the Certificates could be structured with up to a 30-year life.

Your consideration of this matter is greatly appreciated. Please contact Nadia Sesay at 415-554-5956 or [nadia.sesay@sfgov.org](mailto:nadia.sesay@sfgov.org) if you have any questions.