

1 [Authorizing Stage 2 Contribution - City and County of San Francisco Community Facilities
2 District No. 2016-1 and Annexation of Property as Improvement Area No. 3]

3 **Resolution authorizing the Stage 2 Contribution as debt of the City and County of San**
4 **Francisco Community Facilities District No. 2016-1 (Treasure Island) with respect to**
5 **one or more improvement areas; confirming that property is annexed to the City and**
6 **County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) as**
7 **Improvement Area No. 3 of the City and County of San Francisco Community Facilities**
8 **District No. 2016-1 (Treasure Island); and determining other pertinent matters in**
9 **connection therewith.**

10
11 WHEREAS, The City and County of San Francisco ("City") created the Treasure Island
12 Development Authority ("Authority") in 1997 to serve as the entity responsible for the reuse
13 and development of Naval Station Treasure Island, which encompasses Treasure Island (also
14 referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"); and

15 WHEREAS, In 2003, the Authority Board of Directors selected Treasure Island
16 Community Development, LLC ("TICD" or "Developer") as the master developer for portions
17 of Treasure Island and Yerba Buena Island; and

18 WHEREAS, The Board of Supervisors approved the DDA (as defined below) pursuant
19 to Resolution No. 241-11 on June 7, 2011, which the Mayor signed on June 13, 2011; on
20 June 28, 2011, the Authority and the Developer entered into the Disposition and Development
21 Agreement ("DDA"); and

22 WHEREAS, The Board of Supervisors approved the DA (as defined below) on
23 June 14, 2011, pursuant to Ordinance No. 95-11, which the Mayor signed on June 15, 2011;
24 on June 28, 2011, the City and the Developer entered into the Development Agreement
25 ("DA"); and

1 WHEREAS, The DA, DDA, and the Special Use District in Planning Code,
2 Section 249.52 contemplate a project ("Treasure Island Project") on Treasure Island and
3 Yerba Buena Island that includes up to 8,000 units of housing, 140,000 square feet of
4 commercial and retail space, 100,000 square feet of office space, and up to approximately
5 300 acres of parks and open space, a ferry terminal, new and upgraded streets, and
6 extensive bicycle, pedestrian, and transit facilities; and

7 WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325 and the
8 Board of Directors of the Authority, by Resolution No. 11-14-04/21, as co-lead agencies,
9 certified the completion of the Final Environmental Impact Report ("FEIR") for the Treasure
10 Island Project; unanimously approved a series of entitlement and transaction documents
11 relating to the Project; made certain environmental findings under the California
12 Environmental Quality Act ("CEQA"), and adopted a mitigation and monitoring and reporting
13 program ("MMRP") for the Treasure Island Project; and

14 WHEREAS, On June 7, 2011, in Motion No. M11-0092, the Board of Supervisors
15 unanimously affirmed certification of the FEIR, and in Resolution No. 246-11, which was
16 signed by the Mayor on June 13, 2011, adopted the CEQA findings and the MMRP; and

17 WHEREAS, On April 23, 2024, pursuant to Resolution No. 196-24, which the Mayor
18 signed on May 3, 2024, the Board of Supervisors approved an amendment and restatement
19 of the DDA, including an amendment and restatement of the Financing Plan, and encouraged
20 City staff to (i) finalize the terms of a general fund-backed public financing that will generate a
21 maximum of \$115,000,000 of net proceeds ("Stage 2 Alternative Financing") for the Qualified
22 Project Costs (as defined in the DDA) related to development within the boundaries of Stage 2
23 of the Treasure Island Project, or as required to serve development within the boundaries of
24 Stage 2, that are eligible to be financed by CFD Bonds and IFD Debt (as defined in the DDA)
25 the interest on which is excluded from gross income for federal income tax purposes ("Stage 2

1 Qualified Project Costs”) and (ii) bring the final terms to the Board of Supervisors for
2 authorization within the time frame City staff reasonably believe is beneficial for the Treasure
3 Island Project; and

4 WHEREAS, On April 30, 2024, pursuant to Ordinance No. 93-24, which the Mayor
5 signed on May 10, 2024, the Board of Supervisors approved an amendment to the
6 Development Agreement, to amend and restate the Financing Plan in a manner consistent
7 with the amendment and restatement of the Financing Plan as attached to the DDA; and

8 WHEREAS, The amended and restated Financing Plan provides for a Stage 2
9 Contribution, which is defined as follows (capitalized terms used below have the meanings
10 given to them in the amended and restated Financing Plan):

11 “Stage 2 Contribution” means, beginning in the first Fiscal Year in which
12 the initial tranche of Certificates of Participation is executed and delivered
13 and continuing through the Fiscal Year in which the Stage 2 Contribution
14 Termination Date occurs, an annual amount equal to \$550,000 that is
15 payable from a combination of Remainder Taxes and Net Available
16 Increment as set forth in this Financing Plan. The City will use the Stage 2
17 Contribution, in its discretion, either (i) to pay lease payments related to
18 the Certificates of Participation, or (ii) with respect to any portion of the
19 Stage 2 Contribution funded from Net Available Increment, to pay debt
20 service on IFD Debt or (iii) with respect to any portion of the Stage 2
21 Contribution funded from Remainder Special Taxes, to pay debt service
22 on CFD Bonds; and

23 WHEREAS, The Board of Supervisors wishes to authorize the Stage 2 Contribution as
24 a debt of the City and County of San Francisco Community Facilities District No. 2016-1
25 (Treasure Island) (“CFD”) with respect to the improvement areas of the CFD, with an

1 aggregate principal amount of \$25,000,000 to be allocated among such improvement areas
2 as determined by the Director of the Office of Public Finance in consultation with the City
3 Attorney; and

4 WHEREAS, On the same date as the Board of Supervisors considers this Resolution,
5 an ordinance was introduced at the Board of Supervisors, authorizing certificates of
6 participation in the maximum principal amount of \$65,000,000 ("Certificates"), which
7 Certificates constitute the first tranche of the Stage 2 Alternative Financing and, in accordance
8 with California Government Code, Section 5852.1, the Board of Supervisors has obtained and
9 good faith estimates have been prepared by the City's independent municipal advisor of (i) the
10 true interest cost of the Certificates, (ii) the finance charge of the Certificates, (iii) the amount
11 of proceeds received by the public body for sale of the Certificates less the finance charge
12 and any reserves or capitalized interest paid or funded with proceeds of the Certificates, and
13 (iv) the sum total of all payments the City will make to pay the lease payment evidenced by
14 the Certificates plus the finance charge of the Certificates not paid with the proceeds of the
15 Certificates; and

16 WHEREAS, The Stage 2 Contribution is a fixed annual amount that the Board of
17 Supervisors expects to use to pay the lease payments represented by the Certificates, and,
18 as such, the disclosure of such good faith estimates constitutes compliance with California
19 Government Code, Section 5852.1 with respect to the Stage 2 Contribution; and

20 WHEREAS, The Board of Supervisors has previously conducted proceedings under
21 and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5
22 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California
23 Government Code ("Act"), to form (i) the CFD, (ii) an initial improvement area, designated
24 "Improvement Area No. 1 of the City and County of San Francisco Community Facilities
25 District No. 2016-1 (Treasure Island)" ("Improvement Area No. 1") and (iii) "City and County of

1 San Francisco Community Facilities District No. 2016-1 (Treasure Island) (Future Annexation
2 Area)” (“Future Annexation Area”); and

3 WHEREAS, Pursuant to Resolution No. 8-17, which was adopted by the Board of
4 Supervisors on January 24, 2017, and signed by the Mayor on February 3, 2017 (“Resolution
5 of Formation”), the Board of Supervisors provided for, among other things, (i) the financing of
6 certain public facilities (“Facilities”) and the costs of Ongoing Park Maintenance (as defined in
7 the amended and restated Financing Plan) and (ii) the annexation of parcels in the Future
8 Annexation Area to the CFD pursuant to a unanimous approval (“Unanimous Approval”) of the
9 owner or owners of such parcels in accordance with certain “Annexation Approval
10 Procedures” specified in the Resolution of Formation; and

11 WHEREAS, In the Resolution of Formation, the Board of Supervisors provided that
12 property within the Future Annexation Area may be annexed into the CFD as its own
13 improvement area (a “Future Improvement Area”) or to an existing improvement area; and

14 WHEREAS, On January 24, 2017, the Board of Supervisors also adopted its
15 Resolution No. 9-17, which was signed by the Mayor on February 3, 2017 (“Resolution of
16 Necessity”), determining the necessity to incur bonded indebtedness and other debt (as
17 defined in the Act) (i) in the maximum aggregate principal amount of \$250,000,000 upon the
18 security of the special tax to be levied within Improvement Area No. 1 pursuant to the Act and
19 (ii) in the aggregate principal amount of \$4,750,000,000 with respect to those portions of the
20 CFD that are not included in Improvement Area No. 1 (“Non-Improvement Area No. 1
21 Indebtedness Limit”); and

22 WHEREAS, In the Resolution of Necessity, the Board of Supervisors further provided
23 that in the event all or a portion of the Future Annexation Area is annexed as one or more
24 Future Improvement Areas, the maximum indebtedness of each such Future Improvement
25 Area shall be identified and approved in the Unanimous Approval of the property owners of

1 the property to be annexed at the time of the annexation, and the amount of the maximum
2 indebtedness for the Future Improvement Area shall be subtracted from the Non-Improvement
3 Area No. 1 Indebtedness Limit; and

4 WHEREAS, Section 53329.6 of the Act provides that a Unanimous Approval
5 constitutes the vote of the qualified elector in favor of the matters addressed in the Unanimous
6 Approval for purposes of the California Constitution, including, but not limited to, Articles XIII A
7 and XIII C; and

8 WHEREAS, Section 53350(b) of the Act provides that, (i) in connection with the
9 annexation by Unanimous Approval to a community facilities district of a parcel that was
10 included in territory proposed for annexation in the future to the community facilities district,
11 the local agency may designate a parcel or parcels as an improvement area within the
12 community facilities district, (ii) the designation of a parcel or parcels as an improvement area
13 shall be specified and approved by the Unanimous Approval of the owner or owners of each
14 parcel or parcels at the time that the parcel or parcels are annexed to the community facilities
15 district, (iii) no additional hearings or procedures are required and (iv) after the designation of
16 a parcel or parcels as an improvement area, all proceedings for approval of the appropriations
17 limit, the rate and method of apportionment and manner of collection of special taxes, and the
18 authorization to incur bonded indebtedness for the parcel or parcels shall apply only to the
19 improvement area; and

20 WHEREAS, Pursuant to Resolution No. 410-20, which was adopted by the Board of
21 Supervisors on September 22, 2020, and signed by the Mayor on September 25, 2020, the
22 Board of Supervisors (i) confirmed that a Unanimous Approval was received which identifies,
23 specifies, and approves the annexation of property from the Future Annexation Area to an
24 improvement area known as "Improvement Area No. 2 of the City and County of San
25 Francisco Community Facilities District No. 2016-1 (Treasure Island)" ("Improvement Area

1 No. 2”), (ii) confirmed that the maximum aggregate principal amount of bonds and other debt
2 for Improvement Area No. 2 shall be \$278,200,000 and (iii) confirmed the rate and method of
3 apportionment of special tax for Improvement Area No. 2 as shown in Exhibit A to such
4 Resolution; and

5 WHEREAS, The Board of Supervisors has received a Unanimous Approval, dated
6 December 7, 2020, executed by Treasure Island Series 1, LLC, a Delaware limited liability
7 company, the owner of certain property in the Future Annexation Area, namely Assessor’s
8 Parcel Number(s) 8906-007, 8903-003, and 8902-004 (“Annexation Property”), and the
9 Unanimous Approval identifies, specifies, and approves the annexation of the Annexation
10 Property to the CFD as a separate improvement area to be known as “Improvement Area No.
11 3 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure
12 Island)” (“Improvement Area No. 3”), and other related matters; and

13 WHEREAS, The Board of Supervisors has received a letter from the Director of the
14 Office of Public Finance, dated January 4, 2021, accepting the annexation described in the
15 Unanimous Approval and determining that the Annexation Approval Procedures set forth in
16 the Resolution of Formation have been met; and

17 WHEREAS, Section 53339.8 of the Act provides that upon a determination by the
18 legislative body that the area proposed to be annexed is added to the existing community
19 facilities district, the clerk of the legislative body shall record notice of the annexation pursuant
20 to Section 3114.5 of the California Streets and Highways Code; and

21 WHEREAS, In the Resolution of Formation, the Board of Supervisors determined that
22 any property for which the owner or owners execute a Unanimous Approval in accordance
23 with the Annexation Approval Procedures specified above shall be added to the CFD as a
24 new improvement area and the Clerk of the Board of Supervisors shall record a notice of
25

1 special tax lien for the CFD pursuant to Section 3117.5 of the California Streets and Highways
2 Code; and

3 WHEREAS, The Clerk of the Board of Supervisors recorded a Notice of Special Tax
4 Lien for Improvement Area No. 3 on February 8, 2021, as Document #2021021229; and

5 WHEREAS, The Board of Supervisors wishes to confirm that the Annexation Property
6 is added to the CFD as Improvement Area No. 3 and to confirm, order, and direct other
7 related matters; and

8 WHEREAS, The City, for itself and for and on behalf of the CFD, the Authority, the City
9 and County of San Francisco Infrastructure and Revitalization Financing District No. 1
10 (Treasure Island) and Zions Bancorporation, National Association have entered into a Special
11 Fund Administration Agreement, dated as of September 1, 2022 (“Special Fund
12 Administration Agreement”), and the Board of Supervisors, as legislative body with respect to
13 the CFD, wishes to authorize an amendment to the Special Fund Administration Agreement to
14 the extent necessary to provide for the Stage 2 Alternative Financing and the payment of the
15 Stage 2 Contribution; and

16 WHEREAS, All conditions, things, and acts required to exist, to have happened, and to
17 have been performed precedent to the authorization of the Stage 2 Contribution and the levy
18 of the special taxes as contemplated by this Resolution exist, have happened, and have been
19 performed in due time, form, and manner as required by the laws of the State of California,
20 including the Act; now, therefore, be it

21 RESOLVED, That the foregoing recitals are all true and correct; and, be it

22 FURTHER RESOLVED, That pursuant to the Act and this Resolution, the Board of
23 Supervisors hereby authorizes the Stage 2 Contribution as a debt of the CFD with respect to
24 Improvement Area No. 1, Improvement Area No. 2, Improvement Area No. 3, and each Future
25 Improvement Area, with a principal amount of \$25,000,000 to be allocated among such

1 improvement areas as determined by the Director of the Office of Public Finance in
2 consultation with the City Attorney; and, be it

3 FURTHER RESOLVED, That although the special taxes levied in each such
4 improvement area shall be available to fund the Stage 2 Contribution, such special taxes are
5 not pledged as security for the Stage 2 Contribution and such special taxes shall be available
6 to fund the Stage 2 Contribution in the priority order specified in the amended and restated
7 Financing Plan; and, be it

8 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
9 the City with respect to the establishment of the CFD, Improvement Area No. 1, Improvement
10 Area No. 2, Improvement Area No. 3, and the Future Annexation Area, the performance by
11 the City and the Authority of the amended and restated Financing Plan, and authorization of
12 the Stage 2 Contribution are hereby approved, confirmed, and ratified, and the Mayor, the
13 Controller, and the Director of the Office of Public Finance, or such other official of the City as
14 may be designated by such officials (each, an "Authorized Officer"), are hereby authorized
15 and directed to do any and all things and take any and all actions and execute any and all
16 certificates, agreements, and other documents, which they, or any of them, may deem
17 necessary or advisable in order to consummate the payment of the Stage 2 Contribution in
18 accordance with this Resolution. All actions to be taken by an Authorized Officer may be
19 taken by such Authorized Officer or any designee, with the same force and effect as if taken
20 by the Authorized Officer. Any such actions are solely intended to further the purposes of this
21 Resolution, and are subject in all respects to the terms of this Resolution. No such actions
22 shall increase the risk to the City or the CFD, or require the City or the CFD to spend any
23 resources not otherwise granted herein. Final versions of any such documents shall be
24 provided to the Clerk of the Board of Supervisors for inclusion in the official file within 30 days
25 (or as soon thereafter as final documents are available) of execution by all parties; and, be it

1 FURTHER RESOLVED, That the City, for and on behalf of itself and the CFD, is
2 hereby authorized and directed to execute and deliver any amendment to the Special Fund
3 Administration Agreement that an Authorized Officer determines is necessary to provide for
4 the Stage 2 Alternative Financing and the payment of the Stage 2 Contribution; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors has received the Unanimous
6 Approval specifying and approving the annexation of the Annexation Property as a separate
7 improvement area and approving other related matters; and, be it

8 FURTHER RESOLVED, That in furtherance of the Resolution of Formation, and in
9 conformance with the Act, the Board of Supervisors hereby confirms that the Annexation
10 Property has been added to the CFD as a Future Improvement Area and is designated
11 "Improvement Area No. 3 of the City and County of San Francisco Community Facilities
12 District No. 2016-1 (Treasure Island)"; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby acknowledges that the
14 Clerk of the Board of Supervisors recorded a Notice of Special Tax Lien for Improvement Area
15 No. 3 on February 8, 2021, as Document #2021021229, and hereby ratifies and confirms its
16 direction to the Clerk of the Board of Supervisors set forth in the Resolution of Formation to
17 record notice of the annexation pursuant to Section 3117 of the California Streets and
18 Highways Code; and, be it

19 FURTHER RESOLVED, That the owner of the Annexation Property has caused to be
20 prepared a map showing the boundaries of the CFD, Improvement Area No. 1, Improvement
21 Area No. 2, Improvement Area No. 3, and the Future Annexation Area, and the Board of
22 Supervisors directs the Clerk of the Board of Supervisors to record a consolidated map of the
23 boundaries of the CFD, and to record additional such maps from time to time as Unanimous
24 Approvals are received from property owners in the Future Annexation Area; and, be it

25

1 FURTHER RESOLVED, That the Board of Supervisors hereby confirms that the
2 maximum aggregate principal amount of bonds and other debt for Improvement Area No. 3,
3 as specified and approved by a vote of the qualified elector(s) in Improvement Area No. 3
4 pursuant to the Unanimous Approval, shall be \$731,400,000 and that, as a result of
5 subtracting such amount from the Non-Improvement Area No. 1 Indebtedness Limit, the
6 remaining Non-Improvement Area No. 1 Indebtedness Limit shall be \$3,740,400,000; and, be
7 it

8 FURTHER RESOLVED, That the Board of Supervisors hereby confirms that the rate
9 and method of apportionment of the Special Tax among the parcels of real property within
10 Improvement Area No. 3, as specified and approved by a vote of the qualified elector(s) in
11 Improvement Area No. 3 pursuant to the Unanimous Approval, are shown in Exhibit A
12 attached hereto and hereby incorporated herein; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors hereby confirms that the annual
14 appropriations limit of Improvement Area No. 3, as defined by subdivision (h) of Section 8 of
15 Article XIII B of the California Constitution, as specified and approved by a vote of the
16 qualified elector(s) in Improvement Area No. 3 pursuant to the Unanimous Approval, is
17 \$212,700,000; and, be it

18 FURTHER RESOLVED, That the CEQA findings adopted by the Board of Supervisors
19 in Resolution No. 246-11 are incorporated in this Resolution as if set forth in their entirety
20 herein. No changes have occurred in the project studied in the FEIR, or in the circumstances
21 under which that project will be undertaken, and no new information that was not available at
22 the time the FEIR was certified has become available that would warrant preparation of a
23 subsequent or supplemental environmental impact report; and, be it

24 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
25 word of this Resolution, or any application thereof to any person or circumstance, is held to be

1 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
2 shall not affect the validity of the remaining portions or applications of this Resolution, this
3 Board hereby declaring that it would have passed this Resolution and each and every section,
4 subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional
5 without regard to whether any other portion of this Resolution or application thereof would be
6 subsequently declared invalid or unconstitutional; and, be it

7 FURTHER RESOLVED, That all actions authorized and directed by this Resolution,
8 consistent with any documents presented herein, and heretofore taken are hereby ratified,
9 approved, and confirmed by this Board; and, be it

10 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
11 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
12 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
13 Supervisors overrides the Mayor's veto of the resolution; and, be it.

14 FURTHER RESOLVED, That the provisions of any previous resolutions in any way
15 inconsistent with the provisions hereof in and for the authorization of the Stage 2 Contribution
16 as debt of the CFD with respect to the improvement areas as herein described are hereby
17 repealed.

18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney

20 By: /s/ MARK D. BLAKE
21 MARK D. BLAKE
22 Deputy City Attorney

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EXHIBIT A

IMPROVEMENT AREA NO. 3 RATE AND METHOD
(ATTACHED)

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