OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

Anna Van Degna
Director of Public Finance

MEMORANDUM

TO: Honorable Members, Board of Supervisors with respect to City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "Treasure Island IRFD" or the "IRFD")

FROM: Bridget Katz, Deputy Director, Controller's Office of Public Finance
Min Guo, Public Finance Specialist, Controller's Office of Public Finance
Jamie Querubin, Chief Operating Officer, Treasure Island Development Authority

DATE: **June 30, 2026**

SUBJECT:

- Resolution of Intention to Issue Bonds as a Result of an Annexation of Property to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD
- Resolution Approving Annexation Supplement to the Amended and Restated Infrastructure Plan - City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as the legislative body of the City and County of San Francisco
- Resolution Proposing Addition of Territory to and Adoption of Annexation Supplement to the Amended and Restated Infrastructure Financing Plan for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD
- Resolution Calling Special Election for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD
- Resolution Declaring Results of Special Election Related to City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD
- Resolution Modifying Resolution No. 7-17 to Authorize Issuance of Bonds Related to City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD

- Ordinance Adding Territory to and Adopting Annexation Supplement to the Amended and Restated Infrastructure Financing Plan for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), as legislative body of the IRFD

Recommended Actions

We respectfully request that the Board of Supervisors ("Board"), in the legislative capacity described above, consider for review and approval the aforementioned Resolutions and Ordinance which move forward the process required for (i) annexing property into the IRFD, (ii) approving an annexation supplement ("Annexation Supplement") to the Amended and Restated Infrastructure Financing Plan ("IFP") and (iii) providing for related matters.

This annexation process was initiated by:

(i) Board approval on June 9, 2026 of Resolution No. 352-26, which was signed by the Mayor on June 11, 2026 ("Resolution of Intention to Annex Territory"), pursuant to which the Board stated its intention to (A) annex certain property ("Annexation Territory") into the IRFD, and (B) for the purpose of financing the public facilities and affordable housing described as "IRFD Improvements" in the IFP, form Project Areas F, G, H and I ("Project Areas F, G, H and I"); and

(ii) Board approval on June 16, 2026 of the Resolution authorizing the preparation of the Annexation Supplement to the Infrastructure Financing Plan, which is pending the Mayor's signature (Board File No. 260550).

Project Background

Since 1997, the City and TIDA have worked together on the Treasure Island/Yerba Buena Island Development Project ("Project") to redevelop the former Treasure Island Naval Station ("NSTI") in connection with the conveyance of the Navy-owned lands to TIDA. In early 2003, TIDA and the Treasure Island Community Development, LLC ("TICD" or the "Developer") entered into an Exclusive Negotiating Agreement and began work on a Development Plan for the Project.

In 2011, TICD and TIDA entered into a Disposition and Development Agreement ("DDA"), and TICD and the City entered into a Development Agreement ("DA") to deliver the Project. The Financing Plan attached to the DDA and DA ("DDA Financing Plan") contemplates reimbursement to the Developer for costs incurred to construct public infrastructure through the issuance of special tax bonds issued for one or more community facilities districts ("CFDs") formed under the Mello-Roos Community Facilities Act of 1982 ("Mello-Roos Act") and tax increment revenue bonds issued by the IRFD. The DA, the DDA and the DDA Financing Plan were amended in 2024 to resolve disputes among TICD, TIDA and the City, and to accelerate the development of housing in the Project. The amendments included the City agreeing to advance up to $115 million in City-supported capital funds through the issuance of certificates of participation to fund Stage 2 infrastructure.

Under the Mello-Roos Act, the Board of Supervisors has the authority to levy special taxes on taxable property in a CFD. Under the IRFD Law, the City allocates a portion of the general 1.00% ad valorem incremental tax revenues to the IRFD; no new taxes are levied by the City in connection with the IRFD.

The current Development Plan anticipates a new San Francisco neighborhood consisting of up to 8,000 residential units, including homes at below-market rates and approximately 27% affordable housing in total. The Development Plan also includes new commercial and retail space, up to 500 hotel rooms, and 290 plus acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on Yerba Buena Island and Treasure Island as well as link the islands to mainland San Francisco. The Project's master plan also includes public facilities serving the Project, utility improvements, new and upgraded streets, public byways, bicycle, transit, pedestrian facilities, and a new ferry terminal.

The Treasure Island IRFD Background

On January 31, 2017, following a public hearing and landowner vote, the Board adopted Ordinance No. 21-17 forming the IRFD and adopting the Infrastructure Financing Plan ("Original Adopted IFP"). The IRFD consists of five Project Areas on Yerba Buena Island (Project Area A) and Treasure Island (Project Areas B, C, D & E), which represent the initial phases of development of the Project. The IRFD formation proceedings also established a process for the annexation of property to the IRFD.

On February 15, 2022, following a public hearing and landowner vote, the Board adopted Ordinance No. 029-22 adding territory to and adopting an Amended and Restated Infrastructure Financing Plan for the IRFD (as amended the "IFP" or "IRFD Financing Plan") to facilitate the administration and distribution of the tax increment in accordance with IRFD Law and the DDA Financing Plan over the life of the IRFD.

Under the terms set forth in the IRFD Financing Plan, the City has committed a portion of the 1.00% incremental property tax revenues derived in the project areas to the IRFD ("IRFD Portion") for the reimbursement of eligible project costs and the financing of affordable housing consistent with the terms and limitations of IRFD Law, as detailed in the IFP, shown below:

Table 1: Apportionment of 1.00% Ad Valorem property tax from the IRFD Financing Plan

IRFD Portion		
Net Available Increment	To IRFD for Facilities & Housing	56.588206%
Conditional City Increment	To IRFD available for debt service coverage	8.000000%
Total IRFD Portion of 1.00%		64.588206%
Other Taxing Entities Portion: State ERAF, Local Education Agencies & Special Districts		
Education Revenue Augmentation Fund ("ERAF")		25.330113%
San Francisco Unified School District		7.698857%
San Francisco Community College Fund		1.444422%
San Francisco County Office of Education		0.097335%
Bay Area Rapid Transit District		0.632528%
Bay Area Air Quality Management District		0.208539%
Total Other Taxing Entity's Portion of 1.00%		35.411794%
Total 1.00% Ad Valorem Property		**100.000000%**

Pursuant to the IRFD Financing Plan, the City has committed its 56.588206% portion of the 64.588206% IRFD Portion of the 1.00% Tax Increment to the public financing for the Project ("Net Available Increment"), with 82.5% of those committed revenues being available to finance infrastructure constructed by the Developer ("Facilities" and "Net Available Facilities Increment") and 17.5% of the revenues reserved for the use of TIDA and the City, through MOHCD, to finance affordable housing ("Housing" and "Net Available Housing Increment").

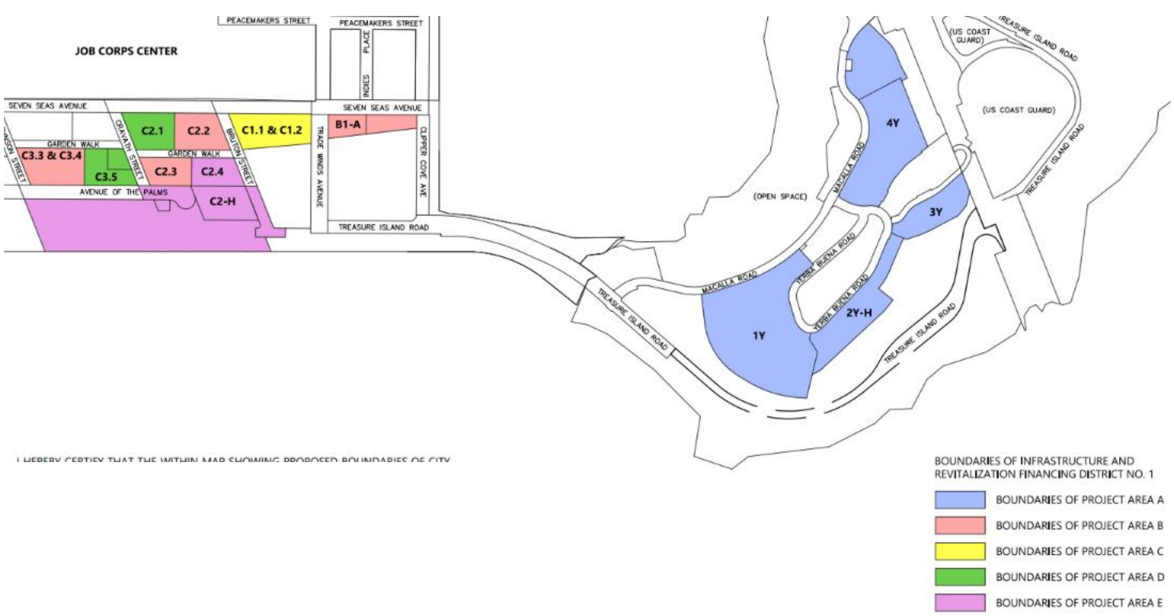
The remaining balance of 8.00% of the 64.588206% IRFD Portion of the 1.00% Tax Increment ("Conditional City Increment") is not dedicated directly to the funding of the Project, but it is pledged, if needed, to pay debt service on currently outstanding bonds of the IRFD and any future debt of the IRFD ("Parity Debt"). On an annual basis, Conditional City Increment will be returned to the City's General Fund if not needed for debt service on any outstanding bonds.

The Original Adopted IFP established the initial Project Areas (A, B, C, D and E) including (i) legal boundaries (amended by the IFP); (ii) the fiscal year to be used as the base year for calculating incremental assessed value and tax increment available to the Project; (iii) the trigger amount of tax increment to be collected by the City to commence the distribution of the tax increment to the IRFD from a given Project Area in the following fiscal year ("Commencement Year"), and to determine the final year of tax increment allocation to the IRFD from such Project Area, which is 40 years following the Commencement Year.

Project Area A encompasses development parcels located on Yerba Buena Island. Project Areas B, C, D, and E encompass a portion of the development parcels located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island. (See Table 2. Existing Project Areas A, B, C, D and E)

To date, the City has issued $65.8 million in Treasure Island IRFD tax increment bonds (repaid by IRFD taxes) that have reimbursed the developer for the construction of public infrastructure and directly funded the construction of affordable housing on Treasure Island.

Table 2. Existing Project Areas A, B, C, D and E



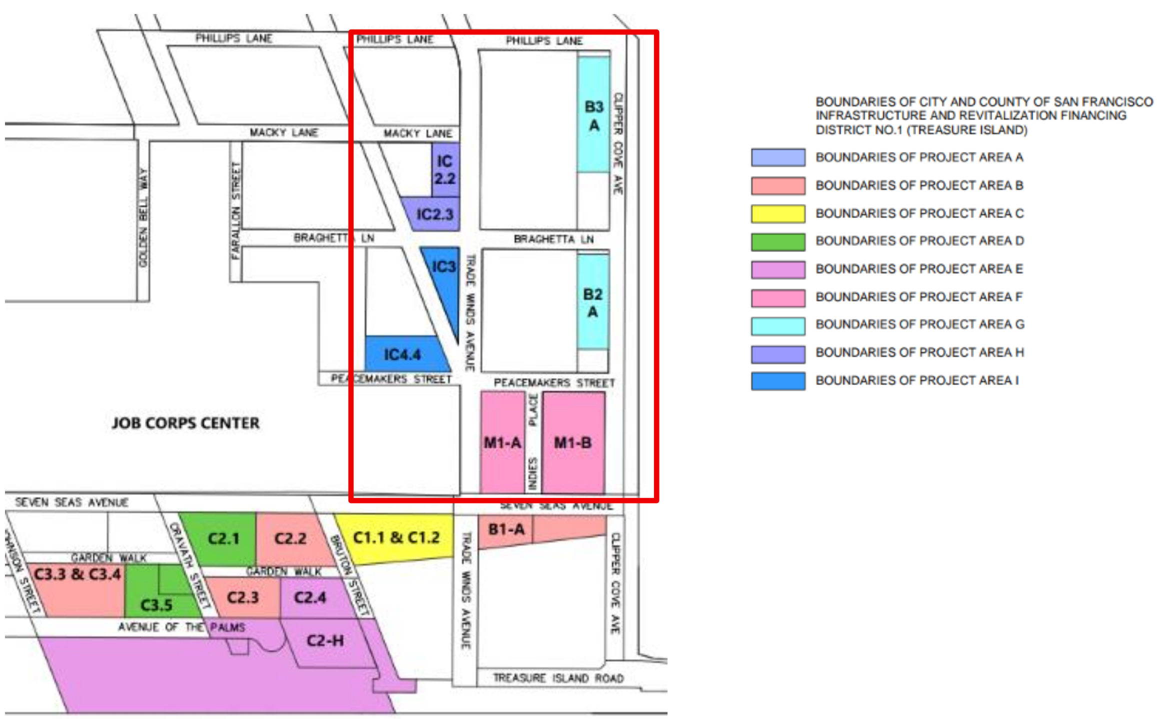
Proposed Annexation and Annexation Supplement

As part of the DDA Financing Plan, TICD (or its affiliates) may request the annexation of territory to the IRFD when property transfers from the Navy to TIDA, and from TIDA to TICD (or its affiliates).

The Controller's Office, in coordination with TIDA and with assistance from the Assessor's Office, has been administering the IRFD since its formation in 2017. TIDA, at the request of TICD, has determined that the progress on certain development parcels located in Stage 2 that are likely to be developed at approximately the same time, specifically development parcels IC 2.2, IC 2.3, IC 3, IC 4.4, B2-A, B3-A, M1-A, and M1-B ("Annexation Territory"), necessitates the annexation of the Annexation Territory to the IRFD as Project Areas F, G, H and I. The boundaries for Project Areas F, G, H, and I were proposed by TICD to align with the projected timing of development of each Project Area and to maximize the allocation of Net Available Increment during the 40-year term of each Project Area. The qualified landowner electors in the IRFD (both of whom have executed a petition asking the Board of Supervisors to undertake the annexation proceedings), will vote on four matters at a special mail ballot election held in the Annexation Territory: (i) the annexation of the Annexation Territory to the IRFD as Project Areas F, G, H and I, (ii) the adoption of the Annexation Supplement, (iii) the establishment of a $192 million annual appropriations limit for the IRFD (as adjusted in accordance with applicable law), and (iv) the issuance of bonds and other debt for the IRFD in the maximum aggregate principal amount of (A) $780 million (based on the expected Net Available Increment to be generated in Project Areas A-E), plus (B) $520 million (based on the expected Net Available Increment to be generated in Project Areas F-I) as a result of the annexation of the Annexation Territory to the IRFD, plus (C) the principal amount approved in the future by the Board of Supervisors and the qualified electors of annexation territory in connection with each annexation of annexation territory to the IRFD.

The proposed Project Areas F, G, H and I are shown in the following Table 3.

Table 3. Proposed Additional Project Areas F, G, H, and I



Proposed Legislative Action

The remaining steps under the IRFD law to complete the annexation of the Annexation Territory, adopt the Annexation Supplement and approve the related matters described above are listed below:

Legislative Action	Legislation	Date
Introduction	• ROI to Issue Bonds • Resolution Approving IFP Annexation Supplement • Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds • Resolution Declaring Election Results re Annexation and Bonds • Ordinance Adopting IFP Annexation Supplement and Confirming Annexation • Resolution Approving Increased Principal Amount of Bonds	Tuesday, June 30, 2026
Director of Elections	• Letter as to registered voters in IRFD	Monday, July 6, 2026
OPF/Elections	• IFP Annexation Supplement + CEQA Report mailed to landowners, affected taxing entity, Planning Commission, Board of Supervisors & made available for public inspection	Wednesday, July 8, 2026
Committee (GAO)	• ROI to Issue Bonds as a Result of Annexation • Resolution Approving IFP Supplement	Thursday, July 16, 2026
BOS Approval	• ROI to Issue Bonds as a Result of Annexation • Resolution Approving IFP Annexation Supplement	Tuesday, July 28, 2026
BOS Clerk	• Submit 9/15 Public Hearing Notice	Wednesday, August 12, 2026
BOS Clerk	• Publish 9/15 Public Hearing Notice - weekly for 4 successive weeks	8/17, 8/24, 8/31, 9/7
BOS Public Hearing	**Public Hearing on IFP & Committee of the Whole to hear:** • Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds • Resolution Confirming Election Results re Annexation and Bonds • Ordinance Adopting IFP Annexation Supplement and Confirming Annexation • Resolution Approving Increased Principal Amount of Bonds	Tuesday, September 15, 2026
BOS Approval	• Resolution Proposing Annexation • Resolution Calling Election re Annexation and Bonds	Tuesday, September 15, 2026

Legislative Action	Legislation	Date
Elections	• Mail Ballot Election re Annexation and Bonds	Monday, September 28, 2026
BOS Approval	• Resolution Declaring Election Results • Resolution Approving Increased Principal Amount of Bonds	Tuesday, September 29, 2026
BOS 1st Hearing	• Ordinance Adopting IFP Annexation Supplement and Confirming Annexation	Tuesday, September 29, 2026
BOS 2nd Hearing	• Ordinance Adopting IFP Annexation Supplement and Confirming Annexation	Tuesday, October 6, 2026
Mayor Signs	• Ordinance Adopting IFP Annexation Supplement and Confirming Annexation	Friday, October 16, 2026

**Please note that dates are estimated unless otherwise noted.*

Your consideration of this matter is greatly appreciated. Please contact Bridget Katz (bridget.katz@sfgov.org), Jamie Querubin (jamie.querubin@sfgov.org), or Min Guo (min.guo@sfgov.org) if you have any questions.

cc: Angela Calvillo, Clerk of the Board of Supervisors
Adam Thongsavat, Mayor's Office
Sophia Kittler, Mayor's Budget Director
Greg Wagner, Controller
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Sheela Jivan, TIDA Executive Director
Nicolas Menard, Budget & Legislative Analyst
Heidi Gewertz, Deputy City Attorney