

File No. 241086

Committee Item No. 3

Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date December 4, 2024

Board of Supervisors Meeting

Date December 10, 2024

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OPF/TIDA Presentation 12/4/2024</u> |
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Completed by: Brent Jalipa

Date November 26, 2024

Completed by: Brent Jalipa

Date December 5, 2024

1 [Appropriation - Treasure Island Development Authority - \$65,550,000 - FY2024-2025]

2

3 **Ordinance appropriating \$65,550,000 to the Treasure Island Development**
 4 **Authority, including \$65,000,000 of Certificates of Participation proceeds for**
 5 **Stage 2 Infrastructure Projects, \$383,948 of City and County of San Francisco**
 6 **Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax**
 7 **Increment, and \$166,052 of City and County of San Francisco Community**
 8 **Facilities District No. 2016-1 (Treasure Island) Special Taxes, and placing these**
 9 **amounts on Controller’s Reserve in Fiscal Year (FY) 2024-2025.**

10

11 Note: Additions are single-underline italics Times New Roman;
 12 deletions are ~~strikethrough italics Times New Roman~~.
 13 Board amendment additions are double underlined.
 14 Board amendment deletions are ~~strikethrough normal~~.

13

14 Be it ordained by the People of the City and County of San Francisco:

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15 Section 1. The sources of funding outlined below are herein appropriated to
 16 reflect the funding available in Fiscal Year 2024-2025.

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19 **SOURCES Appropriation**

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Fund /	Project & Activity /	Account	Description	Amount
Department ID	Authority			
15793 - CPXCF	10042039 - ADM TI COP	480141	Proceeds from	\$50,000,000
TREASURE ISLD	2025A PROJ FUND 0001 -		Certificates of	
COP S2025A/ 207655	ADM TI COP bond proceeds/		Participation	

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	- ADM Treasure Island	22911 - Treasure Isl COP			
4	Dev Auth	2025A			
5					
6	15793 - CPXCF	10042040 - ADM TI COP	480141	Proceeds from	\$15,000,000
7	TREASURE ISLD	2025A PROJ RESERVES 0001		Certificates of	
8	COP S2025A/ 207655	- ADM TI COP bond proceeds/		Participation	
9	- ADM Treasure Island	22911 - Treasure Isl COP			
10	Dev Auth	2025A			
11					
12	17432 - DSCOP	10026734 - GE General City	493068	OTI Fr 2S/TIF-	\$383,948
13	TREASURE ISLD	Services 0001 - GE General		Tax Incrm	
14	COP S2025A/ 230018	City Services/ 10000 -		Finc	
15	- GEN General City -	Operating			
16	Unallocated				
17					
18	17432 - DSCOP	10026734 - GE General City	479960	Contribution fr	\$166,052
19	TREASURE ISLD	Services 0001 - GE General		Property	
20	COP S2025A/ 230018	City Services/ 10000 -		Owner	
21	- GEN General City -	Operating			
22	Unallocated				
23					
24					
25	Total SOURCES Appropriation				\$65,550,000

Section 2. The uses of funding outlined below are herein appropriated to reflect
 1 the projected uses of funding and placing the entire appropriation on Controller's
 2 Reserve pending receipt of proceeds in FY 2024-2025.

3
 4 **USES Appropriation**

5	6	7	8	9	10
	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
9	15793 - CPXCF	10042039 - ADM TI COP	567000	Bldgs,Struct&I	\$50,000,000
10	TREASURE ISLD	2025A PROJ FUND 0001 -		mprv Proj-	
11	COP S2025A/ 207655	ADM TI COP bond proceeds/		Budget	
12	- ADM Treasure Island	22911 - Treasure Isl COP			
13	Dev Auth	2025A			
15	15793 - CPXCF	10042040 - ADM TI COP	570000	Debt Service-	\$5,705,756
16	TREASURE ISLD	2025A PROJ RESERVES 0001		Budget	
17	COP S2025A/ 207655	- ADM TI COP bond proceeds/			
18	- ADM Treasure Island	22911 - Treasure Isl COP			
19	Dev Auth	2025A			
20	17432 - DSCOP			Debt Service-	
21	TREASURE ISLD	10026734 - GE General City	570000	Budget	\$550,000
22	COP S2025A/ 230018	Services 0001 - GE General			
23	- GEN General City –	City Services/ 10000 –			
24	Unallocated	Operating			

	Fund /	Project & Activity /	Account	Description	Amount
	Department ID	Authority			
1					
2					
3	15793 - CPXCF	10042040 - ADM TI COP	581130	GF-Con-	\$100,000
4	TREASURE ISLD	2025A PROJ RESERVES 0001		Internal Audits	
5	COP S2025A/ 207655	- ADM TI COP bond proceeds/			
6	- ADM Treasure Island	22911 - Treasure Isl COP			
7	Dev Auth	2025A			
8					
9	15793 - CPXCF	10042040 - ADM TI COP	573610	COP Cost of	\$800,000
10	TREASURE ISLD	2025A PROJ RESERVES 0001		Issuance	
11	COP S2025A/ 207655	- ADM TI COP bond proceeds/			
12	- ADM Treasure Island	22911 - Treasure Isl COP			
13	Dev Auth	2025A			
14					
15	15793 - CPXCF	10042040 - ADM TI COP	573610	COP	\$439,600
16	TREASURE ISLD	2025A PROJ RESERVES 0001		Underwriter's	
17	COP S2025A/ 207655	- ADM TI COP bond proceeds/		Discount	
18	- ADM Treasure Island	22911 - Treasure Isl COP			
19	Dev Auth	2025A			
20	15793 - CPXCF			COP Debt	
21	TREASURE ISLD	10042040 - ADM TI COP	573610	Service	\$5,754,249
22	COP S2025A/ 207655	2025A PROJ RESERVES 0001		Reserve Fund	
23	- ADM Treasure Island	- ADM TI COP bond proceeds/			
24	Dev Auth	22911 - Treasure Isl COP			
25		2025A			

Items 2-6 Files 24-1085, 24-1086, 24-1098, 24-1099, & 24-1138	Department: Treasure Island Development Authority (TIDA) Office of Public Finance (OPF), Office of Economic and Workforce Development (OEWD)
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinances and resolutions would: (1) authorize the execution and delivery of Certificates of Participation (COPs) in an aggregate principal amount not to exceed \$65,000,000 as the first tranche of Stage 2 Alternative Financing for the Treasure Island project (File 24-1085); (2) appropriate \$65,550,000 to the Treasure Island Development Authority (TIDA) and place the amount on Controller’s Reserve in FY 2024-25 (File 24-1086); (3) authorize the Stage 2 contribution as debt to the Treasure Island Community Facilities District (CFD) and confirm that the property is annexed into the CFD as Improvement Area No. 3 of the CFD (File 24-1098); (4) authorize the Stage 2 contribution as debt of the Treasure Island Infrastructure and Revitalization Financing District (IRFD) (File 24-1099); and (5) amend the City’s 10-year Capital Expenditure Plan for FY 2024-33 (File 24-1138).

Key Points

- In April 2024, the Board of Supervisors approved an Amended and Restated Disposition and Development Agreement (DDA) for the Treasure Island/Yerba Buena Island Development Project with a new financing plan that anticipated \$115 million in General Fund COPs to be issued in three tranches, subject to Board of Supervisors’ approval. The plan redirected \$550,000 per year in residual property tax increment and residual special taxes to the City to offset the lease payments from the General Fund over the term of the COPs. The proposed action would authorize the first tranche of COPs, as well as authorize the CFD and IRFD to contribute \$550,000 in annual residual property tax increment and special taxes to pay debt service on the COPs. The Capital Expenditure Plan would be amended to account for the proposed COPs.

Fiscal Impact

- The proposed legislation would authorize the issuance of Treasure Island COPs in a principal amount not to exceed \$65,000,000. The COP proceeds, as well as \$550,000 in Treasure Island IRFD tax increment and CFD special taxes, would be appropriated for TIDA and placed on Controller’s Reserve
- The City would pay COP debt service of approximately \$5.75 million per year for 20 years, of which approximately \$5.2 million would be paid for by the General Fund.

Recommendation

- Because the proposed action is consistent with previous Board action, we recommend approval of the proposed ordinances and resolution.

MANDATE STATEMENT

City Administrative Code Section 10.62(b) states that the Board of Supervisors may authorize the issuance of Certificates of Participation (COPs) and other lease financing debt to fund capital projects provided the annual debt service cost of such outstanding general fund appropriation debt does not exceed 3.25 percent of discretionary revenue as determined by the Controller and Director of Public Finance. Administrative Code Section 10.62(c) states that the Director of Public Finance may issue tax-exempt and taxable commercial paper notes to provide interim funds to finance the acquisition, construction and rehabilitation of capital improvements and capital equipment, subject to the project’s and financing plan’s approval by the Board of Supervisors and Mayor.

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) any modification of such contracts of more than \$500,000 is subject to Board of Supervisors approval.

Administrative Code Section 3.20 states that the Mayor and Board of Supervisors shall review, update, amend, and adopt by resolution the ten-year capital expenditure plan by May 1 every odd-numbered year and may update the plan as necessary.

BACKGROUND

The Treasure Island/Yerba Buena Island Development Project (Project) is part of the Treasure Island Development Authority’s (TIDA) ongoing project to transition Treasure Island and a portion of Yerba Buena Island from a former military base to a residential and commercial development. In 2011, the Board of Supervisors approved the Development Agreement between the City and Treasure Island Community Development, LLC (TICD)¹, the master developer for the Treasure Island development project, and the Disposition and Development Agreement (DDA) between TIDA and TICD (Files 11-0226 and 11-0291). The Project includes up to 8,000 residential units, including 2,173 affordable units (27.2 percent), as well as retail and commercial space, up to 500 hotel rooms, and 300 acres of public open space. To date, on Yerba Buena Island, 124 condominium units were completed in 2022, with an additional 31 flats and townhomes finished in 2024. On Treasure Island, over 240 affordable housing units have been completed and fully leased, with nearly 600 additional units, both affordable and market-rate, currently under construction and expected to be completed by late 2024 or mid-2025. Infrastructure improvements include new roadways and utilities accepted by the City in March 2024. Four public parks were completed in 2024, with three more anticipated by 2025.

¹ TICD is a limited liability company owned by Stockbridge Capital Group, Wilson Meany, Kenwood Investments, and Lennar Corporation.

The Project is phased over eight stages for a total estimated budget of approximately \$2.56 billion. Under the DDA’s Financing Plan, public infrastructure costs are paid for by the developer and then reimbursed over time by long-term public financing support by growth in property tax increment (through an Infrastructure and Revitalization Financing District) and special tax revenues (through a Community Facilities District).

In April 2024, the Board of Supervisors approved an amended and restated DDA and an amendment to the DA which extended the timeline for project completion by eight years from 2034 to 2042 and amended the financing plan (File 24-0202 and 24-0198). Due to the limited availability of tax increment financing and special tax bonds for the project, the new financing plan anticipated \$115 million in General Fund Certificates of Participation (COPs) to be issued in three tranches, subject to Board of Supervisors’ approval. The plan redirected \$550,000 per year in residual property tax increment and residual special taxes to the City to offset the lease payments from the General Fund over the term of the COPs. The plan also stated that the City’s General Fund would not be available to provide financing to the project beyond Stage 2 alternate financing.

To support the issuance of COPs for the Treasure Island project, TIDA, the Office of Public Finance (OPF), and Office of Economic and Workforce Development (OEWD) have prepared several pieces of legislation, as shown below.

DETAILS OF PROPOSED LEGISLATION

The proposed legislation is shown as follows:

1. Ordinance authorizing the execution and delivery of COPs in an aggregate principal amount not to exceed \$65,000,000 as the first tranche of Stage 2 Alternative Financing for the Treasure Island project and approving related documents and actions (File 24-1085). The proposed ordinance also approves associated transaction documents;
2. Ordinance appropriating \$65,550,000 to TIDA, including \$65,000,000 of COP proceeds, \$383,948 of Treasure Island Infrastructure and Revitalization Financing District (IRFD) tax increment, and \$166,052 of Treasure Island Community Facilities District (CFD) special taxes, and placing these amounts on Controller’s Reserve in FY 2024-25 (File 24-1086);
3. Resolution authorizing the Stage 2 contribution as debt to the Treasure Island CFD and confirming that the property is annexed into the CFD as Improvement Area No. 3 of the CFD (File 24-1098) and associated transaction documents;
4. Resolution authorizing the Stage 2 contribution as debt of the Treasure Island IRFD (File 24-1099) and associated transaction documents; and
5. Resolution amending the City’s 10-year Capital Expenditure Plan for FY 2024-33 (File 24-1138).

The COPs would be used to fund improvements in the Stage 2 area of the Treasure Island Project. This includes geotechnical studies, demolition of existing structures, deep utility work, and roadway infrastructure. The COP ordinance authorizes a lease for City property at 1995 Evans

Avenue to secure the COPs. This authorization is the first of three anticipated tranches of Treasure Island COPs, totaling \$115 million in proceeds.

Infrastructure and Revitalization Financing District and Community Facilities District

The legislation includes two resolutions that authorize the Stage 2 contribution as debt to the Treasure Island IRFD and CFD in maximum principal amounts not to exceed \$25 million each. This mechanism allows \$550,000 in annual residual property tax increment and special taxes to pay debt service on the COPs. These revenues would not be pledged as security for the COP debt service but may be used to pay for such debt service, up to \$550,000 per year.

Under the DDA's Financing Plan, 17.5 percent of IRFD revenues are set-aside for housing and 82.5 percent of IRFD revenues are set-aside for infrastructure. Under the proposed IRFD resolution (File 24-1099), only the facilities portion of the revenues would be allowed to pay for COP debt service.

Capital Plan Amendment

The proposed Capital Plan Amendment memorializes changes to the City's use of COP debt to finance capital projects through FY 2031-32, as required by the Administrative Code and by the 2024 ordinance authorizing changes to the Treasure Island DDA. The 10-year Capital Expenditure Plan for FY 2024-33 includes \$70 million in COPs to finance the acquisition and improvement of a replacement building for the Human Service Agency's headquarters at 170 Otis Street. Since the City plans to move a portion of staff and programs from 170 Otis Street to a leased facility at 1455 Market Street, the City will pursue a smaller replacement project and the Capital Planning Committee is proposing to reduce the 170 Otis Street COPs from \$70 million to \$55 million and delaying the issuance from FY 2023-24 to FY 2025-26. The Capital Planning Committee has also proposed increasing the FY 2024-25 Critical Repairs COPs from \$30 million to \$45 million to enhance the street paving program (the issuance of which was already approved by the Board of Supervisors, File 24-0784). Finally, the proposed Capital Plan amendment delays full funding of the Hall of Justice Replacement Project from FY 2029-30 to FY 2031-32 (which was not stated in the resolution). The changes are shown in Exhibit 1 below:

Exhibit 1: Proposed Capital Plan Amendment, COP Schedule (\$ in Millions)

<u>Current</u>			<u>Proposed</u>		
<u>Issuance</u>	<u>Project</u>	<u>Amount</u>	<u>Issuance</u>	<u>Project</u>	<u>Amount</u>
FY 2024	HSA HQ Relocation	\$70	FY 2024	Critical Repairs	\$30
FY 2024	Critical Repairs	30	FY 2024	Street Resurfacing	30
FY 2024	Street Resurfacing	30	FY 2025	Critical Repairs & Street Resurfacing	45
FY 2025	Critical Repairs	30	FY 2025	Treasure Island	50
FY 2027	HOJ Replacement	167	FY 2026	HSA HQ Relocation	55
FY 2030	HOJ Replacement	200	FY 2026	Treasure Island	50
Total		\$527	FY 2027	Treasure Island	15
<u>By Fiscal Year</u>			FY 2027	HOJ Replacement	157
FY 2024		130	FY 2030	HOJ Replacement	180
FY 2025		30	FY 2032	HOJ Replacement	30
FY 2027		167	Total		\$642
FY 2030		200	<u>By Fiscal Year</u>		
Total		\$527	FY 2024		\$60
			FY 2025		95
			FY 2026		105
			FY 2027		172
			FY 2030		180
			FY 2032		30
			Total		\$642

Source: Proposed resolution

It is anticipated that the Treasure Island COPs will be issued in three tranches as follows: \$50 million in FY 2024-25, \$50 million in FY 2025-26, and \$15 million in FY 2026-27.

FISCAL IMPACT

The proposed legislation would authorize the issuance of Treasure Island COPs in a principal amount not to exceed \$65,000,000. The COP proceeds, as well as \$550,000 in Treasure Island IRFD tax increment and CFD special taxes, would be appropriated for TIDA and placed on Controller’s Reserve. The sources and uses of the appropriation are shown in Exhibit 2 below.

Exhibit 2: Estimated Sources and Uses of COPs

Sources	Amount
COP Proceeds	\$65,000,000
Infrastructure Financing District Revenues	383,948
Special Tax Proceeds	166,052
Total Sources	\$65,550,000
Uses	Amount
Project Fund	\$50,000,000
Capitalized Interest	5,705,756
Debt Service Reserve Fund	5,754,249
Cost of Issuance	800,000
Debt Service, IRFD & CFD	550,000
Underwriter’s Discount	439,600
CSA Audit Fee (0.2%)	100,000
Reserve for Market Uncertainty	2,200,395
Total Uses	\$65,550,000

Source: Appropriation Ordinance

The estimates above are based on good faith estimates provided to OPF by KNN Public Finance. Based on an estimated 6.34 percent true interest cost and an anticipated par amount of \$62.8 million, the total debt service paid over the estimated 20-year term of the COPs is approximately \$113.1 million. Based on market conditions, OPF reports that the COPs may be structured with up to a 30-year term. Debt service would be paid by annual \$550,000 residual tax increment and special tax revenue from Treasure Island, with the remainder paid by the City’s General Fund.

The 2024 ordinance authorizing the Amended and Restated DDA required the Treasure Island COP debt service not be paid from the General Fund until FY 2026-27. According to debt service projections provided by the Office of Public Finance, the proposed COPs would be issued in FY 2024-25 but the first debt service payment would occur in FY 2026-27. The proceeds would accrue capitalized interest totaling approximately \$5.7 million during FY 2024-25 and FY 2025-26, would then be paid down as part of the City’s debt service payments, totaling an estimated \$5.75 million per year, of which approximately \$5.2 million would be paid for by the General Fund.

The proposed COPs would reimburse the Treasure Island developer on a monthly basis for eligible costs. This provides additional public financing for Stage 2 of the project, which otherwise would have to wait until the IRFD and CFD generate sufficient revenue. The COPs will reduce the reimbursement from these sources over the long-term.

City Debt Policy

Administrative Code Section 10.62 limits debt service of COPs and other lease financing to 3.25 percent of discretionary General Fund revenues. According to projections from the Controller’s Office, the proposed COP authorization (including future tranches) would increase the debt service paid in FY 2028-29 to approximately 3.24 percent of General Fund revenues, just below

the 3.25 percent limit. According to Anna Van Degna, OPF Director, debt service may be less than this projected amount due to actual issuance of COPs being less than the maximum authorized amount and changes in interest rates. Furthermore, actual revenues in FY 2028-29 may exceed the current projections, which would reduce the percentage of revenues used on COP debt service (unless additional COPs are authorized).

Treasure Island Project Fiscal Impact

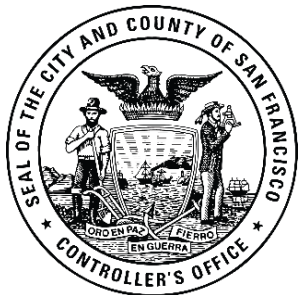
The Treasure Island Project is anticipated to eventually provide positive net revenue to TIDA and the City's General Fund. According to a November 2024 analysis by Keyser Marston Associates, the Treasure Island project will generate \$5.35 million in net new General Fund revenues (in 2016 dollars) at build-out. This figure accounts for new revenues generated from more residents and businesses on Treasure Island, property taxes diverted to the IRFD, new General Fund expenses to provide services for the new residents and businesses, and baseline transfers out of the General Fund. However, this estimate does not account for debt service paid on COPs, which may make the project negative net revenue until approximately 2053. Because the proposed action is consistent with previous Board of Supervisors action, the Budget and Legislative Analyst recommends approval.

RECOMMENDATION

Approve the proposed ordinances and resolutions.



Treasure Island: Development Program Update and Certificates of Participation



Controller's Office
of Public Finance



Treasure Island Development
Authority

December 4, 2024

Agenda

- 1** Development Program Update
- 2** Project Agreement Amendments
- 3** Capital Plan Amendments
- 4** Treasure Island Public Financing

Committee Actions

1

Ordinance Authorizing COPs (Treasure Island - Stage 2 Infrastructure Projects) - Not to Exceed \$65,000,000

2

Ordinance appropriating \$65,550,000 to TIDA including \$65,000,000 of COP proceeds for Stage 2 Infrastructure Projects

3

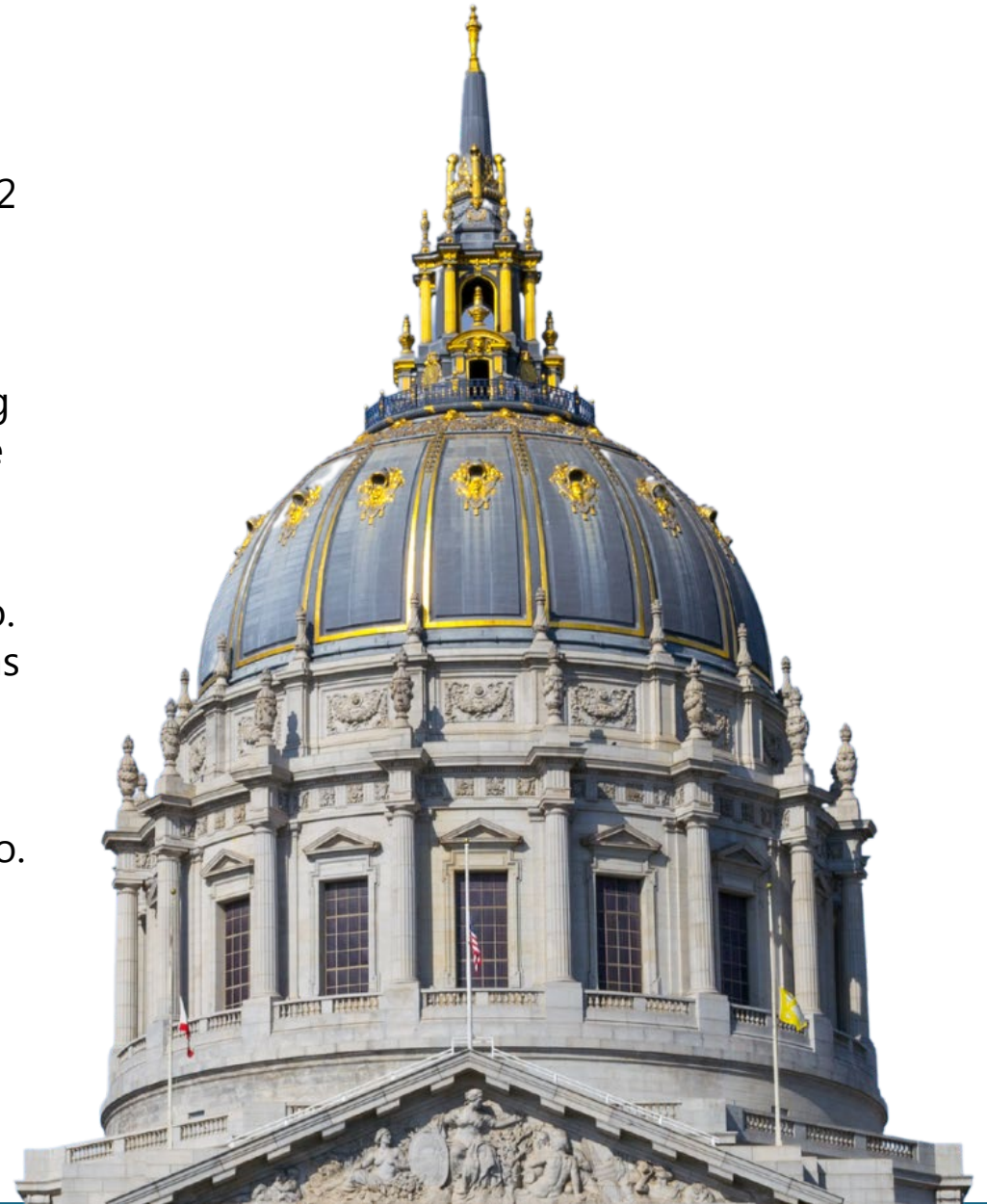
Resolution Authorizing Stage 2 Contribution - CFD No. 2016-1 (Treasure Island) and Annexation of Property as Improvement Area No. 3

4

Resolution Authorizing Stage 2 Contribution – IRFD No. (Treasure Island)

5

Resolution amending the City's 10-year capital expenditure plan for Fiscal Years (FYs) 2024-2033 - COP program



Development Program Update





Development Program Update:

Treasure Island/Yerba Buena Island

Total TICD Capital Program = \$2,471 M; Buildout expected to continue through 2042

Major Projects

- 8,000 unites on TI and YBI (27.2% affordable)
- Geotechnical improvements
- Sea level rise mitigation and adaptive strategies
- New utilities (electric, water, stormwater sewer)
- 300 acres of open space improvements (trails, parks, waterfront)
- New ferry facilities
- Building 1 & Hangar 2 renovation

Major Funding Sources

- Private capital
- Community Facilities District, Infrastructure & Revitalization Financing District proceeds
- State and Federal Funds

Development Program Update: Treasure Island/Yerba Buena Island



Development Program Update:

Housing Production

Yerba Buena Island:

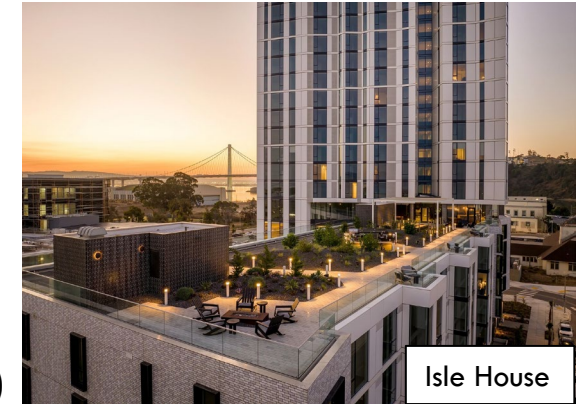
- 124-unit condominium development completed in 2022
- 31 flats and townhomes completed in 2024
- Over 100 additional residences planned



Source: Yerba Buena Island Developer

Treasure Island:

- Isle House Apartments (250 units) – TCO issued June 2024; Leasing underway
- 490 Ave. of the Palms (148 units) – TCO est. Q2 2025
- Hawkins Apartments (178 units) – TCO est. December 2024
- Sub-Blocks B1, C2.1, C2.3, C3.5 – 625 units with site permit issued or under review



Development Program Update: Affordable Housing Production

Complete:

Maceo May Apartments – 105 Units

- Fully leased August 2023

Star View Court – 138 Units

- Fully leased September 2024

In progress:

Behavioral Health Building – 240 Beds

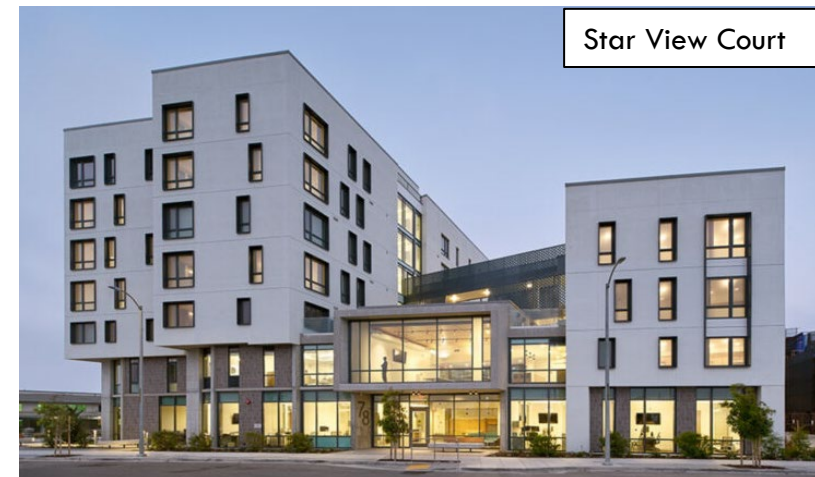
- Construction start expected Q1 2026

Senior Housing – 100 Units

- Construction start expected Q3 2026

Sub-Block IC4.3 – 150 Units

- Construction start expected Q4 2026



Development Program Update:

Parks



Project Agreement Amendments



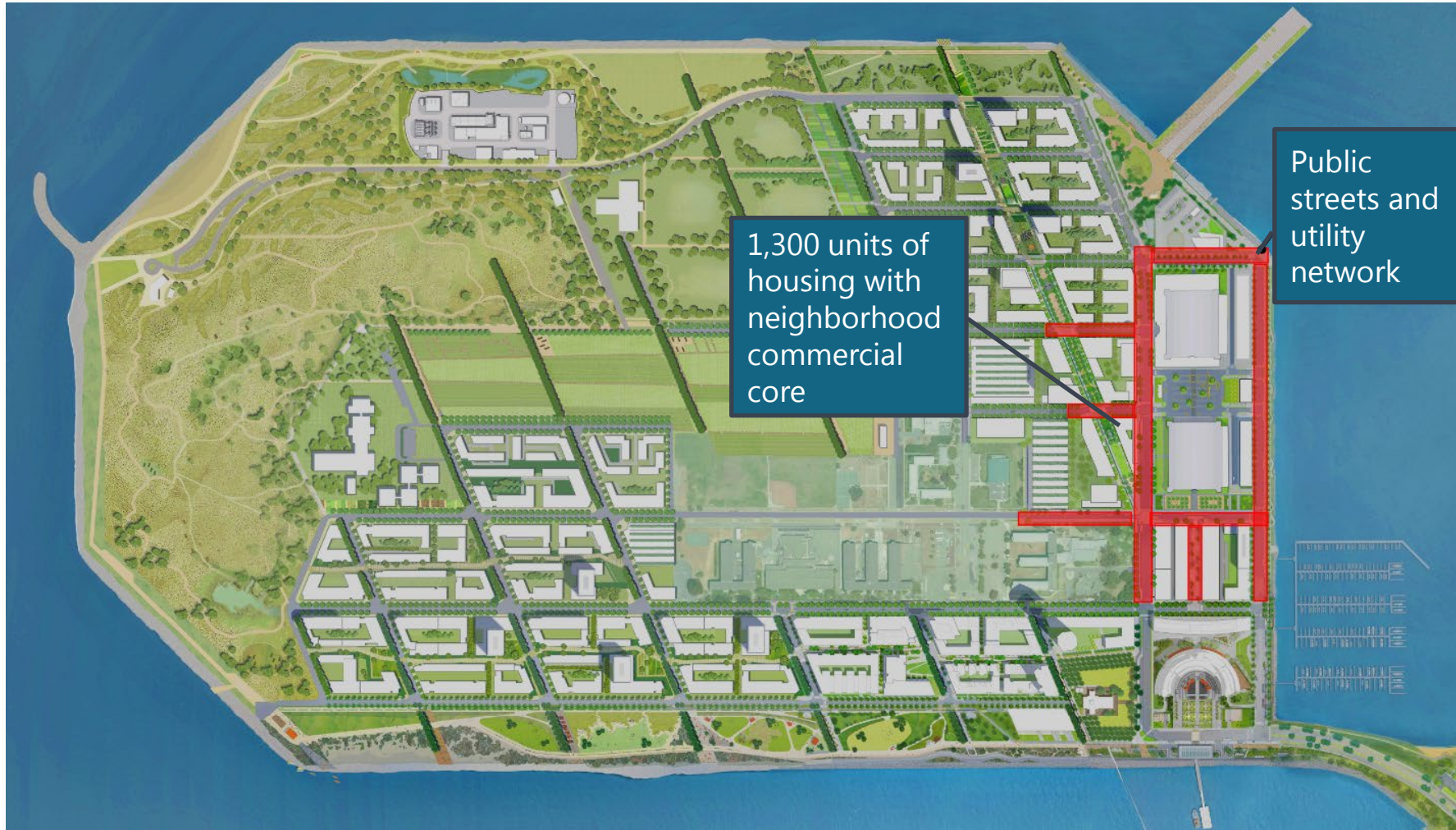


Project Agreement Amendments: DDA/DA Financing Plan

BOS Resolution No. 196-24 (May 2024)

- **Accelerate public financing:** \$115M net proceeds of Certificates of Participation (COPs) will expedite developer reimbursements
 - Issued in three separate issuances (FY 25-27) & appropriated separately by the Board of Supervisors
- **Construction Momentum:** Enables resources from Stage 1 to move into work on Stage 2 in 2025
- **Stage 2 Contribution:** Up to \$550,000/year from residual IRFD property tax increment/CFD special taxes to offset Stage 2 lease payments
- **Debt Authorization:** COPs issuance will be payable from Stage 2 Contribution

Project Agreement Amendments: Stage 2 Infrastructure Improvements



Capital Plan Amendments



Proposed Capital Plan Amendments:

FY24-33 COP Program Amendments			
Year	Issuance Program	Current Plan (\$M)	Proposed Plan (\$M)
FY25	Critical Repairs /Streets	30	45
FY25	Treasure Island Infrastructure	n/a	50
FY26*	HSA HQ (170 Otis) Relocation	70	55
FY26	Treasure Island Infrastructure	n/a	50
FY27	Treasure Island Infrastructure	n/a	15
FY27	Hall of Justice Replacement	167	157
FY30	Hall of Justice Replacement	200	180
FY32	Hall of Justice Replacement	n/a	30
		527*	582

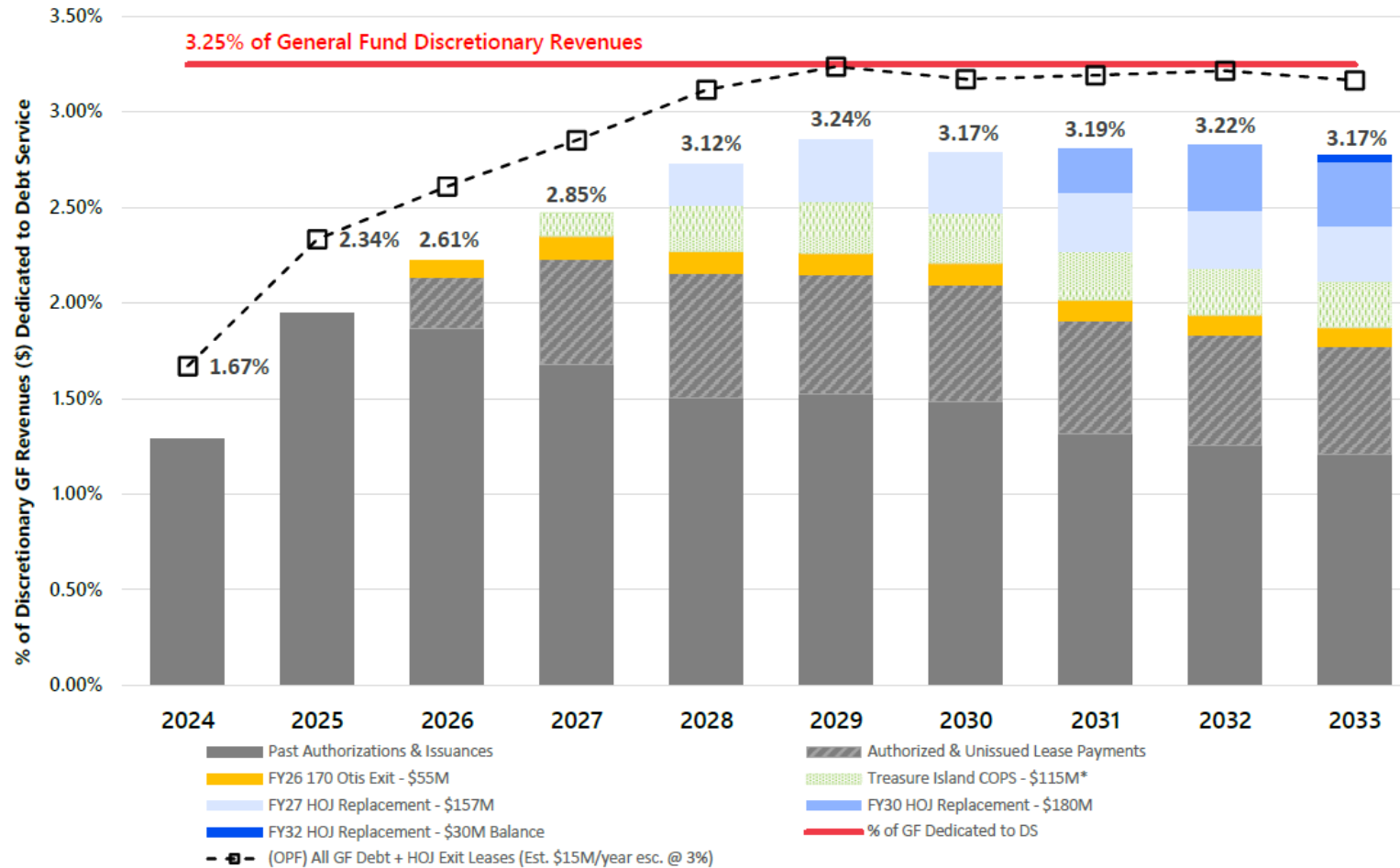
*The timing of HSA Headquarters (170 Otis) Relocation changed from FY24 in the current capital plan; excludes \$60M previously authorized FY24 Critical Repairs/Streets.

Proposed Capital Plan Amendments:

Capital Plan - General Fund Debt Program FY2024-2033

Discretionary Revenues as of November 2024

Includes Treasure Island COP, Adjusted 170 Otis and HOJ Replacement



* Treasure Island COPS to be sold in three tranches (FY25, FY26, FY27)

As of 11-13-2024

Treasure Island Public Financing



TI Public Financing Update:

Prior Financings

Community Facilities District (CFD) – special tax

- City has issued 4 series of bonds for the Treasure Island CFD in a total initial par amount of \$100,580,000
- CFD Bond proceeds are used to reimburse the master developer (TICD) for infrastructure and development costs

Infrastructure and Revitalization Financing District (IRFD) – tax increment

- City has issued 2 series of bonds for the Treasure Island IRFD in total initial par amount of \$38,600,000
- 82.5% of IRFD Bond proceeds are used to reimburse the master developer (TICD) for infrastructure and development costs; 17.5% of IRFD Bond proceeds are used to fund affordable housing

2025 Certificates of Participation (COPs):

Project Fund Expenditures for First Series of COPs:

\$50.0 million – Expected reimbursement of qualified project costs of the developer including:

1. Demolition work required to construct public capital improvements
2. Geotechnical work required to construct public capital improvements
3. Street Improvements



2025 Certificates of Participation (COPs):

Current Plan of Finance

- Not to exceed par amount of \$65M
- Final maturity of April 1, 2045
- True interest cost of 6.34%
- Capitalized interest through end of FY 2025-26
- Average annual debt service of \$5.75M*

Lease-Lease Back Structure

- COPs are structured as lease-lease back agreement, in which the City leases City-owned property to a Trustee and Trustee sub-leases the property back to the City.
- It is anticipated that the Traffic Company and Forensic Services Division Building located at 1995 Evans Avenue will serve as the leased property.
- Assets can be added or substituted as needed.

Sources and Uses

Sources:

COPs Proceeds

Estimated Par Amount	\$62,800,000
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Uses:

Project Funds	\$50,000,000
CSA Audit Fee (0.2% of Project Funds)	\$100,000

Capitalized Interest	\$5,705,756
Debt Service Reserve Fund	\$5,754,249

Delivery Date Expenses

Cost of Issuance	\$800,000*
Underwriter's Discount	\$439,600

Total Uses	\$62,800,000*
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<i>Plus: Reserve for Market Uncertainty</i>	<i>\$2,200,395</i>
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Maximum Not-to-Exceed Par Amount	\$65,000,000
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Source: KNN Public Finance

*The Good Faith Estimate includes a bond rounding amount of \$396 which is incorporated into Cost of Issuance as additional contingency. For purposes of the Supplemental Appropriation, this amount is reflected in the Reserve for Market Uncertainty.

Next Steps:

Milestones

Dates*

-
- Capital Planning Committee Hearing December 2, 2024
 - Budget and Finance Committee Hearing December 4, 2024
 - Board Considers Approval of Resolutions and the Ordinances (1st Reading) December 10, 2024
 - Final Board Approval of the Ordinances (2nd Reading) December 17, 2024
 - Sale and Closing of FY25 COPs Spring 2025

*Please note that dates are estimated unless otherwise noted.

Questions?



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: Board of Supervisors of the City and County of San Francisco

FROM: Anna Van Degna, Director of the Controller's Office of Public Finance
Bridget Katz, Deputy Director, Controller's Office of Public Finance
Grant Carson, Debt Capital Markets Specialist, Controller's Office of Public Finance
Bob Beck, Director, Treasure Island Development Authority
Jamie Querubin, Finance Manager, Treasure Island Development Authority
Leigh Lutenski, Deputy Director – Joint Development, Office of Economic and Workforce Development

DATE: November 5, 2024

SUBJECT: Ordinance Authorizing Certificates of Participation (Treasure Island – Stage 2 Infrastructure Projects) – Not to Exceed \$65,000,000 and Approving Related Documents and Actions

Ordinance Appropriating \$65,550,000 to the Treasure Island Development Authority including \$65,000,000 of Certificates of Participation proceeds and \$550,000 of Treasure Island Infrastructure and Revitalization Financing District Tax Increment and Treasure Island Community Facilities District Special Taxes – FY2024-25

Resolution Authorizing Stage 2 Contribution – City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island); Confirming Annexation of Property to City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) as Improvement Area No. 3

Resolution Authorizing Stage 2 Contribution – City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) – Not to Exceed \$25,000,000

Recommended Action

Staff respectfully requests that the Board of Supervisors (“Board”) consider and approve the following:

- (i) Ordinance authorizing Certificates of Participation (Treasure Island – Stage 2 Infrastructure Projects) in a principal amount not to exceed \$65,000,000 and approving related documents and actions (“COPs Ordinance”);
- (ii) Ordinance appropriating \$65,550,000 to the Treasure Island Development Authority, including \$65,000,000 of Certificates of Participation proceeds and \$550,000 of Treasure Island Infrastructure and Revitalization Financing District Tax Increment and Treasure Island Community Facilities District Special Taxes – FY2024-25 (“COPs Appropriation Ordinance”);
- (iii) Resolution authorizing Stage 2 Contribution – City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (“CFD”) and confirming annexation of property to the CFD as Improvement Area No. 3 (“CFD Resolution”); and
- (iv) Resolution authorizing Stage 2 Contribution – City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (“IRFD”) in an amount not to exceed \$25,000,000 (“IRFD Resolution”).

Background

Since 1997, the City and County of San Francisco (“City”) and the Treasure Island Development Authority (“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.

In 2011, TICD and TIDA entered into the Disposition and Development Agreement (“DDA”) and TICD and the City entered into the Development Agreement (“DA”) to deliver the Project.

The development plan for the Project anticipates a new San Francisco neighborhood consisting of up to 8,000 new residential housing units, as well as new commercial and retail space, two hotels, and 290 acres of parks and public open space, including shoreline access and cultural uses. Transportation amenities being built for the project will enhance mobility on the 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, and pedestrian facilities; and a new ferry terminal.

The DDA provides that the purposes of the Project are (i) alleviating blight in the Project site through development of physical improvements consistent with the development requirements established by the City and TIDA, (ii) geotechnically stabilizing the Project site, (iii) constructing infrastructure and stormwater management facilities to support the Project and other proposed uses on NSTI, such as roads and utilities, and including infrastructure and stormwater management facilities to support the construction of affordable housing units, (iv) constructing and improving certain public parks and open spaces, (v) remediating certain existing hazardous substances, and (vi) selling and ground leasing developable parcels for construction of dwelling units and commercial and public facilities.

The Financing Plan attached to the DDA and DA provides for reimbursement to the Developer for costs incurred to construct public infrastructure, primarily through the issuance of special tax bonds issued for the CFD and tax increment bonds issued by the IRFD, and the Financing Plan also establishes a perpetual special tax funding mechanism for the costs of operating and maintaining park and open space improvements within the Project Site.

Financing Plan Amendment

In May 2024, the Board of Supervisors approved Resolution No. 196-24 and Ordinance No. 93-24, which approved an Amended and Restated Disposition and Development Agreement and an Amended and Restated Development Agreement for the Project, respectively. Pursuant to Resolution No. 196-24 and Ordinance No. 93-24, the Board of Supervisors also approved an Amended and Restated Financing Plan, which, among other things, provides for the issuance of general fund-backed public financing that will generate a maximum of \$115,000,000 of net proceeds (“Stage 2 Alternative Financing”) to finance Stage 2 public infrastructure project costs (as defined in the Financing Plan, “Stage 2 Qualified Project Costs”). It is anticipated that the Stage 2 Alternative Financing will be issued in the form of three tranches of certificates of participation (“Stage 2 COPs”) – this proposed COPs Ordinance would authorize the issuance of the first proposed tranche of Stage 2 COPs under this program (“FY25 COPs”).

The Planning Commission recommended approval of Ordinance No. 93-24 after holding a duly noticed public hearing on April 4, 2024. The Budget and Finance Committee held a duly noticed public hearing to consider Ordinance No. 93-24 and Resolution No. 196-24 on April 17, 2024.

Performance Milestones

Pursuant to Section 4.1(d)(v) of the Amended and Restated Financing Plan, each Stage 2 Alternative Financing legislative package will describe “the performance milestones to be met by the Developer before approval by the Board of Supervisors of a subsequent Stage 2 Alternative Financing.”

City staff agree the following Stage 2 performance milestones must be met prior to introducing legislation to the Board of Supervisors for subsequent tranches of Stage 2 COPs. TIDA shall certify, in consultation with the Controller’s Office, in writing, that the following performance milestones have been met:

- (1) Developer must demonstrate that work completed to date funded by the existing tranche(s) of Stage 2 COPs are entirely Stage 2 Qualified Project Costs;
- (2) Developer must demonstrate a reasonable level and pace of spending on the existing tranche(s) of Stage 2 COPs issued to date to justify the issuance of the next series of Stage 2 COPs;
- (3) Developer must demonstrate a reasonable readiness to award a construction contract to continue Stage 2 infrastructure work once the next tranche of Stage 2 COPs are issued;
- (4) Developer must provide a construction draw-down schedule to demonstrate that proceeds of the next tranche of Stage 2 COPs can be spent on Stage 2 Qualified Project Costs in accordance with IRS rules, as reviewed and confirmed by the City’s assigned bond counsel; and
- (5) Developer must certify it has not received land parcel sales or IRFD/CFD revenues that can otherwise be used to fund the Stage 2 Qualified Project Costs that the Developer has proposed to fund with the next tranche of Stage 2 COPs.

Stage 2 Contribution

The Amended Financing Plan provides for the redirection of residual property tax increment from the IRFD and residual special taxes from one or more improvement areas in the CFD in an amount up to \$550,000 per year, to directly offset lease payments related to the Stage 2 COPs paid by the General Fund. The annual contribution (“Stage 2 Contribution”) will start in FY 2025 and continue to the earlier of (i) the final maturity date of the COPs and (ii) the date on which the aggregate Stage 2 Contributions are equal to the maximum annual lease payments related to the Stage 2 COPs after issuance of the final tranche of the Stage 2 COPs plus annual fees related to the Stage 2 COPs that are appropriated by the City from the General Fund. The IRFD Resolution and CFD Resolution authorize the payment of the Stage 2 Contribution.

Treasure Island Generated Revenues

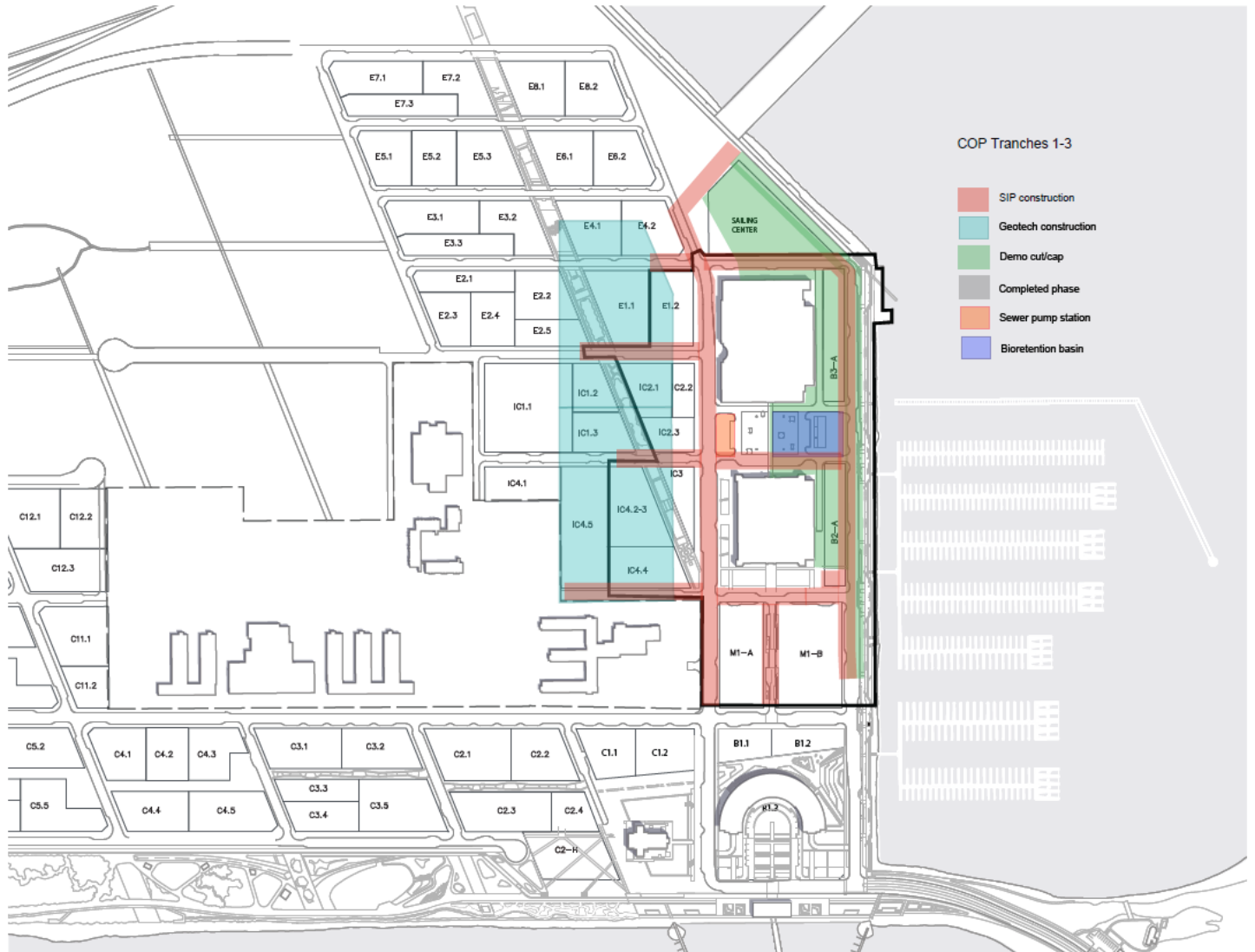
Although the Stage 2 COPs will represent Base Rental payments that are appropriated from the City’s General Fund, the City expects that, except for the annual Stage 2 Contribution amount, the Base Rental payments will be paid from General Fund revenues derived from the Treasure Island Project that would not exist but for the Treasure Island Project.

The Capital Plan

Pursuant to Section 4.1(d)(iv) of the Amended and Restated Financing Plan, the City will cause the first tranche of COPs, and subsequent tranches, to be executed and delivered only after the ten-year City Capital Plan is updated to demonstrate capacity for, and incorporates, the Stage 2 COPs in the City’s COP program. This will also satisfy the requirement that the COPs are in compliance with Section 10.62 of the City’s Administrative Code that the proposed lease payments for the FY25 COPs and the lease payments payable with respect to outstanding general fund COPs will not exceed 3.25% of General Fund discretionary revenue. The City anticipates introducing a subsequent resolution in November 2024 to amend the Adopted Capital Plan and incorporate the Stage 2 COPs.

The Project

The Developer expects to use the proceeds of the FY25 COPs to finance Stage 2 Qualified Project Costs including but not limited to demolition, geotechnical work and street improvements. Demolition includes but is not limited to removal of existing surface improvements, removal of existing subsurface and above ground utilities, capping of utilities at the project limits, building abatement and demolition, and installation of temporary utilities. Geotechnical work includes but is not limited to performing soils vibrocompaction, surcharging, wicks (prefabricated vertical drains) installation, deep soil mixing, and installation of associated erosion control measures. Street improvements includes but is not limited to utilities installation, street lighting, roadways, pump stations, landscaping and irrigation improvements, bioretention facilities, and street furnishings.



Stage 2 COP Construction Sequencing Plan
(diagrammatic only)

The Current Plan of Finance

The proposed COPs Ordinance authorizes the execution and delivery of tax-exempt and/or, taxable FY25 COPs in one or more series with an aggregate par amount not-to-exceed \$65.0 million. It additionally allows for the issuance of short-term commercial paper, as needed.

Based on the initial project information, the Office of Public Finance (“OPF”) currently anticipates issuing approximately \$62.8 million in FY25 COPs, though the final amount will be based on prevailing market assumptions at the expected time of sale. The difference between the expected issuance amount and the \$65.0 million not-to-exceed amount allows for changes in the tax-status of the FY25 COPs (tax-exempt vs taxable) as directed by bond counsel, market fluctuations in interest rates prior to the sale or sales of the FY25 COPs, any increased deposits to the debt service reserve fund, and possible additional delivery date expenses if the FY25 COPs are issued in more than one series.

Based upon an estimated 6.34% true interest cost (assuming current market rates plus an interest rate cushion) and an anticipated total par value of \$62.8 million, the total principal and interest payments over the approximate 20-year repayment term of the COPs are estimated to be approximately \$113.1 million. Based on market conditions or other factors expected at the time of the sale, the FY25 COPs could be structured with up to a 30-year term.

Approximately \$5.8 million of proceeds may be allotted to fund a Debt Service Reserve Fund, and approximately \$5.7 million of proceeds may fund Capitalized Interest. In addition, approximately \$1.2 million is projected to be allotted to cover costs associated with the issuance of the FY25 COPs, assuming one or more issuances. This includes amounts for underwriter compensation, legal fees, municipal advisory fees, trustee fees, rating agency fees, printing costs, and other issuance costs.

For good faith estimates required by Code Section 5852.1 of the California Government regarding the proposed financing, see [Attachment 1](#). The information set forth in [Attachment 1](#) is based on estimates of prevailing market conditions, and the ability to finance the entirety of the projects on a tax-exempt basis. Actual results may differ if assumed market conditions or the final tax status requirements to be determined by bond counsel and the City Attorney’s Office closer to the sale of the FY25 COPs.

The table below outlines anticipated sources and uses for the FY25 COPs, based on estimates provided by the Office of Public Finance’s municipal advisor KNN Public Finance.

Estimated Sources & Uses of the Proposed FY25 COPs

Sources:

<u>FY25 COPs Proceeds:</u> Estimated Par Amount	\$62,800,000
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Uses:

Project Funds	\$50,000,000
CSA Audit Fee (0.2% of Project Funds)	\$100,000
Capitalized Interest	\$5,705,756
Debt Service Reserve Fund	\$5,754,249

Delivery Date Expenses

Cost of Issuance	\$800,000*
Underwriter’s Discount	\$439,600

Total Uses	\$62,800,000*
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<i>Plus: Reserve for Market Uncertainty</i>	<i>\$2,200,395</i>
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Maximum Not-to-Exceed Par Amount	\$65,000,000
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Source: KNN Public Finance

*The Good Faith Estimate in Attachment I as provided by KNN Public Finance includes a bond rounding amount of \$396 which is incorporated into Cost of Issuance as additional contingency. For purposes of the Supplemental Appropriation, this amount is reflected in the Reserve for Market Uncertainty.

In addition to appropriating the \$65 million not-to-exceed FY25 COP amounts, the COPs Appropriation Ordinance appropriated \$550,000 of revenue from Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and Community Facilities District No. 2016-1 (Treasure Island), as described earlier in the memo.

The FY25 Treasure Island COPs

Under the proposed COPs Ordinance, the City will structure the FY25 COPs using a lease-lease back structure.

Property Lease and Lease Agreement: Pursuant to the Property Lease, the City leases City-owned property including the improvements thereon to a third-party Trustee, currently U.S. Bank Trust Company, National Association (“Trustee”). For the FY25 COPs, the leased property is expected to be the real property and improvements at 1995 Evans Ave. that are used by the San Francisco Police Department for its Traffic Company and Forensic Services Division. Pursuant to the Lease Agreement, the City leases back the leased property, together with the improvements thereon, from the Trustee. The City makes annual base rental payments to the Trustee in amounts representing the fair rental value for the improved leased property and equal to the amounts required to repay the FY25 COPs. When the FY25 COPs and any subsequent Stage 2 COPs issued as parity obligations under the Trust Agreement (defined below) are finally paid, the Property Lease and Lease Agreement (each as supplemented) terminate. The City’s lease payments under the Lease Agreement are payable from any available source of funds, including the General Fund.

Trust Agreement: Pursuant to the Trust Agreement between the City and the Trustee acting on behalf and for the benefit of FY25 COPs holders, the Trustee administers and disburses payments with respect to the FY25 COPs and enforces the covenants and remedies in the event of a default by the City. The Trust Agreement provides for the terms of FY25 COPs, prepayment provisions, events of default, remedies in the event of default, and other related administrative provisions. The Trustee holds proceeds derived from the sale of the FY25 COPs and disburses payments for the costs incurred for the Project, as directed by authorized City representatives.

The Property Lease and Lease Agreement, each between the City and the Trustee, require the City to make base rental payments on each September 25 and March 25 during the term of the leases.

The Trust Agreement requires that the base rental payments be deposited in the base rental fund maintained by the trustee. On October 1 and April 1 of each year during the term of the Trust Agreement, the Trustee will apply such amounts as is necessary to make debt service payments with respect to the FY25 COPs .

Additional Information

The forms of the related financing documents—including the Preliminary Official Statement (including Appendix A), Purchase Contract, Official Notice of Sale, Notice of Intention to Sell, the Continuing Disclosure Certificate, and related documents—will also be submitted, as described below.

Official Statement: The Official Statement provides information for prospective bidders and investors in connection with the public offering by the City of the FY25 COPs. The Official Statement describes the FY25 COPs, including sources and uses of funds; security for the FY25 COPs; risk factors; and tax and other legal matters, among other information. The Official Statement also includes the City’s Appendix A,

the most recent Annual Comprehensive Financial Report of the City, the City's Investment Policy, and other forms of legal documents for the benefit of investors, holders, and owners of the FY25 COPs.

A *Preliminary Official Statement* is distributed to prospective investors prior to the sale of the FY25 COPs and within seven days of the public offering, the Final Official Statement (adding certain sale results including the offering prices, interest rates, selling compensation, principal amounts, and aggregate principal amounts) is distributed to the initial purchasers of the FY25 COPs.

The Board of Supervisors and the Mayor, in adopting and approving the proposed Ordinance, approve and authorize the use and distribution of the Official Statement by the City's Municipal Advisor with respect to the FY25 COPs. In accordance with Rule 15c2-12 of the Securities and Exchange Act of 1934, the Controller will certify, on behalf of the City, that the Preliminary and Final Official Statements are "deemed final" as of their respective dates.

Official Notice of Sale and Notice of Intention to Sell (if the FY25 COPs are sold competitively): The Notice of Intention to Sell provides legal notice to prospective bidders of the City's intention to sell the FY25 COPs. Such Notice of Intention to Sell will be published once in "The Bond Buyer" or another financial publication generally circulated throughout the State of California.

The Official Notice of Sale for the FY25 COPs announces the date and time of a competitive sale, including the terms relating to the FY25 COPs; the terms of sale, form of bids, and delivery of bids; and closing procedures and documents.

The Official Bid Form attached to the Official Notice of Sale is the official bid form for the purchase of the FY25 COPs. Pursuant to the Ordinance, the Controller and the Director of Public Finance are authorized to award the FY25 COPs to the bidder whose bid represents the lowest true interest cost to the City in accordance with the procedures described in the Official Notice of Sale.

Purchase Contract (if the FY25 COPs are sold on a negotiated basis): The City will work with its Municipal Advisor to determine whether a negotiated or competitive sale will be most advantageous for the transaction based on market conditions closer to the sale of the FY25 COPs. Should the FY25 COPs be sold via a negotiated sale with an underwriter(s), the Purchase Contract will be the document that details the terms, compensation, covenants, and conditions for the sale of the FY25 COPs through selected underwriter(s), as well as agreements regarding expenses, closing and disclosure documents. For a negotiated sale, the City would either work with its Municipal Advisor to select qualified firm(s) from the City's Underwriter Pool, which was established via a competitive Request for Qualifications ("RFQ") process, or award to the highest scoring firm established during the RFQ process.

Continuing Disclosure Certificate: The City is required to provide certain financial information and operating data relating to the City ("Annual Report") not later than 270 days after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material events. This undertaking has been made to assist initial purchasers of the FY25 COPs with their compliance with the Securities and Exchange Commission Rule 15c2-12(b)(5).

The CFD Resolution and IRFD Resolution

The IRFD Resolution authorizes the Stage 2 Contribution as a debt of the IRFD in a principal amount not to exceed \$25 million, and payment of the Stage 2 Contribution from the 82.5% of Net Available Increment (“Facilities Increment”) that is not dedicated to funding Housing Costs (as those terms are defined in the Financing Plan). The Facilities Increment is not pledged as security for the Stage 2 Contribution and Stage 2 Contribution will be payable on a subordinate basis to any bonds issued by the IRFD that are secured by a pledge of the Facilities Increment.

Similarly, the CFD Resolution authorizes the Stage 2 Contribution as a debt of the CFD with respect to the improvement areas of the CFD in an aggregate principal amount not to exceed \$25 million; the aggregate principal amount will be allocated among the improvement areas as determined by the Director of the Office of Public Finance in consultation with the City Attorney. The Stage 2 Contribution will be payable from Remainder Taxes as defined in the Financing Plan. The Remainder Taxes are not pledged as security for the Stage 2 Contribution.

The CFD Resolution also confirms annexation of property into the CFD as Improvement Area No. 3 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (“Improvement Area No. 3”). As described in the CFD Resolution, the annexation occurred as a result of the execution by the landowner, Treasure Island Series 1, LLC, of a Unanimous Approval in the manner contemplated by the Mello-Roos Community Facilities Act of 1982 and by the Resolution of Formation for the CFD (Resolution No. 8-17, which was adopted by the Board of Supervisors on January 24, 2017, and signed by the Mayor on February 3, 2017). The Rate and Method of Apportionment of Special Tax for Improvement Area No. 3 is attached to the CFD Resolution as Exhibit A.

Anticipated Financing Timeline

Preliminary Schedule

Dates*

• Introduction of the COPs Ordinance, COPs Appropriation Ordinance, CFD Resolution, and IRFD Resolution to the Board of Supervisors	November 5, 2024
• Introduction of Capital Plan Amendment Resolution	November 2024
• Capital Planning Committee	December 2, 2024
• Budget and Finance Committee Hearing	December 4, 2024
• Board Considers Approval of Resolutions and Ordinances (1 st Reading)	December 10, 2024
• Final Board Approval of the Ordinances (2 nd Reading)	December 17, 2024
• Sale and Closing of FY25 COPs	Spring 2025

*Please note that dates are estimated unless otherwise noted.

Please contact Anna Van Degna (Anna.VanDegna@sfgov.org), Bridget Katz (Bridget.Katz@sfgov.org), Grant Carson (Grant.Carson@sfgov.org), or Bob Beck (Bob.Beck@sfgov.org) if you have any questions. Your consideration of this matter is greatly appreciated.

Cc: Angela Calvillo, Clerk of the Board of Supervisors
Andres Powers, Mayor’s Office
Benjamin McClosky, Interim Mayor’s Budget Director
Harvey Rose, Budget Analyst

Severin Campbell, Budget Analyst

Greg Wagner, Controller

Carmen Chu, City Administrator

Mark Blake, Deputy City Attorney

Kenneth Roux, Deputy City Attorney

Andrico Penick, Director of Real Estate Division

Brian Strong, Office of Resilience and Capital Planning

Attachment 1

GOOD FAITH ESTIMATES

For purposes of compliance with Section 5852.1 of the California Government Code, the following information are good faith estimates provided by the City's Municipal Advisor, KNN Public Finance.

1. True interest cost of the FY25 COPs: 6.34%
2. Finance charge for the FY25 COPs, including all fees and charges for third parties (including underwriter's compensation, municipal advisory fees, co-bond counsel fees, disclosure counsel fees, trustee fees and other payments to third parties): \$1,239,996
3. Amount of FY25 COPs proceeds expected to be received by the City, net of payments identified in 2 above and any reserve fund or capitalized interest funded with proceeds of the FY25 COPs: \$50,100,000
4. Total payment amount for the FY25 COPs, being the sum of (a) debt service on the FY25 COPs to final maturity, and (b) any financing costs not paid from proceeds of the FY25 COPs: \$113,094,595

The information set forth above is based on estimates of prevailing market conditions. Actual results may differ if assumed market conditions change.

From: [Trejo, Sara \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [BLAKE, MARK \(CAT\)](#); [Tam, Madison \(BOS\)](#); [Querubin, Jamie \(ADM\)](#); [Lutenski, Leigh \(ECN\)](#); [Van Degna, Anna \(CON\)](#); [Katz, Bridget \(CON\)](#); [Hayward, Sophie \(ADM\)](#); [Carson, Grant \(CON\)](#)
Subject: Mayor -- Ordinance -- Treasure Island Appropriation
Date: Tuesday, November 5, 2024 2:46:12 PM
Attachments: [BOS Memo - TI Stage 2 COPs \(COP Ordinance COP Supplemental CFD IRFD Resolution\) Final.pdf](#)
[5 Mayor Breed Supervisor Dorsey - Appropriation \\$65,550,000 - Treasure Island COP&IRFD&CFD.docx](#)
[RE For Approval Appropriation – \\$65,550,000 to the Treasure Island Development Authority CON & CAT Approval.pdf](#)
[RE Mayor Breed Supervisor Dorsey - Appropriation \\$65550000 - Treasure Island COPIRFDCFD.msg](#)

Hello Clerks,

Attached is an Ordinance appropriating \$65,550,000 to the Treasure Island Development Authority including \$65,000,000 of Certificates of Participation proceeds for Stage 2 Infrastructure Projects, \$383,948 of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment, and \$166,052 of City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Taxes and placing these amounts on Controller's Reserve in Fiscal Year (FY) 2024-25.

Please note, Supervisor Dorsey is a cosponsor of this item.

Furthermore, we respectfully request a 30-day waiver for this Ordinance, which has already been approved by the Board President. I am including this information for your awareness.

Best regards,

Sara Trejo

Legislative Aide

Office of the Mayor

City and County of San Francisco