

1 [Authorizing Stage 2 Contribution - City and County of San Francisco Infrastructure and
2 Revitalization Financing District No. 1 (Treasure Island)]

3 **Resolution authorizing the Stage 2 Contribution as debt of the City and County of San**
4 **Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island),**
5 **and determining other pertinent matters in connection therewith.**

6
7 WHEREAS, The City and County of San Francisco ("City") created the Treasure Island
8 Development Authority ("Authority") in 1997 to serve as the entity responsible for the reuse
9 and development of Naval Station Treasure Island, which encompasses Treasure Island (also
10 referred to as "TI") and portions of Yerba Buena Island (also referred to as "YBI"); and

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

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

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

22 WHEREAS, The DA, DDA, and the Special Use District in Planning Code, Section
23 249.52 contemplate a project ("Treasure Island Project") on Treasure Island and Yerba Buena
24 Island that includes up to 8,000 units of housing, 140,000 square feet of commercial and retail
25 space, 100,000 square feet of office space, and up to approximately 300 acres of parks and

1 open space, a ferry terminal, new and upgraded streets, and extensive bicycle, pedestrian,
2 and transit facilities; and

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

10 WHEREAS, On June 7, 2011, in Motion No. M11-0092, the Board of Supervisors
11 unanimously affirmed certification of the FEIR, and in Resolution No. 246-11, adopted the
12 CEQA findings and the MMRP; and

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

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

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

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

20 WHEREAS, The Board of Supervisors wishes to authorize the Stage 2 Contribution as
21 a debt of the City and County of San Francisco Infrastructure and Revitalization Financing
22 District No. 1 (Treasure Island) (“IRFD”) in a maximum principal amount of \$25,000,000, as
23 set forth in greater detail below; and

24 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
25 Government Code commencing with Section 53369 (“IRFD Law”), the Board of Supervisors

1 has conducted proceedings to (a) form the IRFD and five initial project areas (“Initial Project
2 Areas” and together with any future project areas that may be established in the IRFD,
3 “Project Areas”), (b) approve an infrastructure financing plan for the IRFD and the Project
4 Areas (“Infrastructure Financing Plan”) pursuant to Ordinance No. 29-22, adopted by the
5 Board of Supervisors on February 15, 2022, (c) provide a process for the future annexation of
6 territory to the IRFD, (d) establish an annual appropriations limit, as defined by subdivision (h)
7 of Section 8 of Article XIII B of the California Constitution, for the IRFD, and (e) authorize the
8 issuance from time to time of bonds or other debt in one or more series for the IRFD for the
9 purpose of financing certain improvements described in the Infrastructure Financing Plan in
10 the maximum aggregate principal amount of (i) \$780 million plus (ii) the principal amount of
11 bonds or other debt approved by the Board of Supervisors and the qualified electors of
12 annexation territory in connection with each annexation of annexation territory to the IRFD, so
13 long as the Board of Supervisors makes the finding specified in IRFD Law, Section
14 53369.41(f), all as described in those proceedings; and

15 WHEREAS, Capitalized terms used in this Resolution but not defined herein have the
16 meanings given them in the Infrastructure Financing Plan; and

17 WHEREAS, The Infrastructure Financing Plan provides for the allocation of Net
18 Available Increment by the City to the IRFD to finance IRFD Improvements, and further
19 provides that (i) 17.5% of the Net Available Increment (“Housing Increment”) shall be put in a
20 segregated account to be used by the Authority for Housing Costs and (ii) 82.5% of the Net
21 Available Increment (“Facilities Increment”) will be used to finance certain Facilities
22 (improvements required to serve development of Treasure Island and Yerba Buena Island
23 that will be provided by the private sector); and

24 WHEREAS, The Infrastructure Financing Plan also provides for the allocation to the
25 IRFD of Conditional City Increment for the limited purpose of paying debt service on bonds

1 and other debt of the IRFD in the event that Net Available Increment is insufficient for that
2 purpose, and the Infrastructure Financing Plan also provides for the repayment of the City by
3 the IRFD from Net Available Increment for any Conditional City Increment used by the IRFD
4 to pay debt service in an amount equal to the Conditional City Increment used to pay debt
5 service plus interest through the date of repayment; and

6 WHEREAS, The IRFD previously issued the following bonds payable from the Facilities
7 Increment:

8 (i) \$24,270,000 City and County of San Francisco Infrastructure and Revitalization
9 Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A
10 (Facilities Increment) (“2022 Facilities Bonds”) and

11 (ii) \$7,615,000 City and County of San Francisco Infrastructure and Revitalization
12 Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023A
13 (Facilities Increment); and

14 WHEREAS, The Board of Supervisors wishes to authorize the Stage 2 Contribution as
15 a debt of the IRFD, with a principal amount of \$25,000,000; and

16 WHEREAS, On the date this Resolution has been presented to the Board of
17 Supervisors, an Ordinance has been introduced and placed before the Board of Supervisors
18 to authorize certificates of participation in the maximum principal amount of \$65,000,000
19 (“Certificates”), which Certificates constitute the first tranche of the Stage 2 Alternative
20 Financing and, in accordance with California Government Code, Section 5852.1, the Board of
21 Supervisors has obtained a good faith estimates prepared by the City’s independent municipal
22 advisor of (i) the true interest cost of the Certificates, (ii) the finance charge of the Certificates,
23 (iii) the amount of proceeds received by the public body for sale of the Certificates less the
24 finance charge and any reserves or capitalized interest paid or funded with proceeds of the
25 Certificates, and (iv) the sum total of all payments the City will make to pay the lease payment

1 evidenced by the Certificates plus the finance charge of the Certificates not paid with the
2 proceeds of the Certificates; and

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

7 WHEREAS, The City, for itself and for and on behalf of the City and County of San
8 Francisco Community Facilities District No. 2016-1 (Treasure Island), the Authority, the IRFD,
9 and Zions Bancorporation, National Association have entered into a Special Fund
10 Administration Agreement, dated as of September 1, 2022 (“Special Fund Administration
11 Agreement”), and the Board of Supervisors, as legislative body with respect to the IRFD,
12 wishes to authorize an amendment to the Special Fund Administration Agreement to the
13 extent necessary to provide for the Stage 2 Alternative Financing and the payment of the
14 Stage 2 Contribution; and

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

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

21 FURTHER RESOLVED, That the Board of Supervisors is acting in its capacity as
22 legislative body with respect to the IRFD; and, be it

23 FURTHER RESOLVED, That pursuant to the IRFD Law and this Resolution, the Board
24 of Supervisors hereby authorizes the Stage 2 Contribution as a debt of the IRFD in a principal
25 amount not to exceed \$25,000,000; and, be it

1 FURTHER RESOLVED, That the Facilities Increment (and not the Housing Increment)
2 shall be available to fund the Stage 2 Contribution, but such Facilities Increment is not
3 pledged as security for the Stage 2 Contribution and the Facilities Increment shall be available
4 to fund the Stage 2 Contribution in the priority order specified in the amended and restated
5 Financing Plan; and, be it

6 FURTHER RESOLVED, That the Conditional City Increment shall not be available to
7 fund the Stage 2 Contribution; 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 IRFD and the Initial Project Areas, the
10 performance by the City and the Authority of the amended and restated Financing Plan, and
11 authorization of the Stage 2 Contribution are hereby approved, confirmed and ratified, and the
12 Mayor, the Controller and the Director of the Office of Public Finance, or such other official of
13 the City as may be designated by such officials (each, an “Authorized Officer”), are hereby
14 authorized and directed, on behalf of the IRFD, to do any and all things and take any and all
15 actions and execute any and all certificates, agreements and other documents, which they, or
16 any of them, may deem necessary or advisable in order to consummate the payment of the
17 Stage 2 Contribution in accordance with this Resolution; all actions to be taken by an
18 Authorized Officer on behalf of the IRFD may be taken by such Authorized Officer or any
19 designee, with the same force and effect as if taken by the Authorized Officer; any such
20 actions are solely intended to further the purposes of this Resolution, and are subject in all
21 respects to the terms of this Resolution; no such actions shall increase the risk to the IRFD or
22 require the IRFD to spend any resources not otherwise granted herein; final versions of any
23 such documents shall be provided to the Clerk of the Board of Supervisors for inclusion in the
24 official file within 30 days (or as soon thereafter as final documents are available) of execution
25 by all parties; and, be it

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

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

11 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
12 word of this Resolution, or any application thereof to any person or circumstance, is held to be
13 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
14 shall not affect the validity of the remaining portions or applications of this Resolution, the
15 Board of Supervisors hereby declaring that it would have passed this Resolution and each
16 and every section, subsection, sentence, clause, phrase, and word not declared invalid or
17 unconstitutional without regard to whether any other portion of this Resolution or application
18 thereof would be subsequently declared invalid or unconstitutional; and, be it

19 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment;
20 enactment occurs when the Mayor signs the Resolution, the Mayor returns the Resolution
21 unsigned or does not sign the Resolution within 10 days of receiving it, or the Board of
22 Supervisors overrides the Mayor's veto of the Resolution; and, be it

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1 FURTHER RESOLVED, The provisions of any previous Resolutions in any way
2 inconsistent with the provisions hereof in and for the authorization of the Stage 2 Contribution
3 as debt of the IRFD are hereby repealed.

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5 APPROVED AS TO FORM:
6 DAVID CHIU, City Attorney

7 By: /s/ MARK D. BLAKE
8 MARK D. BLAKE
9 Deputy City Attorney

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