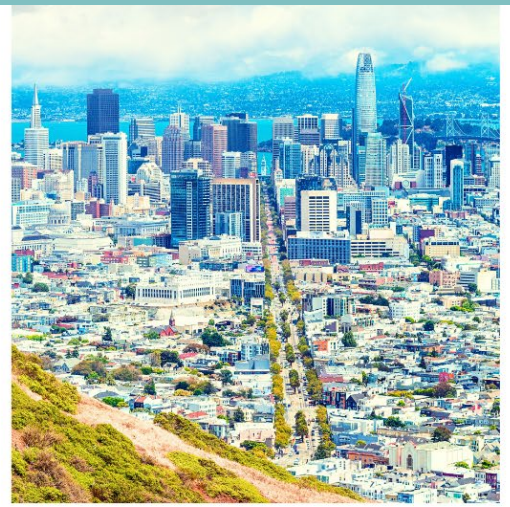


Treasure Island: Development Program Update and Certificates of Participation

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

New roadways with a complete suite of street and utility infrastructure in initial subphases completed and accepted by the City in March 2024.

Development Program Update:

Housing Production

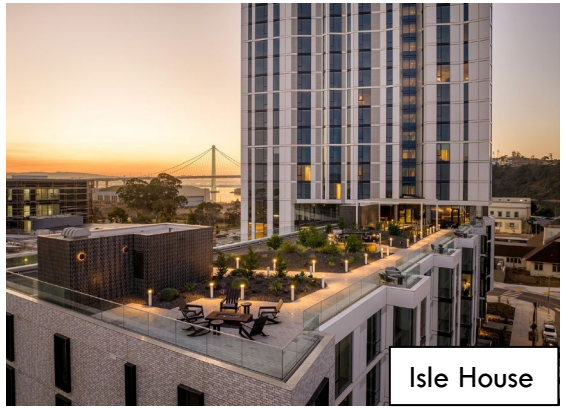
Yerba Buena Island:

- 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



Isle House

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

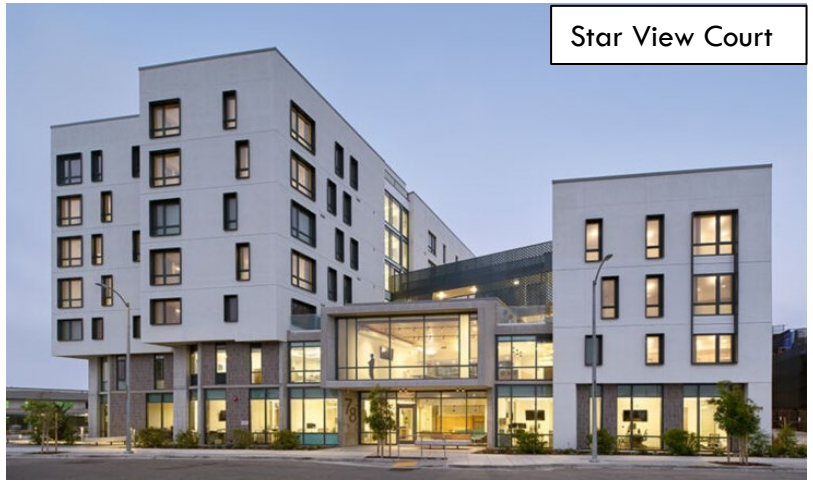
Senior Housing – 100 Units

- Construction start expected Q3 2026

Sub-Block IC4.3 – 150 Units

- Construction start expected Q4 2026

Maceo May Apartments


Star View Court

Development Program Update:

Parks

Project Agreement Amendments

Project Agreement Amendments:

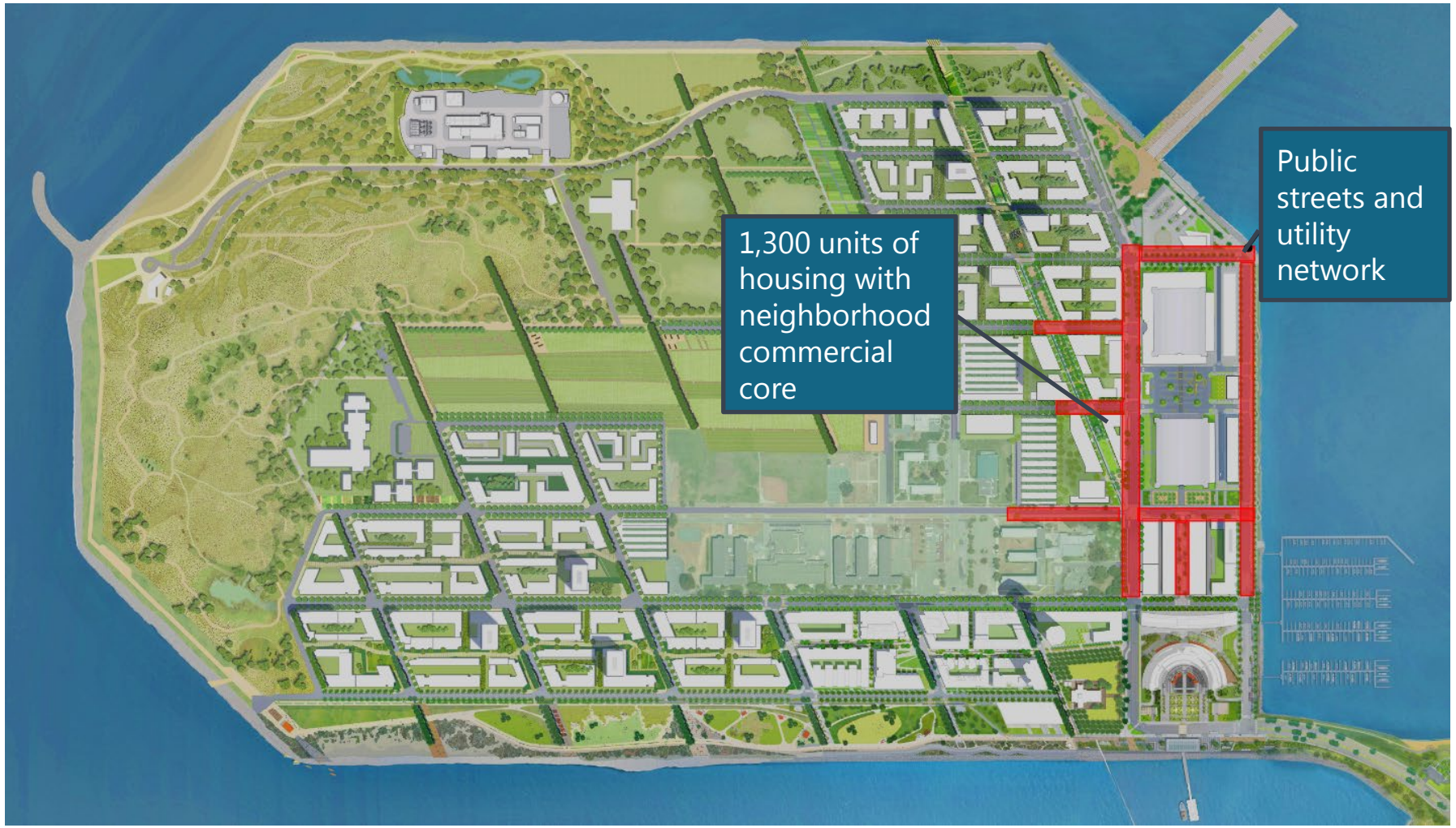
DDA/DA Financing Plan

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



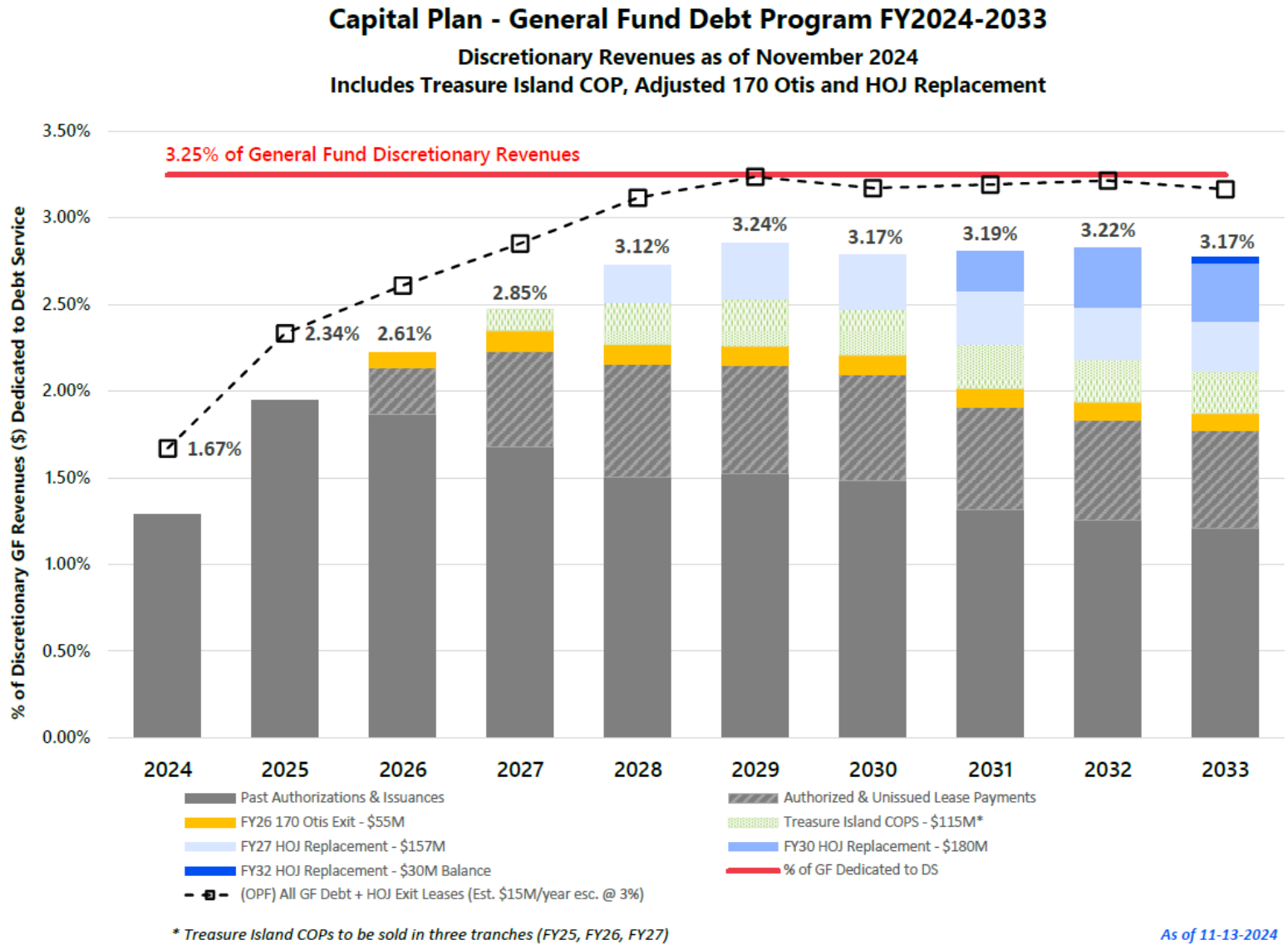
Capital Plan Amendments

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:



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

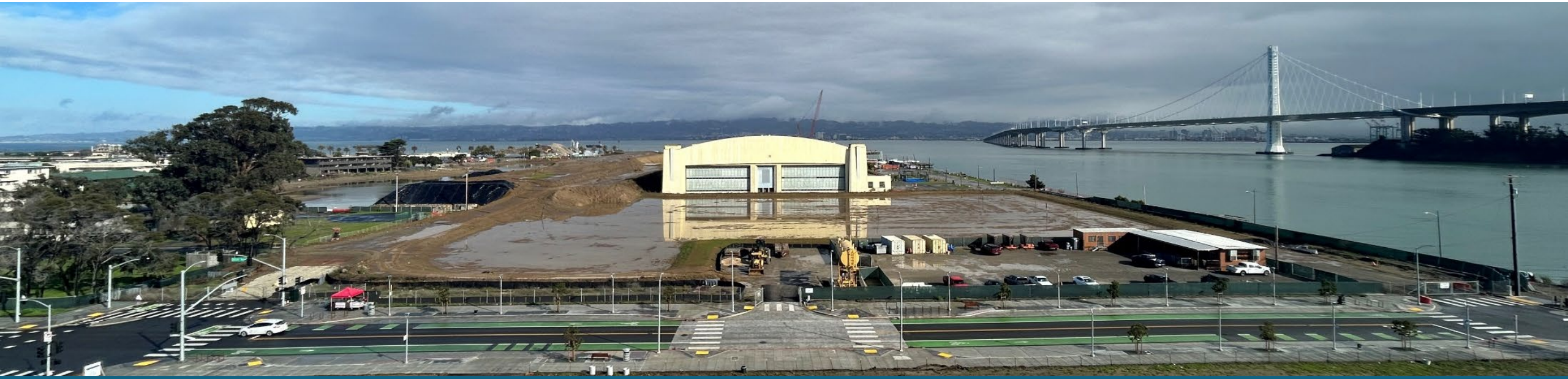
- City has issued 2 series of bonds for the Treasure Island IRFD in total initial par amount of $38,600,000
- 82.5% of IRFD Bond proceeds are used to reimburse the master developer (TICD) for infrastructure and development costs; 17.5% of IRFD Bond proceeds are used to fund affordable housing

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
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*
Plus: Reserve for Market Uncertainty	*$2,200,395*
Maximum Not-to-Exceed Par Amount	$65,000,000

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?