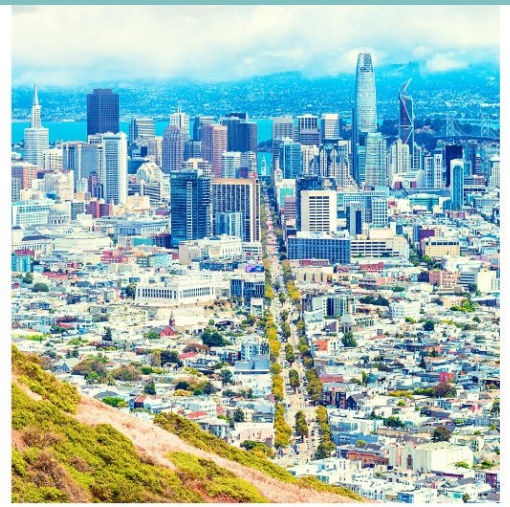


# Treasure Island: Development Program Update and Certificates of Participation

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

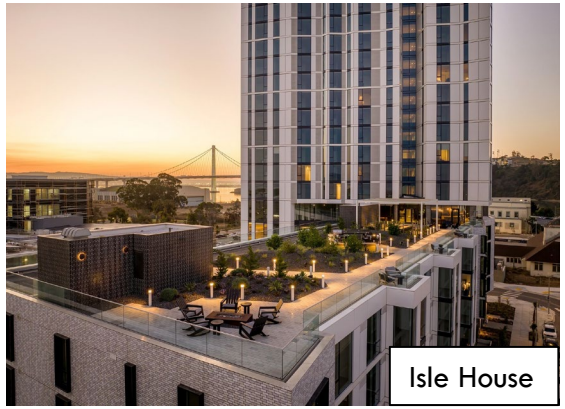
### Yerba Buena Island:

- 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

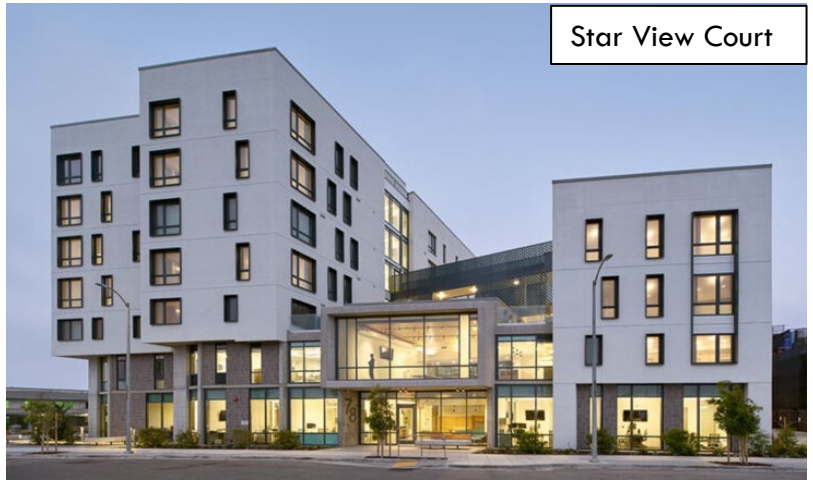
**Senior Housing – 100 Units**

- 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:

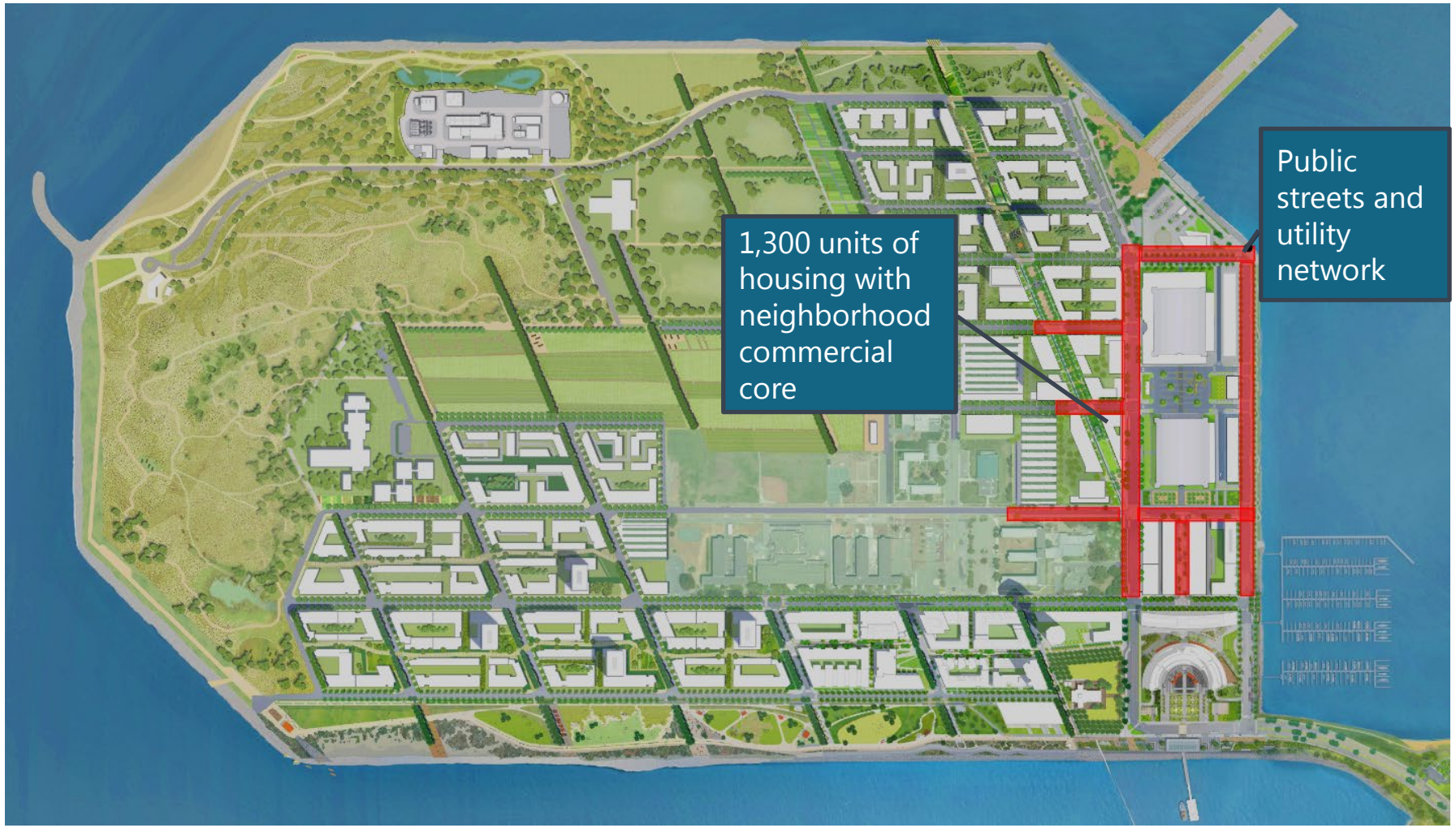
## DDA/DA Financing Plan

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



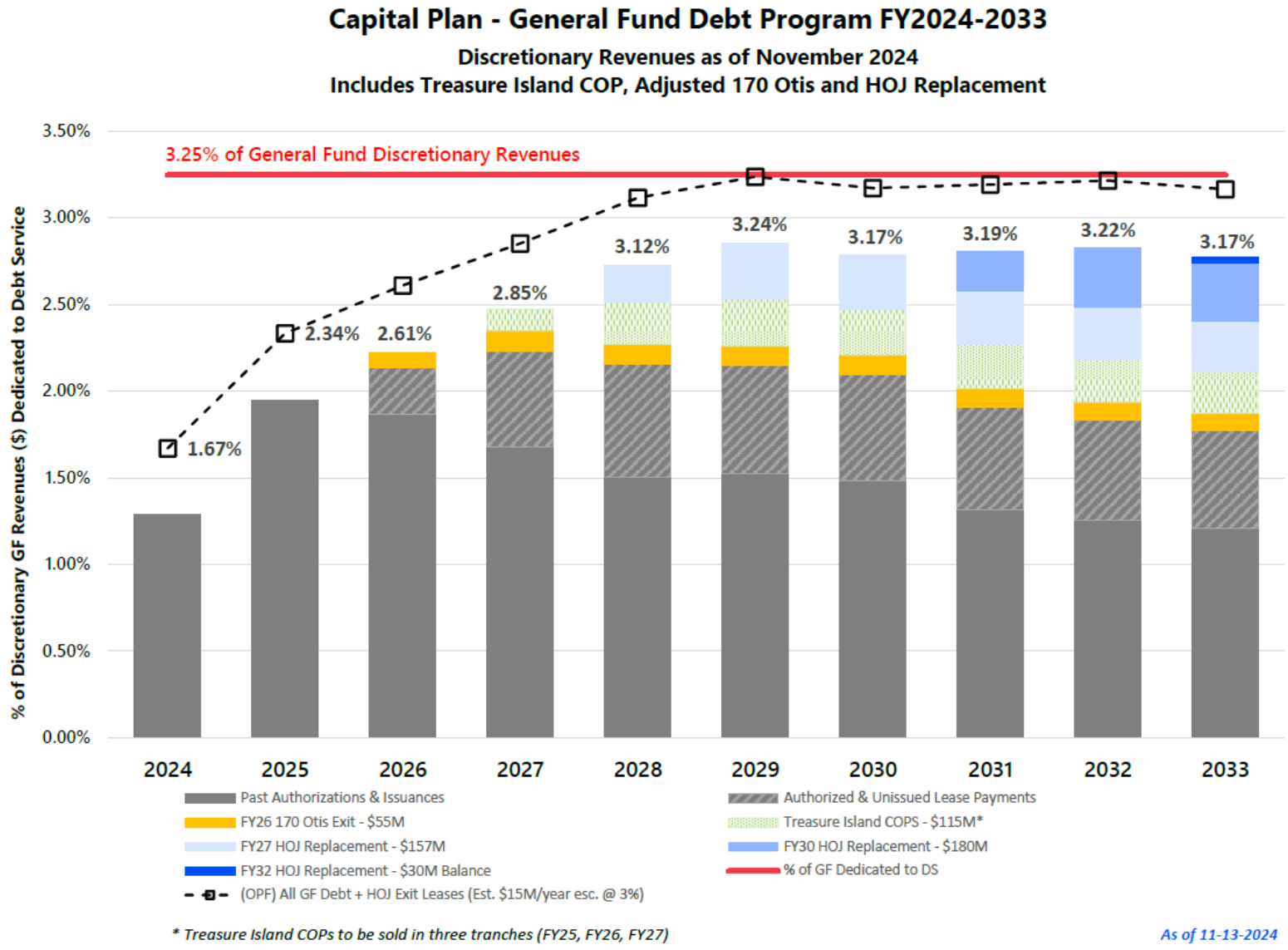
# Capital Plan Amendments

# 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**

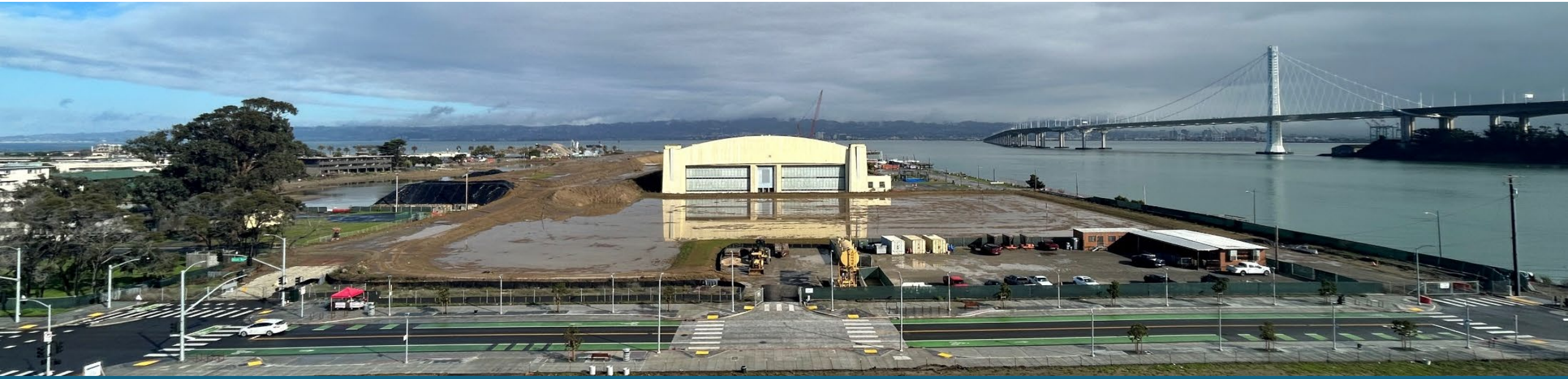
- City has issued 2 series of bonds for the Treasure Island IRFD in total initial par amount of $38,600,000
- 82.5% of IRFD Bond proceeds are used to reimburse the master developer (TICD) for infrastructure and development costs; 17.5% of IRFD Bond proceeds are used to fund affordable housing

# 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?