LEGISLATIVE DIGEST

[Adding Territory to and Adopting Annexation Supplement to the Amended and Restated Infrastructure Financing Plan for Infrastructure and Revitalization Financing District No. 1 (Treasure Island)]

Ordinance adding territory as new project areas to and adopting annexation supplement to the Amended and Restated Infrastructure Financing Plan for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein; and determining other matters in connection therewith, as defined herein.

Existing Law

Under California Government Code Sections 53369 et seq. ("IRFD Law"), the Board of Supervisors is authorized to establish an infrastructure and revitalization financing district and to act as the legislative body for such a district.

On January 31, 2017, following a public hearing and landowner vote, the Board of Supervisors adopted Ordinance No. 21-17, which the Mayor signed on February 9, 2017 ("IRFD Formation Ordinance"), pursuant to which the Board of Supervisors declared City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "IRFD" or "Treasure Island IRFD") and the project areas within the IRFD (collectively, "Initial Project Areas," and together with any future project areas that may be established in the IRFD, the "Project Areas") to be fully formed with full force and effect of law. The City formed the IRFD and the Project Areas for the purpose of financing the cost of certain public facilities and affordable housing (the "IRFD Improvements") as further provided in the IRFD Formation Ordinance.

Pursuant to the IRFD Formation Ordinance, the Board of Supervisors also approved an Infrastructure Financing Plan for the IRFD, which, following a public hearing and landowner election, was subsequently amended and restated by the Board of Supervisors pursuant to Ordinance No. 29-22, which was passed by the Board of Supervisors on February 15, 2022, and signed by the Mayor on February 25, 2022 ("IFP").

The IRFD Law provides that the legislative body of an infrastructure and revitalization financing district may, at any time, add territory to a district by conducting the same procedures for the formation of a district or approval of bonds as provided in the IRFD Law.

The IFP details the procedures for annexing property to the IRFD, commencing with a landowner petition, and including a public hearing and a landowner vote.

Background Information

The Naval Station Treasure Island ("NSTI") is a former United States Navy base located in the

City and County of San Francisco ("City") that consists of two islands connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of Yerba Buena Island.

The Department of the Navy ("Navy"), and the Treasure Island Development Authority ("TIDA") entered into an Economic Conveyance Memorandum of Agreement ("Conveyance Agreement") that provides the terms and conditions under which the Navy will transfer the NSTI to TIDA. Ultimately the NSTI will be redeveloped (as further described below, the "Treasure Island Project") by Treasure Island Community Development, LLC or its affiliates ("Developer") on the basis of numerous agreements including but not limited to an Amended and Restated Disposition and Development Agreement (Treasure Island/Yerba Buena Island), dated August 1, 2024 ("DDA"), which includes an Amended and Restated Financing Plan (Treasure Island/Yerba Buena Island) ("Financing Plan"). The Financing Plan provides for reimbursement to the Developer for costs incurred to construct public infrastructure through the issuance of special tax bonds issued for one or more community facilities districts and tax increment revenue bonds issued by the IRFD. The Financing Plan also provides for the IRFD to provide financing for the costs of affordable housing.

The current development plan for the Treasure Island Project includes the development of 8,000 new homes (including approximately 2,173 affordable units), approximately 300 acres of parks and open space, roughly 550,000 square feet of commercial and retail space, and up to 500 hotel rooms. To facilitate the development, the Developer is required to deliver a wide range of public improvements, including geotechnical stabilization; new roadways, utilities, and other public infrastructure to support the Treasure Island Project; and new ferry facilities, a new police/fire public safety building, and other community facilities.

Under the IRFD Law an infrastructure and revitalization financing district may be divided into one or more project areas. The IRFD Law provides that the legislative body of an infrastructure and revitalization financing district may, at any time, add territory to a district by conducting the same procedures for the formation of a district or approval of bonds as provided in the IRFD Law.

As required by the IFP, Treasure Island Series 2, LLC and Treasure Island Series 3, LLC submitted petitions to the Board of Supervisors to initiate the annexation of certain property owned by them on Treasure Island ("Annexation Territory") into the IRFD, and requested that the Annexation Territory be designated as four new Project Areas.

By passage of this Ordinance, following a public hearing and landowner election, the Board of Supervisors will add territory as four new Project Areas to the Treasure Island IRFD, adopt an annexation supplement to the IFP of the IRFD, declare that the appropriations limit of the IRFD has been established in accordance with applicable law, and declare that the Board of Supervisors has the authority to issue bonds and other debt for the IRFD in the amount specified in the Ordinance.

Finally, the passage of this Ordinance will ratify and approve the annexation proceedings including the landowner election results.