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2020 Special Tax Bonds for City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)

January 27, 2020

Actions for CPC Consideration

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- Resolution Supplementing Resolution No. 12-17 to authorize the issuance and sale of one or more series of Special Tax Bonds for Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) in an aggregate principal amount not to exceed \$17,990,000, and approving related documents

Milestones for Bond Issuance: Community Facilities District No. 2016-1 (Treasure Island)

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- **June 2011** – Disposition and Development Agreement signed
- **January 2017** – Infrastructure and Revitalization Financing District (IRFD) and CFD formed in January 2017
- **January 2017** – Board approves \$5.0 billion bonded indebtedness for Treasure Island/YBI CFD
 - YBI Improvement Area No. 1 – Not to Exceed \$250 million
- **June 2019** – First building permits issued on Yerba Buena Island
- **Dec. 2019/April 2020** – First special taxes levied/collected in Improvement Area No. 1
- **Feb/March 2020** – *Board of Supervisors considers approval of issuance of 2020 special tax bonds*
- **April 2020** – *Planned first issuance of 2020 special tax bonds for Improvement Area No. 1*

Overview: Community Facilities District No. 2016-1 (Treasure Island)

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- Levies a supplemental tax on properties within the specified district
- Tax based on gross square footage of land use – commercial/retail, hotel, or residential type (townhome, low-, mid-, or high-rise)
- Fund eligible infrastructure expenses with a useful life of five years or more
- Special taxes and special tax bonds will:
 - Reimburse Treasure Island Community Development ("TICD") for eligible developer public infrastructure costs
 - Finance a future capital reserve for sea level rise adaptations
 - Provide on-going revenue stream to fund maintenance of TIDA facilities, parks, and open spaces
- May not fund affordable housing (although the IRFD can)

Overview: Community Facilities District No. 2016-1 (Treasure Island) (cont'd)

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- Initially a Facilities (capital) CFD
 - First 42 years committed to developer reimbursement of infrastructure/public benefits (plus on-going O&M expenses)
 - Establish capital reserve of \$250 million (2016\$) for sea level rise adaptations
- Transition from Capital CFD to Maintenance CFD after 99 years, if not earlier
- Term of Maintenance CFDs are not limited by law

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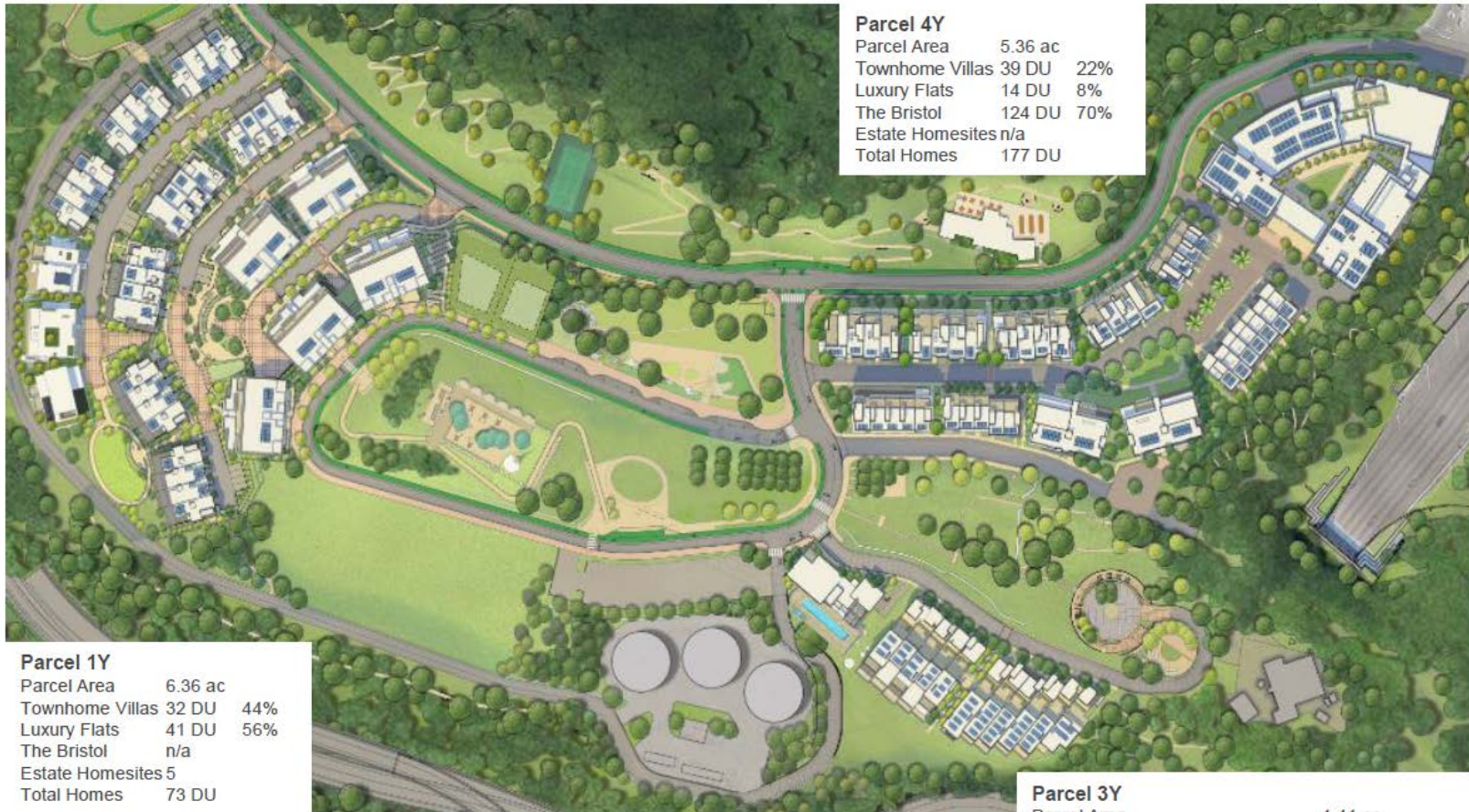


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Yerba Buena Island Map

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Source: Yerba Buena Island Developer

261 Total Units +
5 Single-Family Homesites

Yerba Buena Island Development Program

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Developer Parcel	Product Type	Current Design Status	Permitting Status	Construction Start
The Bristol (part of 4Y)	<ul style="list-style-type: none"> Five story condominium building Two levels of subterranean parking 	Design Complete	Design Review Complete; Site Permit Approved; Shoring and Excavation Permit Approved	Construction Commenced
3Y & 4Y	<ul style="list-style-type: none"> Courtyard Townhomes Luxury Flats Townhome Villas 	90% Construction Documents	Design Review Complete	April 2020
1Y	<ul style="list-style-type: none"> Courtyard Townhomes Luxury Flats Single-Family Homesites 	Design Development	Under review with Planning	1Q 2021
The Island Club (part of 3Y)	<ul style="list-style-type: none"> Amenity Building 	90% Construction Documents	Design Review Complete	2Q 2020

Source: Yerba Buena Island Developer

Renderings of Planned Development for Yerba Buena Island

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Source: Yerba Buena Island Developer

PROGRAM UPDATE:

Subphase 1: Yerba Buena Island

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Source: TIDA staff

PROGRAM UPDATE:

Subphase 1: Yerba Buena Island

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- Subdivision Map Recorded in April 2018
- Street Improvement/Infrastructure Permit Issued
- Infrastructure improvements underway
- Construction detours in place
 - Macalla Road realignment/widening underway
 - Water reservoir site work/retaining walls in construction
- First residential project broke ground in June 2019
- First building permit issued in June 2019; taxes levied in Dec. 2019



Construction Commenced: The Bristol 5-Story Condominium Project (development parcel 4Y)

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Planned 5-story condominium building:

- 110 market-rate units and 14 inclusionary units
- Two levels of subterranean parking
- Expected completion in second quarter 2021

Bond Overview

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- The proposed 2020 Treasure Island CFD Special Tax Bonds will be non-rated and secured by a pledge of the special tax revenue collections in Improvement Area No. 1 of the Treasure Island CFD
- Special taxes levied on properties in Improvement Area No. 1 in accordance with the Rate and Method of Apportionment (“RMA”) adopted at formation will be used to fund debt service and administrative expenses

Bond Overview (cont'd)

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Bond Limitations:

- Debt service coverage requirement of 1.10x special tax revenues
- Minimum value-to-debt ratio of 3-to-1, as required by City policy (for example: with a value of \$30 million, \$10 million of bonds could be issued)
 - Policy based on appraised value (in this case) or assessed value

Estimated Sources and Uses – Not to Exceed \$17,990,000

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Sources:

Par Amount	\$14,930,000
Premium	1,716,638
Total Sources	\$16,646,638

Uses:

Project Fund	\$14,344,688
Debt Service Reserve Fund	1,298,140
Delivery Date Expenses	
Cost of Issuance	\$750,000
Underwriter's Discount	223,950
CSA Audit Fee	29,860
Total Uses	\$16,646,638
Reserve for Market Uncertainty	\$1,343,362
Not-to-Exceed Par Amount	\$17,990,000

Source: Stifel, PFM, and CSG Advisors, Inc.

Planned Use of Proceeds

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- 2020 Special Tax Bond proceeds are expected to reimburse TICD and its subsidiaries for developer qualified project costs, subject to bond counsel review, such as:
 - Land acquisition (costs paid to Navy for land)
 - On-site infrastructure costs (e.g. utility improvements, street facilities, curb, gutter and sidewalk improvements, streetlights, and traffic signals)
 - Related pre-development costs

Discussion