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

- 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)

- **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/collection 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)

- 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)

- 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
Initial Formation Area limited to YBI Development Parcels (Improvement Area No. 1 – 1Y, 2Y-H, 3Y, 4Y)

- Additional properties will be annexed as subphases move forward
Yerba Buena Island Map

261 Total Units +
5 Single-Family Homesites

Source: Yerba Buena Island Developer
# Yerba Buena Island Development Program

<table>
<thead>
<tr>
<th>Developer Parcel</th>
<th>Product Type</th>
<th>Current Design Status</th>
<th>Permitting Status</th>
<th>Construction Start</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bristol</td>
<td>Five story condominium building, Two levels of subterranean parking</td>
<td>Design Complete</td>
<td>Design Review Complete; Site Permit Approved; Shoring and Excavation Permit Approved</td>
<td>Construction Commenced</td>
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<tr>
<td>(part of 4Y)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Y &amp; 4Y</td>
<td>Courtyard Townhomes, Luxury Flats, Townhome Villas</td>
<td>90% Construction Documents</td>
<td>Design Review Complete</td>
<td>April 2020</td>
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<tr>
<td>1Y</td>
<td>Courtyard Townhomes, Luxury Flats, Single-Family Homesites</td>
<td>Design Development</td>
<td>Under review with Planning</td>
<td>1Q 2021</td>
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<tr>
<td>The Island Club</td>
<td>Amenity Building</td>
<td>90% Construction Documents</td>
<td>Design Review Complete</td>
<td>2Q 2020</td>
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<tr>
<td>(part of 3Y)</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: Yerba Buena Island Developer
Renderings of Planned Development for Yerba Buena Island

Source: Yerba Buena Island Developer
PROGRAM UPDATE:
Subphase 1: Yerba Buena Island

Source: TIDA staff
PROGRAM UPDATE:
Subphase 1: Yerba Buena Island

- 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)

Planned 5-story condominium building:
- 110 market-rate units and 14 inclusionary units
- Two levels of subterranean parking
- Expected completion in second quarter 2021

Source: Yerba Buena Island Developer
Bond Overview

- 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)

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

### Sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Par Amount</td>
<td>$14,930,000</td>
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<tr>
<td>Premium</td>
<td>1,716,638</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$16,646,638</strong></td>
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### Uses:

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
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<tr>
<td>Project Fund</td>
<td>$14,344,688</td>
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<td>Debt Service Reserve Fund</td>
<td>1,298,140</td>
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<td><strong>Total Uses</strong></td>
<td><strong>$16,646,638</strong></td>
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**Delivery Date Expenses**

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<tr>
<th>Expense</th>
<th>Amount</th>
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<tr>
<td>Cost of Issuance</td>
<td>$750,000</td>
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<td>Underwriter's Discount</td>
<td>223,950</td>
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<tr>
<td>CSA Audit Fee</td>
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<td><strong>Total Delivery Date Expenses</strong></td>
<td><strong>$16,646,638</strong></td>
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**Reserve for Market Uncertainty**

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<th>Reserve</th>
<th>Amount</th>
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<tr>
<td>Reserve for Market Uncertainty</td>
<td>$1,343,362</td>
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</tbody>
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### Not-to-Exceed Par Amount

**Not-to-Exceed Par Amount**

$17,990,000

*Source: Stifel, PFM, and CSG Advisors, Inc.*
Planned Use of Proceeds

• 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:
  o Land acquisition (costs paid to Navy for land)
  o On-site infrastructure costs (e.g. utility improvements, street facilities, curb, gutter and sidewalk improvements, streetlights, and traffic signals)
  o Related pre-development costs
Discussion