

**MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
26TH DAY OF SEPTEMBER 2022**

The members of the Oversight Board of the City and County of San Francisco met in a regular meeting via teleconference at 11:00 a.m. on the 26th day of September 2022.

In accordance with the numerous preceding local and state proclamations, orders and supplemental directions, aggressive directives have been issued to slow down and reduce the spread of the COVID-19 virus. Individuals are encouraged to participate in the meetings remotely by calling during the public comment section of the meeting.

PUBLIC COMMENT CALL-IN: 1-415-655-0001 **Access Code:** 2493 736 7937

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1. CALL TO ORDER/ROLL CALL

The meeting was called to order by Chair Van Degna at 11:02 a.m.

Roll call was taken.

Chair Anna Van Degna - present
Vice-Chair Lydia Ely – present
Board member Moses Corrette – present
Board member Janice Li - present
Board member Shanell Williams - absent

Board member Shanell Williams was absent. All other Board members were present. It was noted that the seats for the City and County of San Francisco and the San Francisco Unified School District were still vacant.

2. APPROVAL OF MINUTES - Regular Meeting of September 12, 2022

Secretary Cruz read instructions for the public to call in.

PUBLIC COMMENT - None

Board member Li motioned to move Item 2 and it was seconded by Board member Corrette.

Voice vote was taken for Item 2.

Chair Van Degna - yes
Vice-Chair Ely - yes
Board member Corrette - yes
Board member Li - yes
Board member Williams - absent

ADOPTION: IT WAS VOTED BY FOUR BOARD MEMBERS WITH ONE ABSENCE THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 12, 2022, BE ADOPTED.

3. ANNOUNCEMENTS

A. Announcement of Time Allotment for Public Comments

Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Oversight Board adopts a shorter period on any item. Please note that during the public comment period, all dial-in participants from the public will be instructed to call a number and use their touch-tone phones to register any desire to provide public comment. Comments will be taken in the order that it was received. Audio prompts will signal to dial-in participants when their audio input has been enabled for commenting. Instructions were given to call in for public comment.

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4. CONSENT AGENDA - None

5. REGULAR AGENDA

A. Approving an amendment to the Recognized Obligation Payment Schedule for January 1, 2023 to June 30, 2023 (“ROPS 22-23”) for the Successor Agency (Discussion and Action) (Resolution No. 07-2022)

Presenters: Thor Kaslofsky, Executive Director; Mina Yu, Budget and Project Finance Manager; Aaron Foxworthy, Deputy General Counsel/Acting Real Estate Development Services Manager; Victor Marquez, Mexican Museum; Elizabeth Colomello, Housing Program Manager

Board member Corrette thanked staff for giving a better explanation for line 395 in Exhibit C than what had been given by Jonathan Rose Company. He stated that staff’s presentation was helpful for his understanding.

Board member Li echoed Board member Corrette’s comments. She referred to the OCII Commission meeting the previous week and inquired about whether there were any comments by Commissioners that would be helpful to the Board as it related to the ROPS.

Ms. Yu responded that one of the questions by one of the OCII Commissioners was how the approval process might go and what they anticipated the outcome to be from that process. Ms. Yu responded that they had had a very high success rate in terms of approval, due to the fact that they had been working closely with their developers to get the support documentation in order so that when the review was done with the Department of Finance (DOF), it would go well. One of the pieces of feedback that they received a couple of years prior was that they had excess Redevelopment Property Tax Trust Fund (RPTTF) money in reserve and DOF requested that they spend those funds down further. After some reallocation, they were able to reprioritize these funds before using other sources.

Board member Li referred to the letter regarding the Mexican Museum that the implementation would use progressive design build, which she was very familiar with. She indicated that one critical issue with this was to make sure that the consultants being brought on were very experienced in using that model. Ms. Li explained that this model was about designing as you go which made it very difficult to have the final design and cost at hand. So, this model made sense for construction of a subway tunnel like BART because no one knew what might be dug up; however, for the construction of a museum, it seemed unique. She inquired for the project team about how they would ensure that there would be no cost bloat, especially for the capital construction of the museum and also inquired about how they decided to go with this implementation model.

Mr. Foxworthy deferred to Mr. Marquez for more information.

Mr. Marquez responded that the Building Committee spent a great deal of time vetting a number of culturally-sensitive professionals before making the final decision to go with Cordoba Corporation. That decision was mainly based on the fact that Emilio Cruz, former Chief of Staff for Mayor Willie Brown, would be the project manager. Mr. Cruz was very experienced with design build and with bringing projects forward on time and on budget. In terms of the budget and the expenditures through June 2023, Mr. Marquez explained that OCII staff had had a cost estimate done that they paid \$40,000 for, which came in at \$56 million. Mr. Cruz came in with his own estimate at about \$57 million. So having the two different and independent reviews being so close in number gave the Committee some comfort that they were in the correct range. He added that there might be labor and/or materials cost escalations. Mr. Marquez mentioned Ann Cervantes and others who brought the idea forward and the staff agreed. They were looking to reach 100% diversity by working with minority-owned and women-owned businesses. In fact, he stated that the Equity Community Builders, which is also a woman-owned shop, was running all the projections. Therefore, they felt that they had the right team of professionals in place.

To the question regarding the progressive design build model, Mr. Marquez responded that the team members assembled did have experience with that. He explained that this was an \$87 million project. The façade of the building was done and this was a tenant improvement process. So, the

reason they chose this model was to be able to bring in and provide business opportunities to a number of diverse members, smaller outfits that would be able to work inside the building. He explained that there would be different architects working on different floors to design the exhibit space and the idea was to be able to bring together a team of collective experience rather than give all the work to one shop.

Board member Li responded that they could still meet those SBE requirements without using the design build model. She explained that that model was usually used for projects that were technically unique and where the situation could change over time, so the design had to be continually refined as the construction process proceeded. This was a surprise to her to find out they were using this model. Ms. Li encouraged all team members to continue attending the OCII/OB meetings as updates occurred because there was so much interest in this project.

Executive Director Kaslofsky reported that the Hunters Point Shipyard project had used a design build project for one of the buildings there. He explained that when there was no clear design, one way to save time was to have a parallel design for setup. It was also advantageous to have a general contractor (GC) on board early to deal with construction issues. So, there were some advantages to using this model in terms of cost containment by having a GC on board during the design and pre-construction phase.

Chair Van Degna stated that regarding line 395, she thought that having the letter from Jonathan Rose Company was very helpful. She referred to the sources in the letter where there was an amount from OCII which was \$67.9 million; however, the ROPS line item was \$66 million. She inquired about which number was correct.

Ms. Colomello responded that the ROPS line was most likely the predevelopment money which had been spent. The ROPS line was in line with their projections for what the project needed going forward.

Ms. Yu responded that the \$66 million was the final amount number.

Mr. Marquez announced that Andrew Kluger was also present for the meeting today and wanted to make sure the Board was aware of that.

PUBLIC COMMENT - None

Vice-Chair Ely motioned to move Item 5A and it was seconded by Board member Li.

Voice vote was taken for Item 5A.

Chair Van Degna - yes

Vice-Chair Ely - yes

Board member Corrette - yes

Board member Li - yes

Board member Williams - absent

ADOPTION: IT WAS VOTED BY FOUR BOARD MEMBERS WITH ONE ABSENCE THAT RESOLUTION NO. 07-2022, APPROVING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2023 TO JUNE 30, 2023 (“ROPS 22-23”) FOR THE SUCCESSOR AGENCY, BE ADOPTED.

6. NEW MATTERS FOR FUTURE CONSIDERATION

Board member Corrette referred to a topic which was discussed and brought forward by Board member Li at their prior meeting regarding an update on the fundraising activities of the Mexican Museum.

Board member Li responded that staff could determine when the correct time would be appropriate for that but stated that sometime before the end of the new extension period would be warranted.

Executive Director Kaslofsky directed staff to start working on that.

Mr. Marquez stated that when that item came back, they would have some good news to report.

7. PUBLIC COMMENT ON NON-AGENDA ITEMS - None

8. ADJOURNMENT

Board member Li motioned to move Item 8 and it was seconded by Board member Corrette.

The meeting was adjourned by Chair Van Degna at 11:31 a.m.

Respectfully submitted,

Jaimie Cruz
Board Secretary

ADOPTED: