

**MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
9TH DAY OF JANUARY 2023**

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 9th day of January 2023.

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: 2484 109 6353

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1. CALL TO ORDER/ROLL CALL

The meeting was called to order by Chair Van Degna at 11:01 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 - present

All 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.

Chair Van Degna requested that Item 5A of the Regular Agenda be taken out of order and be dealt with first.

5. REGULAR AGENDA

A. Resolution making findings to allow teleconferenced meetings under California Government Code Section 54953(e) (Discussion and Action) (Resolution No. 01-2023)

Presenter: Thor Kaslofsky, Executive Director

Secretary Cruz read instructions for the public to call in.

PUBLIC COMMENT - None

Board member Williams motioned to move Item 5A and it was seconded by Board member Corrette.

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 - yes

ADOPTION: IT WAS VOTED BY FIVE BOARD MEMBERS THAT RESOLUTION NO. 01-2023, RESOLUTION MAKING FINDINGS TO ALLOW TELECONFERENCED MEETINGS UNDER CALIFORNIA GOVERNMENT CODE SECTION 54953(E), BE ADOPTED.

2. APPROVAL OF MINUTES - Regular Meeting of September 26, 2022

Chair Van Degna made a correction to the minutes regarding adjournment. It was noted and duly corrected by Secretary Cruz.

PUBLIC COMMENT - None

Vice-Chair Ely motioned to move Item 2 and it was seconded by Board member Li.

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 - yes

ADOPTION: IT WAS VOTED BY FIVE BOARD MEMBERS THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 26, 2022, BE ADOPTED.

3. ANNOUNCEMENTS

- A. The next scheduled Board meeting will be a regular meeting held on Monday, January 23, 2023 at 11:00 am (remote meeting).
- B. 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

B. Workshop on the Recognized Obligation Payment Schedule for July 1, 2023 to June 30, 2024 (“ROPS 23-24”) (Discussion)

Presenters: Thor Kaslofsky, Executive Director; Mina Yu, Budget and Project Finance Manager; Elizabeth Colomello, Housing Program Manager; Marc Slutzkin, Project Manager, Mission Bay (MB); Benjamin Brandin, Project Manager, Transbay (TB); Lila Hussain, Project Manager, Hunters Point Shipyard/Candlestick Point (HPS/CP)

PUBLIC COMMENT - None

Vice-Chair Ely was very pleased that all the affordable housing projects were moving along, especially the two at the Shipyard that were waiting for bond allocations from the state. She referred to Slide 15 that listed the number of existing loans as well as new additional loans and inquired about how the ROPs obligations were depicted for affordable housing projects. Ms. Ely inquired about whether, if the existing loans were already captured in prior years’ ROPs request, the amounts were being shown as new amounts or whether they were being carried over. She inquired about how they knew what was new and what was a repeat of what they had seen before.

Ms. Colomello responded that the existing loans all reflected loans for which they had the funding approved and were being carried over to be spent down during this ROPs period, but they were not seeking new funding for those loans.

Ms. Yu added that it was a requirement for OCII, especially with pre-development loans, that they re-request the authority annually. She explained that for construction loans, authority could be carried over year to year but for existing loans they might not have received authority previously. Ms. Yu suggested that there might have been funding changes during the ROPS amendment process, which was being reflected in the existing loans in that slide.

Executive Director Kaslofsky asked for clarification that these were all in previous ROPS documents.

Ms. Yu responded in the affirmative.

Vice-Chair Ely inquired about whether there was anything on Slide 15 that had not been on a previous ROPS.

Ms. Yu responded in the affirmative, and listed out the loans indicated as NEW approvals they were seeking.

Vice-Chair Ely then clarified that they had already seen \$115 million of the total \$364 million in prior years, so the net request of new funds was about \$250 million.

Ms. Yu responded in the affirmative.

Board member Williams echoed the comments about how exciting it was to see the affordable housing program move forward. She inquired about how much would this contribute to moving the needle to where they needed to be in affordable housing production and whether there was any interaction with the Planning Department and other departments working on this effort.

Ms. Colomello stated that these numbers were incorporated into the housing element and she worked with the Planning Department to make sure that the units they were producing were reflected in the current housing element in place.

Board member Williams referred to the reduction of usage of commercial space and leases and inquired about whether there could be a shift in commercial space to make better use of what they had.

Executive Director Kaslofsky responded that they prioritized usage as related to the development. He described that one project, TB Block 2, had some ground floor child care dedicated to the family portion of the project. At another TB project, there was a desire to have commercial use such as a grocery store and other retail amenities, so 8,000 sq. ft was dedicated to that. He explained that this was usually worked around the needs of the community but also around the revenue needs of the project itself. Mr. Kaslofsky reported that they worked with the developer who ran the property management to get small businesses involved. He reported that Mercy Housing had a very good track record of getting local organizations and community serving uses into the spaces. Mr. Kaslofsky also reported that they worked closely with City departments to get grants for small businesses to occupy spaces in the locations. He added that this did not mean there weren't vacancies, but they tried.

Board member Williams referred to debt concern. She inquired about whether this was their debt servicing and whether this was an expected amount for servicing the debt on this bond program and whether this was a typical amount or had it shifted due to other factors.

Ms. Yu responded that their assumption had always been 7% with the debt program, which had typically been beyond what the rates actually were. She explained that a couple of years ago the rates were exceptionally low, so they always had savings when the bonds were issued. Now the rate was inching closer to 7%, according to John Daigle, Senior Financial Analyst/Debt Manager, who recently stated that it was around 5 to 5.5% for debt issuances. Ms. Yu acknowledged that the rates had gone up and they were keeping a close eye on those rates as they went through the issuance process. She explained that the TB bonds and the affordable housing bonds were new bond issuances that had real project means, so they would be proceeding with those issuances. For the 2016D

refunding, because it was a refunding, they would have to demonstrate that there would be a financial savings. However, Ms. Yu explained, there might not be a savings since the rates had gone up, so they were working with the bond team to do the analysis and test whether there might be savings. She stated that if they could not demonstrate the savings, the Department of Finance (DOF) might push back on the issuance. But they still had to do their due diligence to see whether this was feasible.

Board member Williams inquired about whether there was an expectation that they might cross that ceiling and if so, what contingencies there were to make sure that it would not take away from other parts of the program.

Ms. Yu responded that they did anticipate the Feds to raise rates in 2023 and if the rates went up beyond the OCII plan within their programming, they would be looking for alternative funding to supplement the parks and affordable housing programs. She mentioned several sources in that case, such as developer fees and other funds from the City for affordable housing.

Executive Director Kaslofsky added that the debt, regardless of rates, was necessary for affordable housing production. He explained that if rates continued to increase, there was a point where they would stabilize and that would become the new debt rate around the country. Affordable housing and infrastructure would continue to be produced, but it would just be more expensive.

Board member Williams inquired about the Navy testing timeline and whether that was on schedule and inquired about the status of that parcel.

Ms. Hussain responded that they were moving along, not at the expected pace, and reported that the Navy had recently pushed back the timeline by a couple of years. She explained that many of the delays had to do with contracting and internal issues. Ms. Hussain stated that they would like to have discussions with the Navy as far as how they could continue efficiently without jeopardizing the retesting.

Board member Corrette referred to page 24 of the presentation and inquired about whether the Police Department reimbursed OCII for building 606 rents.

Ms. Hussain responded in the affirmative.

Board member Corrette referred to the 55 FTE needed for the running of the Agency and inquired about whether that number would be stable.

Executive Director Kaslofsky responded that this was the plan. He reported that the Mayor spoke to her Department heads in December about net reductions in expenses--5% in the first year and 8% in the second year. He reported that OCII was advised to not reduce expenses in affordable housing and other areas and to fill any vacancies in those areas. Mr. Kaslofsky stated that OCII vacancies were in those areas and they were not seeking to reduce vacancies as a cost-saving measure.

Chair Van Degna referred to slide 8 and to the 2016D refunding in the column showing an increase. She inquired about, if because of market conditions, refunding resulted in an increase in debt service, whether OCII would still move forward with it or whether it would be put on hold.

Ms. Yu responded that if there was no demonstration of cost savings, they would not be able to move forward with it, as per DOF guidelines that there must be a demonstrated savings.

Chair Van Degna referred to 510 and to the decrease for TJPA revenue, and inquired about whether that was due to a decrease in TJPA needs or to a decrease in assessed value and resulting tax increment.

Ms. Yu responded that it was due to decrease because their projections for 2022-23 came in high. She reported that they had just received their 2023 distributions and based off of that, they wanted to bring the 2023-24 number down and closer to reality. Ms. Yu explained that it had been inflated by \$7 million and they did not want to overstate what the TJPA would be receiving.

6. NEW MATTERS FOR FUTURE CONSIDERATION - None

7. PUBLIC COMMENT ON NON-AGENDA ITEMS - None

Speaker: Virginia [unintelligible], City resident

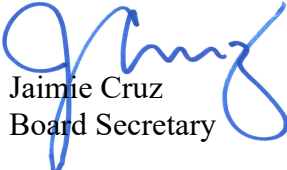
The speaker stated that she was a resident in one of the Mission Bay affordable housing units and wanted to request for future consideration in an upcoming agenda discussion of the need for parking in the affordable housing units. Speaker stated that they had no means to pay for parking on the street, which was very expensive, and wanted to know what solutions the Board had come up with to solve these problems.

8. ADJOURNMENT

Board member Williams motioned to move Item 8 and it was seconded by Vice-Chair Ely.

The meeting was adjourned by Chair Van Degna at 12:02 p.m.

Respectfully submitted,


Jaimie Cruz
Board Secretary

ADOPTED: