



**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
5TH DAY OF SEPTEMBER 2023**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting in person at 1:00 p.m. on the 5th day of September 2023.

REMOTE ACCESS:

WATCH LIVE ON SFGOVTV: <https://sfgovtv.org/ccii>

PUBLIC COMMENT:

Members of the public may provide public comment in-person at the noticed location or remotely via teleconference (detailed instructions available at: <https://sfocii.org/remote-meeting-information>). Members of the public may also submit their comments by email to: commissionsecretary.ocii@sfgov.org; all comments received will be made a part of the official record.

INSTRUCTIONS FOR PUBLIC COMMENT:

DIAL: 1-415-655-0001 **ENTER ACCESS CODE:** 2660 672 6686 **PRESS #** **PRESS #**
again to enter the call. Press *3 to submit your request to speak.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:01 p.m. by Chair Brackett. Roll call was taken.

Commissioner Aquino - present
Commissioner Drew - present
Commissioner Scott - absent
Chair Brackett - present

All Commissioners were present. Secretary Cruz noted that the Commission had one vacant seat.

2. Announcements

- a) The next regularly scheduled Commission meeting will be held **in person** on Tuesday, October 3, 2023 at 1:00 pm at City Hall in Room 416.
- b) Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:
Please be advised that the ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- c) Announcement of Time Allotment for Public Comments from participants dialing in:
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 Commission adopts a shorter period on any item. We recommend that members of the public who are attending the meeting in person fill out a "Speaker Card" and submit the completed card to the Commission Secretary. All dial-in participants from the public will be instructed to call a toll-free number and use their touch-tone phones to provide any public comment. Audio prompts will signal to dial-in participants when their audio input has been enabled for commenting.

PUBLIC COMMENT CALL-IN: 1-415-655-0001 **ACCESS CODE:** 2660 672 6686

Secretary Cruz read the updated instructions for the public to call in.

3. Report on actions taken at previous Closed Session meeting - None

4. Matters of Unfinished Business - None

5. Matters of New Business:

CONSENT AGENDA

- a) Approval of Minutes: Regular Meetings of June 20 and August 15, 2023

PUBLIC COMMENT - None

Commissioner Drew motioned to move Item 5(a) and Commissioner Aquino seconded that motion.

Secretary Cruz called for a voice vote on Item 5(a).

Commissioner Aquino - yes
Commissioner Drew - yes
Commissioner Scott - absent
Chair Brackett - yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT APPROVAL OF THE MINUTES FOR REGULAR MEETINGS OF JUNE 20 AND AUGUST 15, 2023, BE ADOPTED.

REGULAR AGENDA

b) Electing a Vice Chair under Section 25 of the Successor Agency Bylaws (Discussion and Action)

Commissioner Aquino nominated Commissioner Scott for Vice-Chair. There were no other nominations.

PUBLIC COMMENT - None

Secretary Cruz called for a voice vote on Item 5(b) for the election of Commissioner Scott to the office of Vice-Chair.

Commissioner Aquino - yes

Commissioner Drew - yes

Commissioner Scott - absent

Chair Brackett - yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT THE ELECTION OF COMMISSIONER CAROLYN SCOTT AS OCII VICE-CHAIR BE ADOPTED.

c) Authorizing the issuance of special tax bonds for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 6 (Mission Bay South Public Improvements) in an aggregate principal amount not to exceed \$130,000,000, and approving and directing the execution of a Fiscal Agent Agreement, a Bond Purchase Agreement, one or more Escrow Deposit and Trust Agreements, the engagement of professionals and approval of other related documents and actions; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 27-2023)

Presenters: Thor Kaslofsky, Executive Director; John Daigle, Debt Manager, OCII; Jim Morales, General Counsel and Deputy Director

PUBLIC COMMENT - None

Commissioner Drew referred to the memo and the changing of Department of Finance (DOF) direction regarding approval of the Oversight Board (OB) and DOF itself and requested more information on why that approval was required for a Community Facilities District issuance.

Executive Director Kaslofsky directed Mr. Morales to respond to that request.

Mr. Morales responded that there had been DOF review of CFD funding matters in the past, most recently in 2014, and at that time they indicated that in approving CFD bonds the Agency was acting under the Mello-Roos Act with separate authority and that they did not have jurisdiction under dissolution law. It had been assumed that this was the state of affairs since that time and OCII had been treating their CFD expenditures, which related to debt service and other matters for which they had CFD funds, on an annual basis, used them separately and did not report them to DOF. He added that they did not appear on the ROPS. Mr. Morales explained that for this refunding, in doing due diligence by bond counsel, OCII had received a contrary opinion from DOF counsel that the OB and DOF should review and approve this. In the interest of moving the refunding forward, but also in trying to preserve OCII arguments, they had framed the issues in the resolution and with the OB, which would consider this matter the following week, to discuss how the CFD was an independent action of the Successor Agency but at the same time, acquiescing to DOF review. They were hopeful that this would expedite matters. Mr. Morales pointed out that in refunding CFD bonds, they were not acting under dissolution law, but rather were acting under the Mello-Roos Act, which was a separate authority. Although OCII was the governing body for the CFD, it acted in a different capacity when approving or reviewing CFD matters.

Commissioner Drew thanked Mr. Morales for that explanation and stated that she would like to preserve the option to explore whether DOF and OB approval were required for these actions because it seemed outside the scope of dissolution law. This would save the ability to go back and examine that determination.

Commissioner Aquino requested an explanation about what the fiscal agent agreement accomplished with this project.

Mr. Daigle responded that the first thing that the fiscal agent did was to clear the transaction. He explained that on the day of closing, the bonds prepared by bond counsel and the fiscal agent were taken back to their facility and closing took place the next morning. There was a conference call between the underwriter, the fiscal agent, the Depository Trust Company (DTC) (recordholder) and OCII, and then the funds were released, and the transaction was cleared. He explained in detail what the process was for clearing the transaction. At that point, OCII would send debt service payments to the trustee, who held them until the payment date and then the bondholders were paid through DTC. Mr. Daigle pointed out that it would be up to the Fiscal Agent to notify the OCII of the deficiency and to draw sufficient funds from the Debt Service Reserve Fund.

Commissioner Aquino inquired about whether all of that took place within six months.

Mr. Daigle responded in the negative and stated that the fiscal agent would remain involved until the last bond was paid off, because they handled all the debt service payments made by OCII, including interest payments in February and principal and interest payments in August. This would continue until the bonds were paid off in 2043. He explained that during all that time, OCII was paying the fiscal agent, which would remain in place the entire time, usually the amount of \$1500-2000/year.

Executive Director Kaslofsky stated that there was also a flurry of activity when the new bonds were sold and the old bonds were retired. He explained that the debt service process happened on a semi-annual basis for the term of the bonds, some being out 30 years, so the fiscal agent agreement remained in place for the term of each bond.

Mr. Daigle agreed and responded that the fiscal agent for the new bonds was the same as for the old bonds, because it was more efficient that way. He added that they could replace a fiscal agent for any reason, but it was more efficient to have one agent for these transactions.

Chair Brackett noted the difficulty that the U.S. economy had been facing, especially during the 4th quarter of 2022 with interest rates going up. She inquired about how this might impact this refunding cycle or bond issuance.

Mr. Daigle responded that the rule of thumb was 3%, which meant that if they had 3% of present value savings, they should proceed. They could also proceed if they had less than 3% if there was reason to do so. He stated that it was difficult to say what would happen to general interest rates because it was a volatile time and different types of rates can vary quite a bit. He suggested they call in their financial advisor for more information on that subject.

Executive Director Kaslofsky inquired about whether the bonds were fixed or variable rate.

Mr. Daigle responded that they were always fixed. He reported that in the past, they had one variable rate bond but they had called in all of those, so all bonds were now at a fixed rate.

Commissioner Drew motioned to move Item 5(c) and Commissioner Aquino seconded that motion.

Secretary Cruz called for a voice vote on Item 5(c).

Commissioner Aquino - yes
Commissioner Drew - yes
Commissioner Scott - absent
Chair Brackett – yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO. 27-2023, AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 6 (MISSION BAY SOUTH PUBLIC IMPROVEMENTS) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$130,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, A BOND PURCHASE AGREEMENT, ONE OR MORE ESCROW DEPOSIT AND TRUST AGREEMENTS, THE ENGAGEMENT OF PROFESSIONALS AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- d) Conditionally authorizing the conversion of seventy-five (75) off-street residential parking spaces in, and adding five (5) new parking spaces to, an existing building containing 313 parking spaces at 185 Channel Street (MBS Block 2) to provide 30 short-term commercial spaces, thirty (30) commercial valet parking spaces and twenty (20) off-site below-market-rate residential parking spaces and approving a second amendment to the Basic Concept-Schematic Design for Mission Bay South Block 2; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 28-2023)

Presenters: Thor Kaslofsky, Executive Director; Gretchen Heckman, Development Specialist; Pam Sims, Senior Development Specialist

PUBLIC COMMENT - None

Commissioner Drew commended staff and the property owner for considering Commissioner comments from the last meeting. She appreciated the increase in spaces dedicated to BMR owners from 10 to 20 spaces. She also appreciated reference to the SFMTA for determination on reasonable parking rates. It had been discussed that OCII should not be determining hourly parking rates and deferring to other City agencies that had expertise in that area made more sense. Ms. Drew thanked the project for taking Commissioner comments into account and returning with a new proposal.

Commissioner Brackett supported that sentiment and thanked the team. She acknowledged that this was a new subject to be taken up by OCII and was a lengthy process. She thanked other partner City agencies, UDR, the Luma Hotel, Executive Director Kaslofsky, Jim Morales, and others for their support in this. Ms. Brackett inquired about whether there was a way that the Mayor's Office of Housing and Community Development (MOHCD) could set a tiered preference timeline so that the residents that were waiting the longest could get the spaces first.

Ms. Sims responded that they were talking to each property manager and those people on the current waitlist would be added automatically to the lottery. She added that if there were other people interested who were not on the list, they would be included as well for the opportunity to get one of those BMR spaces.

Commissioner Aquino motioned to move Item 5(d) and Commissioner Drew seconded that motion.

Secretary Cruz called for a voice vote on Item 5(d).

Commissioner Aquino - yes
Commissioner Drew - yes
Commissioner Scott - absent
Chair Brackett - yes

ADOPTION: IT WAS VOTED BY THREE COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO. 28-2023, CONDITIONALLY AUTHORIZING THE CONVERSION OF SEVENTY-FIVE (75) OFF-STREET RESIDENTIAL PARKING SPACES IN, AND ADDING FIVE (5) NEW PARKING SPACES TO, AN EXISTING BUILDING CONTAINING 313 PARKING SPACES AT 185 CHANNEL STREET (MBS BLOCK 2) TO PROVIDE 30 SHORT-TERM COMMERCIAL SPACES, THIRTY (30) COMMERCIAL VALET PARKING SPACES AND TWENTY (20) OFF-SITE BELOW-MARKET-RATE RESIDENTIAL PARKING SPACES AND APPROVING A SECOND AMENDMENT TO THE BASIC CONCEPT-SCHEMATIC DESIGN FOR MISSION BAY SOUTH BLOCK 2; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

6. Public Comment on Non-Agenda Items - None

7. Report of the Chair

Chair Brackett stated that she had no report.

8. Report of the Executive Director

- a) Notice of Intent to Issue a Request for Proposals for Landscape Maintenance and Related Services at Community Facilities District No. 1; Rincon-Point South Beach Redevelopment Project Area (Discussion)

Executive Director Kaslofsky gave an overview of this Request for Proposals.

PUBLIC COMMENT - None

Commissioner Drew inquired about, given the fact that the redevelopment project area had expired in 2021, what the plans were to transfer ongoing obligations to the City as had been done with other project areas.

Executive Director Kaslofsky responded that currently there were no plans. He explained that they wanted to study that issue while they reset this new maintenance contract, which would give OCII a few years to work on any transition. He mentioned that the CFD's require special transition and that by the time of the next CFD budget presentation, they would have an update on this question.

Mr. Morales added that they had explored this in the past, because they had several CFD obligations in effect. He explained that there was no authorization under the Mello-Roos Act to transfer the administration of a CFD to another governmental body and they had concluded that in order to do that they would have to go back to the electors, meaning the owners and the residents of the CFD, and get a 2/3 vote to change the CFD administration. Since that was not feasible and in the absence of state legislation to allow the transfer, OCII was basically stuck with the CFD responsibilities and would continue their obligations to it.

Commissioner Drew referred to the fact that San Francisco Rec&Park had recently taken on maintenance responsibilities for Mission Bay (MB) parks that OCII was funding. However, in this case, they were choosing to issue an RFP and directly contract a third party to perform those duties. She inquired about this difference.

Mr. Morales responded that they had not considered using the City to perform those duties. He explained that this property comprised a much smaller area, with more plazas and landscape in small open spaces, whereas MB was a significant open space area of parks and other spaces. He indicated that nothing precluded the City from performing those duties but that this was still an open issue.

Executive Director Kaslofsky added that, as a general policy, Rec&Park did not maintain areas that were not parks and specifically did not maintain plazas and streets. Those were maintained by the Department of Public Works (DPW). He pointed out that a potential option would be to have the DPW cover these duties; however, DPW costs were much higher than private contracting. They continued to explore these options. He acknowledged the work of Marie Munson (Senior Development Specialist, Real Estate Division), Aaron Foxworthy, Deputy General Counsel/Acting Real Estate Development Services Manager) and Maria Pecot, Contract Compliance Specialist II, in this project.

Executive Director Kaslofsky had an update on the replacement housing legislation SB 593 introduced by Senator Wiener in February 2023, which was comprised of 6,000 units since 2012. Mr. Kaslofsky reported that this legislation had passed through the State House and Senate committees and they were waiting on a full Assembly vote. He thanked Sen. Wiener for his work on the extensive media coverage it had garnered. Mr. Kaslofsky reported that currently there were legislative modifications being considered proposed by the DOF, in its oversight role for successor agencies in California. The next step would be the Governor's signature or veto, which would take place on October 14. Mr. Kaslofsky specifically thanked Mattie Scott, President, Freedom West Homes Board of Directors; Dr. Veronica Hunnicutt, Chair CAC, Hunters Point Shipyard; Jim Morales, OCII General Counsel and Deputy Director; Elizabeth Colomello, OCII; Housing Program Manager, John Daigle, Debt Manager; Mina Yu, OCII Budget and Project Finance Manager; and Rosa Torres, OCII Deputy Director, Finance for their work on this issue. He also thanked San Francisco Mayor London Breed for her support in this project.

9. Commissioners Questions and Matters

Chair Brackett announced that on August 17, she, Commissioner Scott and Executive Director Kaslofsky attended the OCII Trainee Program Capstone Ceremony 2023 run by Maria Pecot and George Bridges (Contract Compliance Supervisor) and their team. She reported that it was very well attended and that they had received great feedback from OCII partners. Ms. Brackett was very pleased to be able to speak directly to the trainees and learn that exposure to this program had made them decide to enter their different career paths. She was grateful for this pipeline of potentially new OCII employees.

Commissioner Aquino announced that she, Commissioner Scott and Executive Director Kaslofsky had attended the Hunters Point Walking Tour the previous week. She reported that it was exciting to learn that things were developing well in the Hunters Point area and that it was a beautiful tour.

Executive Director Kaslofsky thanked Lila Hussain (Senior Project Manager, Hunters Point Shipyard/Candlestick Point) for arranging that tour.

10. Closed Session - None

11. Adjournment

Commissioner Drew motioned to adjourn and Commissioner Aquino seconded that motion.

Chair Brackett adjourned the meeting at 2:06 p.m.

Respectfully submitted,


Jaimie Cruz
Commission Secretary