

**MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
8TH DAY OF JANUARY 2024**

The members of the Oversight Board of the City and County of San Francisco met in a regular meeting in person at 11:00 p.m. on the 8th day of January 2024 at City Hall, Room 416, 1 Dr Carlton B. Goodlett Place, San Francisco, CA 94102

The Oversight Board will convene hybrid meetings that will allow in-person attendance, remote access, and public comment via teleconference. Members of the public may provide public comment in-person at the notified 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.

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TO LISTEN TO THE LIVE MEETING OR TO PROVIDE PUBLIC COMMENT:

DIAL: 1-415-655-0001 ENTER ACCESS CODE: 2660 167 6775 PRESS #, then PRESS # again to enter the call. When prompted, press *3 to submit your request to speak.

1. CALL TO ORDER/ROLL CALL

The meeting was called to order by Chair Van Degna at 11:00 a.m.

Roll call was taken.

Board member Moses Corrette - present

Board member Licinia Iberri - absent

Board member Janice Li - present

Board member Shanell Williams - absent

Vice-Chair Lydia Ely - present

Chair Anna Van Degna - present

Board members Iberri and Williams were absent; all other Board members were present. It was noted that the seat for the City and County of San Francisco was still vacant.

Chair Van Degna read the obligatory land statement.

2. APPROVAL OF MINUTES – Regular Meeting of September 11, 2023

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.

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

ADOPTION: IT WAS VOTED BY FOUR BOARD MEMBERS WITH TWO ABSENCES THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 11, 2023, BE ADOPTED.

3. ANNOUNCEMENTS

- A. The next scheduled Board meeting will be a regular meeting held in person at City Hall on Wednesday, January 24, 2024 at 11:00 am.
- 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.
- B. Announcement of Time Allotment for Public Comments:
Please be advised a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Board 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 Board Secretary. All dial-in participants from the public will be instructed to call a toll-free number and use their touch-tone phones to register any desire to provide public comment. Audio prompts will signal to dial-in participants when their audio input has been enabled for commenting.

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4. CONSENT AGENDA – None

5. REGULAR AGENDA

A. Workshop on the Recognized Obligation Payment Schedule for July 1, 2024 to June 30, 2025 (“ROPS 24-25”) (Discussion)

Presenters: Thor Kaslofsky, Executive Director; Mina Yu, Budget and Project Finance Manager; Elizabeth Colomello, Housing Program Manager; Marc Slutzkin, Deputy Director, Projects and Programs; Benjamin Brandin, Project Manager, Transbay; Lila Hussain, Senior Project Manager, Hunters Point Shipyard 1 & 2/Candlestick Point

At the conclusion of the presentation, Executive Director Kaslofsky introduced a new employee, Mr. Phillip Wong, Housing Development Specialist, to the Board.

Vice-Chair Ely referred to page 33 and inquired about the \$6.6 million in grant agreements mentioned in the presentation as part of the non-labor costs.

Executive Director Kaslofsky responded that this was the remaining amount of the grant agreement for the Mexican Museum.

Vice-Chair Ely referred to Other Funds and stated that she understood that this referred to fees and repayments by the master developers of the project areas. She inquired about what the breakdown was and requested a breakdown of the fees, especially if they comprised a majority of the Other Funds.

Ms. Yu responded that they did not have a breakdown of those funds in front of her but would be able to provide a breakdown by the time of the action presentation. She added that this comprised a wide variety of fees that they had tracked over the past decade.

Executive Director Kaslofsky suggested that the majority of the Other Funds were developer funds and bond interest income.

Ms. Yu responded that for the affordable housing these were fees that they had on hand so it was for job housing linkage fees and various other fees. She deferred to Ms. Colomello for more detail.

Ms. Colomello responded that she did not have the information on hand but replied that Other Funds did include job housing linkage fees, pilot fees and developer fees for certain projects and that these comprised the majority of the funds.

Executive Director Kaslofsky added that pilot fees were for payment in lieu of taxes for UCSF in Mission Bay (MB) for example.

Ms. Yu stated that those would comprise the largest portion and others were in smaller buckets.

Vice-Chair Ely referred to the job housing linkage fees and inquired about whether they were tied to specific areas and whether they had to be spent in those areas as well.

Ms. Yu replied in the affirmative.

Board Member Li referred to the grant agreements and inquired about whether the entire \$6.6 million was for the Mexican Museum. She requested more information about what the agreement entailed in terms of when it expired and what still needed to be done.

Executive Director Kaslofsky responded that the grant amount was actually \$6.5 million, and was rounded up to \$6.6 million. He responded that the grant agreement expired in June 2024 and the intent was to bring an update to the Board before the expiration date, either to extend it or to indicate what the plans were if they did not intend to extend the agreement.

Board Member Li thanked staff for the presentation and for the update on SB 593. She acknowledged that it had great intention and in what it sought to do; however, she felt it really came down to the amount of funding that would be available to build the replacement housing. It seemed that this would amount to the scraps, meaning the residuals after all the priorities were expended at OCII and whatever funds were left in the City's General Fund, which was greatly diminished. Ms. Li inquired about whether there was any way they could augment the funds for the replacement housing from other revenue sources, such as state funds, because there were housing programs being created every year, and local or regional bond measures.

Executive Director Kaslofsky responded in the affirmative. He stated that when they began the legislative process for hearings with Mayor Breed and Senator Wiener, the first adjustment they had to accept was that they would not be able to include the other non-City taxing entities within this funding source, which would make it a lesser form of tax increment financing. He reported that one plan could be to restore the traditional redevelopment financing mechanisms. In addition, with all OCII affordable housing projects, they tried to maximize every single other source of affordable housing revenue, which was not incompatible but just represented additional sources to add to the mix. Mr. Kaslofsky stressed that this was still in its nascent stages and that they were still working with the City's Comptroller's Office and the Department of Finance to implement the actual approval process. He indicated that they did not anticipate being able to use bond financing for this due to the City's state of fiscal affairs for the next year or two.

Board Member Li responded that there were many pieces to SB 593 and contended that as they went through the next year of planning, the top priority must be to figure out how much this would all cost and how much potential funding would be available. Ms. Li felt strongly that even with all the funding they could gather, it would still not be enough to build this replacement housing. She added that they should be looking at other emerging sources of funding even at the state level.

Executive Director Kaslofsky clarified that this would be a multi-decade effort to replace all the housing and even if it had the full redevelopment financing levels, it would still take decades.

Board Member Li stated that she understood the long-term process of building housing, but her comments were less about that and more about the real possibility that SB 593 would die if there was no legitimate funding to back it. Otherwise only a handful of replacement units would get built. Therefore, the urgency was not really about building the housing but rather about finding realistic funding to make it actually happen.

Board Member Corrette referred to SB 593 and pointed out that the intent was to move into this project with the same staffing levels, as it was indicated in the budget presentation that staffing levels would not be increased. However, he asserted that this project would require a lot more work and inquired about whether more staff would be added in future budget years.

Executive Director Kaslofsky responded that Board Member Li had alluded to the fact that as residual amounts trickle in, the last distribution he saw from the Comptroller's Office was \$136 million available in the City's budget, which would fluctuate occasionally. As a result, a certain amount of units were able to be bonded against that amount. Mr. Kaslofsky pointed out that the MB and Transbay (TB) project areas were in a wind-down mode in the final 5-10 years of their lives. However, Hunters Point (HP) Shipyard had not yet ramped up, but could be ramping up by the end of next year. So, they probably would not need additional staff for another year or two and they would have to see what developed for the HP Shipyard. He noted that they had hired one additional person, Mr. Wong. He concluded that right now they had adequate staff for what they were doing unless there was a significant increase and acceleration in the replacement housing program.

Board Member Corrette acknowledged that the building of the units would take decades, but he pointed out that he had heard from residents in neighborhoods across the City that they needed and desired affordable housing in areas that were not located in redevelopment areas. Mr. Corrette explained that this was because they felt like they were stuck in their neighborhoods and were not able to move freely around the City and some would like to live elsewhere. Mr. Corrette referred to page 33 and inquired about whether the Other Current Expenses of \$0.7 million was related to the replacement housing as well or not.

Ms. Yu responded that that amount referred to operations and office expenses.

Chair Van Degna referred to page 5 and inquired about whether the bond proceeds of \$263 million listed were from existing bond issuances or whether that included planned bond issuances.

Ms. Yu responded that the majority was from existing bond issuances; however, there was \$64 million for Under Ramp Park in TB, which was still to be issued. The rest was existing bonds on hand.

Chair Van Degna referred to the use of interest earnings and assumed those were from tax-exempt bond funds. She inquired about whether, before the interest earnings were spent, any arbitrage rebate calculations would be done to see if any rebate was owed to the IRS. Ms. Van Dega stated that she did not need an immediate response on this. She explained that she was aware that this was something that was done with the City's bond proceeds because interest rates were high right now and sometimes if they were earning more than the yield on the bonds, they could owe a rebate payment to the IRS.

Chair Van Degna referred to page 36 and the mention in the administrative calculation of less prior years City and County loan repayment and inquired about what the \$1.37 million represented.

Ms. Yu responded that when they requested their Redevelopment Property Tax Trust Fund (RPTTF) and they did not expend all of it, this amounted to the savings or the prior year's loan repayment, so it was monies that they received in prior years that they had to subtract from the upcoming year's request because they technically already had those funds on hand.

Executive Director Kaslofsky clarified this was not a City loan to OCII.

Ms. Yu agreed that it was not.

PUBLIC COMMENT - None

6. NEW MATTERS FOR FUTURE CONSIDERATION

Board member Corrette stated that if there was going to be news forthcoming about HP Shipyard, it would be appreciated to get a heads-up about that, especially concerning the company with the bad reputation.

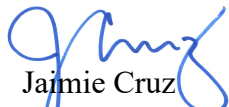
7. PUBLIC COMMENT ON NON-AGENDA ITEMS - None

8. ADJOURNMENT

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

The meeting was adjourned by Chair Van Degna at 11:57 a.m.

Respectfully submitted,


Jaimie Cruz
Board Secretary