

**MINUTES OF A SPECIAL MEETING OF THE  
OVERSIGHT BOARD OF THE CITY AND  
COUNTY OF SAN FRANCISCO HELD ON THE  
29TH DAY OF JUNE 2023**

The members of the Oversight Board of the City and County of San Francisco met in a special meeting in person at 1:00 p.m. on the 29th day of June 2023 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 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](mailto:commissionsecretary.ocii@sfgov.org); all comments received will be made a part of the official record.**

**WATCH ON WEBEX: <https://bit.ly/3JvVaqK> (Stream will go live 5 minutes before the event) ENTER NAME, EMAIL ADDRESS**

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

**DIAL: 1-415-655-0001 ENTER ACCESS CODE: 2589 6430 4490 PRESS #, then PRESS # again to enter the call. 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 1:02 p.m.

Roll call was taken.

Board member Moses Corrette - present

Board member Janice Li - present

Board member Shanell Williams - absent

Vice-Chair Lydia Ely - present

Chair Anna Van Degna - present

Board member 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 - Special Meeting of April 7, 2023**

**PUBLIC COMMENT - None**

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

Voice vote was taken for Item 2.

Board member Corrette - yes  
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 ONE ABSENCE THAT APPROVAL OF MINUTES FOR THE SPECIAL MEETING OF APRIL 7, 2023, BE ADOPTED.

### 3. ANNOUNCEMENTS

- A. The next scheduled Board meeting will be a regular meeting held in person at City Hall on Monday, September 11, 2023 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.

**DIAL:** 1-415-655-0001      **ENTER ACCESS CODE:** 2596 430 4490  
**PRESS #, then PRESS # again to enter the call. Press \*3 to submit your request to speak.**

### 4. CONSENT AGENDA - None

### 5. REGULAR AGENDA

- A. Approving the reading of statement acknowledging the Ramaytush Ohlone Community at each meeting of the Oversight Board (Discussion and Action) (Resolution No. 04-2023)

Presenter: Thor Kaslofsky, Executive Director

Executive Director Kaslofsky read the land statement.

Board member Li thanked Board member Corrette for introducing this at the last meeting. She was in support of this item and urged Board members to vote yes on this item.

**PUBLIC COMMENT** - None

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

Voice vote was taken for Item 5A.

Board member Corrette - yes

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 ONE ABSENCE THAT RESOLUTION NO. 04-2023, APPROVING THE READING OF STATEMENT ACKNOWLEDGING THE RAMAYTUSH OHLONE COMMUNITY AT EACH MEETING OF THE OVERSIGHT BOARD), BE ADOPTED.

- B. Approving, under sections 34177.5(a)(1), 34177.5(f) and 34180(b) of the California Health and Safety Code, the issuance of tax allocation refunding bonds by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, and related actions; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 05-2023)

Presenters: Thor Kaslofsky, Executive Director; Rosa Torres, Deputy Director, Finance and Administration; Marc Slutzkin, Project Manager, Mission Bay; Nicholas Jones, PFM Financial Advisors, Financial Advisor

Board member Li stated that she was not a Board member during the 2016D bond issuance and stated that it would be helpful to new members if presenters provided some context and background information regarding those bonds and also to provide information about what the bonds were spent on.

Vice-Chair Ely inquired about how much of the bonds had been issued, had the funds been committed and whether they had been drawn and spent.

Mr. Slutzkin responded that the 2016D bonds went to pay for the infrastructure, roads and parks within Mission Bay (MB). He reported that since 2016, three different parks were built or under construction as well as the roads around the Chase Center, including Owen Street and a dog park. He explained that P2 was located south of the Chase Center and P3 ran along the channel between the Third and Fourth Street bridges. The Bay Front Park was currently under construction and would cost \$25 million, so this project alone would eventually use up all the funds. Mr. Slutzkin responded that the bond amount was \$70 million with a range of over \$30 million, because some of the parks took longer, especially the Bay Front Park.

Executive Director Kaslofsky added that all the bonds were committed and there would be more bond issuances for MB in the future. He pointed out that these bonds were for past projects and also projects that were just being completed this year.

Board member Li referred to the \$4.8 million savings and inquired about what impact that would have on future projects or on the entire budget.

Ms. Torres responded that with the \$4.8 million savings, the City would save \$3 million; the College District \$69,000; School Superintendent \$4,600; Unified School District \$370,000; Air Quality \$10,000; BART \$30,000; and the Education of Revenue Augmentation Fund \$1.2 million.

Executive Director Kaslofsky added that this translated to a net bond payment reduction, so future draws on tax increment would be less as a result and the savings would impact each of the entities.

Vice-Chair Ely referred to the fact that they were being asked to authorize an issuance of up to \$85 million; however, she pointed out that the original bond amount was for \$74.6 million and inquired about the extra \$10 million. Ms. Ely stated that she understood that the final amount of savings would be based on market conditions when the issuance actually happened and inquired about whether there would be a go/no-go moment when market conditions would not be favorable enough to move ahead with the issuance and refunding or whether they were sure this would move forward regardless of market conditions at that particular moment.

Ms. Torres deferred to Mr. Jones to respond to those questions.

Mr. Jones responded that PFM had prepared the financial advisor's report attached to the resolution, some of which was summarized in the presentation provided by Ms. Torres. He referred to slide 4 and the total uses of funds, which was approximately \$78.5 million. He explained that when they set the not-to-exceed amount, which they were legally capped at, they then leave a cushion. So, they took the total uses of funds, which was driven by how many bonds outstanding needed to be refunded, accrued interest, class of issuance, debt service reserve, and any other cost associated with the bond issuance and added a 10% cushion to the amount to get to the \$85 million.

Vice-Chair Ely surmised then that at some point after the refunding they would get to see how it would actually play out.

Mr. Jones responded that because interest rates were still low, even though they had been trending upwards, they expected the bonds to be sold at a premium, which meant investors would pay more than their face value. He explained that here they were showing that they would only have to issue around \$68 million in principal amount. However, possible market conditions, couponing structure and investor preferences, discounted bonds, among other things, could change so they liked to leave some flexibility for that.

In response to the go/no-go question, Mr. Jones referred to the savings amount and stated that the \$4.8 million corresponded to 6.8% of the refunded bonds amount. He indicated that generally the desired number should be at least 3%. If rates rose by too much, the savings would drop and go below the 6.8%. Mr. Jones described the process: the underwriter would

offer the funds to the market, they would see what interest rates they would be willing to accept for them, recompute the savings and at that point, OCII would decide whether to sign the bond purchase agreement, which indicated that the bonds were being offered for this much money at these rates. At that point OCII could say no, because there was not enough savings, and walk away.

Vice-Chair Ely wanted clarification that this approval was not contingent on achieving the 3% savings minimum. She pointed out that, ostensibly, this was an executive decision.

Mr. Jones responded in the affirmative. He explained that the DOF review process had certain rules and their approval was conditioned on at least \$1 of cash flow savings.

Executive Director Kaslofsky added that the question was whether the amount being projected would be the amount saved and they didn't know the answer to that. They hoped it would be within that range but were making many assumptions. The goal was to have substantial cost savings, which would be more than \$1 but possibly less than \$4.8 million.

Vice-Chair Ely inquired about why the original bonds were non-rated and how that happened.

Mr. Jones responded that when they looked at the tax increment generated by MB South at the time, there was sufficient tax increment to issue a certain amount of the bonds rated which required a certain coverage level that the rating industries would accept and give a rating to. In addition to that amount, there were more project needs, so the decision was made to issue the 2016D bonds, on a subordinate lien under-rated because their coverage was closer to 1x and lower than the 1.25x required to put it on the parity lien of the senior debt. He explained that they had predicted at the time that in five years or more, they would be able to have more tax increment and generate more coverage and then be able to refund these up to that senior lien. Since then, there has been a great deal of development and since 2016, the assessed value in MB South has more than doubled. Mr. Jones affirmed that they would be able to issue these now on a senior lien at a 1.25x coverage and they projected coverage now of almost 4x.

Executive Director Kaslofsky added that the MB owner participation agreement also had a planning process built in with the developer, where the developer on an annual basis talked about the upcoming development plan and the bonds fund development of the planned streets and parks. He explained that there was always input coming in from the developer and OCII sized their bonds based on the amount of work projected at the time.

Chair Van Degna referred to slide 6 and pointed out that the estimated new bond rate was 4.26; however, on the table below it showed that the estimated true interest cost was actually higher and inquired about that differential.

Mr. Jones responded that this was a typo and that the true interest cost should show 3.44, not 4.44.

Executive Director Kaslofsky inquired about where the correct rate was coming from.

Mr. Jones responded that it was taken from the financial advisor's report attached to the resolution.

Executive Director Kaslofsky clarified that the report was correct and the rate shown in the presentation was a typo.

Mr. Jones responded in the affirmative. He stated that in the resolution packet, the correct rate was shown on page 22, the Bonds Summary Statistics report, which was the source of those numbers for the true interest cost.

Executive Director Kaslofsky requested that the page with the correct rate be shown on the screen.

Vice-Chair Ely stated that it was shown on page 2 of Attachment A.

Board member Li inquired about whether the 4.26% matched up with the all-in true interest cost.

Mr. Jones responded in the affirmative and demonstrated the numbers on the screen.

**PUBLIC COMMENT - None**

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

Voice vote was taken for Item 5B.

Board member Corrette - yes  
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 ONE ABSENCE THAT RESOLUTION NO. 05-2023, APPROVING, UNDER SECTIONS 34177.5(A)(1), 34177.5(F) AND 34180(B) OF THE CALIFORNIA HEALTH AND SAFETY CODE, THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS BY THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, AND RELATED ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

**6. NEW MATTERS FOR FUTURE CONSIDERATION**

Board member Li requested an update from staff regarding outreach to SFUSD and the Mayor's Office regarding filling the two vacancies on the Board.

Secretary Cruz responded that they had reached out to the Unified School District and that they were working on getting someone appointed. She also responded that they were working with the Mayor's Office to get someone appointed by the Mayor.

Board member Corrette requested an update on a discussion from last year regarding the fundraising efforts for the Mexican Museum.

**PUBLIC COMMENT** - None

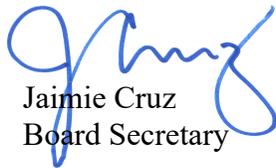
**7. PUBLIC COMMENT ON NON-AGENDA ITEMS** - None

**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 1:39 p.m.

Respectfully submitted,

  
Jaimie Cruz  
Board Secretary