OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0982025-002

Agenda Items **Nos. 5(c) through 5(e)**
Meeting of December 2, 2025

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a Personal Services Contract with KNN Public Finance, LLC, in an amount not to exceed $208,100, for financial advisory services in connection with the proposed issuance of Tax Allocation Bonds

Authorizing a Legal Services Contract with Anzel Galvan LLP, in an amount not to exceed $441,000, for Bond Counsel and Disclosure Counsel services in connection with the proposed issuance of Tax Allocation Bonds

Authorizing a Personal Services Contract with Keyser Marston Associates, Inc., in an amount not to exceed $141,000, for Fiscal Consultant services in connection with the proposed issuance of Tax Allocation Bonds

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII") plans to issue bonds to finance affordable housing projects in the Mission Bay South Project Area. The first step in proceeding with this bond issuance is to hire a financing team to assist OCII with the financing process. An OCII bond financing team typically consists of a Financial Advisor, Bond Counsel, Disclosure Counsel, and Fiscal Consultant ("Financing Team").

OCII will issue Tax Allocation Bonds to fund approximately $135 million of affordable housing projects (the "2027 Bonds"). The 2027 Bonds are anticipated to fund predevelopment and gap funding for Mission Bay South Block 4 East B. The source of funds will be tax increment provided by Senate Bill No. 593 ("SB 593"). SB 593 authorizes OCII to issue bonds to fund the construction of affordable housing replacing units that the former Redevelopment Agency of the City and County of San Francisco destroyed and did not replace during urban renewal.

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

628 652 8500

www.sfocii.org

Under Section IX.C.5 of OCII's Purchasing Policy, OCII can procure contractors from a City and County of San Francisco panel ("City Panel") established using the City's competitive selection process. The City regularly procures competent bond professionals for City bond transactions to its City Panel. Section IX.D.1.d. of the Purchasing Policy provides that OCII may select a contractor on a sole source basis where "[t]he proposed Contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services". OCII procured the following members of the Financing Team:

1. KNN Public Finance, LLC ("KNN"), Financial Advisor
   - KNN is recommended as Financial Advisor from the City Panel for Financial Advisors for the 2027 Bonds, for a Contract not to exceed $208,100.

2. Anzel Galvan LLP ("Anzel Galvan"), Bond Counsel and Disclosure Counsel
   - OCII recommends Anzel Galvan as Bond Counsel and Disclosure Counsel for the 2027 Bonds, for a sole source Contract not to exceed $441,000.
   - Anzel Galvan is a law firm recently formed by Juan Galvan and Josh Anzel, two attorneys formerly associated with Jones Hall, OCII's long-standing Bond Counsel (included in the City Panel for Bond Counsels). Juan Galvan, as a member of Jones Hall, was lead counsel for many of OCII's previous bond transactions and worked with OCII on the state legislation expanding OCII's bonding authority to include replacement affordable housing, namely Senate Bill No. 593 (Statutes 2023, chapter 782), codified at Cal. Health & Safety Code ("HSC") Section 34177.7(a)(1)(C).
   - Anzel Galvan has gained specific information and experience about OCII's bond transactions, knowledge of OCII's debt portfolio and its replacement affordable housing program that make the firm uniquely qualified to provide the requested bond transaction services.

3. Keyser Marston & Associates, Inc. ("Keyser Marston"), Fiscal Consultant
   - OCII recommends Keyser Marston from the City Panel for Fiscal Consultants for the 2027 Bonds, for a Contract not to exceed $141,000.

Staff recommends authorization of services contracts ("Contracts") with 1) KNN for financial advisory services in an amount not to exceed $208,100, with 2) Anzel Galvan for Bond Counsel and Disclosure Counsel services in an amount not to exceed $441,000, and with 3) Keyser Marston for Fiscal Consultant services in an amount not to exceed $141,000.

DISCUSSION

In early 2027, OCII plans to issue Tax Allocation Bonds secured from the City's share of residual incremental property tax revenues generated from certain former and current redevelopment project areas. Issuance of the bonds requires approval of the Commission, the Oversight Board, and the California Department of Finance ("DOF"). The approximately $135 million in proceeds of these bonds will be used to fund replacement affordable housing in the Mission Bay South Project Area.

Financing Process

Issuing bonds is a technical process that requires specialized knowledge. As such, to issue bonds, OCII must procure the services of a Financing Team with the appropriate knowledge and skills. OCII Financing Team's roles are summarized below:

1. *Financial Advisor:* Is a specialist in public finance and advises OCII on the structure of the bond transaction, ensuring that OCII issues bonds at the least possible cost with the lowest possible risk. Dissolution Law requires that OCII hire a Financial Advisor when issuing bonds.

2. *Bond Counsel:* Is responsible for drafting the bond documents, which are contracts between OCII, the investors, and the financial institutions involved in the bond issuance, ensuring the bond issuance is consistent with public finance and Dissolution Law, and providing legal opinions on those matters.

3. *Disclosure Counsel:* is responsible for drafting the official statement, which is a summary of the terms of the bond issuance and presents investors with the relevant financial, project, and risk information.

4. *Fiscal Consultant*: has specialized knowledge of the revenue base supporting the bonds and provides a revenue analysis that determines OCII's bonding capacity, which is the amount of bonds OCII has sufficient revenue to issue.

This memorandum describes the solicitation process and relevant contract terms for each member of the proposed Financing Team described below.

Table 1: Proposed Financing Team

Role	Firm
Financial Advisor	KNN
Bond Counsel	Anzel Galvan
Disclosure Counsel	Anzel Galvan
Fiscal Consultant	Keyser Marston

Solicitation Process

OCII's procurement process for the Financing Team included a number of City Panels, each of which establishes a qualified pool of contractors using the City's competitive selection process. In the case of the proposed Financing Team, OCII issued RFPs to firms including those in the respective City Panels for Financial Advisor, Bond Counsel, Disclosure Counsel, and Fiscal Consultant. In an RFP process, the issuer describes a scope of services and applicants respond with a proposal that demonstrates their ability to provide the service. A team of reviewers with subject matter expertise scores the proposals. Section IX.D.1.d. of the Purchasing Policy also provides that OCII may select a contractor on a sole source basis where "[t]he proposed Contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services". OCII has selected Anzel Galvan LLP ("Counsel") for legal services because Counsel's lead attorney has until recently worked at Jones Hall, A Professional Law Corporation (a firm included in the City Panel for Bond Counsel) and has served as OCII's bond counsel and also assisted OCII in the drafting and negotiating of SB 593. With this experience and understanding of SB 593, Counsel has gained specific information and experience making Counsel uniquely qualified to represent OCII in the bond transaction relying on the SB 593 authority under Redevelopment Dissolution Law. The table below describes the selection process for each member of the proposed Financing Team.

Table 2: Selection Process for Proposed Financing Team

Consultant	Role	Applicable Panel Establishment Date	Justification
KNN	Financial Advisor	City Panel March 21, 2024	Knowledge of OCII Portfolio Staff Depth Post-Dissolution Experience
Anzel Galvan	Bond Counsel	N/A	Post-Dissolution Experience Knowledge of OCII Portfolio
Anzel Galvan	Disclosure Counsel	N/A	Post-Dissolution Experience Knowledge of OCII Portfolio
Keyser Marston	Fiscal Consultant	City Panel March 1, 2022	Post-Dissolution Experience Knowledge of OCII Portfolio

Scope of Services

As described above, each member of the proposed Financing Team provides specialized knowledge and skills that will support the proposed bond issuance. The Financial Advisor advises the agency on the structure of the bond transaction. Bond Counsel drafts the bond documents. Disclosure Counsel drafts the preliminary and official statements. The Fiscal Consultant prepares a tax increment revenue analysis. The table below describes these scopes of services in greater detail.

Table 3: Proposed Scope of Service

Contractor	Role	Scope of Service
KNN	Financial Advisor	Financial modeling, advising on structure, ensuring fair and competitive pricing, preparing of post-sale analysis
Anzel Galvan	Bond Counsel	Drafting bond indenture, drafting bond resolutions, determining and opining on legal compliance of bond issuance
Anzel Galvan	Disclosure Counsel	Drafting the preliminary and final official statement, ensuring credit and risk disclosures are complete and accurate
Keyser Marston	Fiscal Consultant	Analyzing tax base, presenting pledged revenue history for the official statement, and writing Fiscal Consultant's Report to describe legal framework and historic data for revenue source.

Proposed Contract Terms

OCII has negotiated the terms of each Contract with the members of the proposed Financing Team. The terms of these Contracts are summarized below. All Contract fee amounts are based on a flat fee negotiated based on the size and complexity of the proposed bond issuance. All proposed Contracts expire upon the closing of the bonds. Contract terms are summarized in Table 4 and a fee summary is below.

As is typical in the industry, payment of the Financial Advisor, Bond Counsel, and Disclosure Counsel fees are contingent on the closing of the bonds and will be paid from proceeds of the bond issuance. The Fiscal Consultant fees are not contingent on closing. If the planned issuance occurs, the Fiscal Consultant fees will be paid from the proceeds of the bond issuance. If the planned issuance does not occur, OCII will pay Fiscal Consult fees for the tax allocation bonds with OCII operating funds.

Table 4: Proposed Contract Terms

Consultant	Role	Contract Not-To-Exceed Amount	Funding Source	Contingent on Bond Closing	Term
KNN	Financial Advisor	$208,100	Bond Proceeds	Yes	Closing of the Bonds
Anzel Galvan	Bond Counsel	$441,000	Bond Proceeds	Yes	Closing of the Bonds
Anzel Galvan	Disclosure Counsel		Bond Proceeds	Yes	Closing of the Bonds
Keyser Marston	Fiscal Consultant	$141,000	Bond Proceeds / OCII Operating Funds	No	Closing of the Bonds

Enabling Law

Redevelopment Dissolution Law generally limits the authority of successor agencies to issue new bonds to projects with an enforceable obligation requiring the issuance of bonds and with an irrevocable pledge of property tax revenues securing those bonds. Health & Safety Code § 34177.5. In 2023, however, the state legislature adopted special legislation for San Francisco expanding OCII's bonding authority: Senate Bill No. 593 (stats. 2023, ch. 782) (codified at Health & Safety Code § 34177.7(a)(1)(C)). SB 593 authorizes OCII to issue bonds to fund the construction of affordable housing replacing units that the former Redevelopment Agency of the City and County of San Francisco destroyed and did not replace. SB 593 requires OCII to receive the approval of the Oversight Board and DOF to issue bonds.

California Environmental Quality Act

Authorizations of the Contracts with the Financing Team are not "projects" as defined by the California Environmental Quality Act ("CEQA"), pursuant to CEQA Guidelines Section 15378(b)(5), because they are administrative activities of government that will not result in direct or indirect physical changes in the environment and, therefore, are not subject to environmental review under CEQA.

NEXT STEPS

Once the Financing Team is under contract, and the necessary analysis and modeling has been completed, staff will bring the 2027 Bonds to the Commission and the Oversight Board for consideration sometime in mid-2026. Subject to those approvals, the required information will be submitted to DOF for review. Subject to DOF approval, OCII will prepare bond documents for the 2027 Bonds, including the preliminary official statement, for Commission for approval. This action will authorize staff to proceed with the bond issuance. It is expected that the bonds will be sold and funds will be available in early 2027. Subject to DOF approval, OCII will place debt service for the 2027 Bonds on the 2026-27 ROPS. An overall schedule and sequence of steps, documents, and approximate timing is presented in the table below:

Dates 2026		Item
week of	Jan 5	-First draft of bond Indenture and Resolution circulated
Tue.	**Apr 7**	**COMMISSION- Approval of bond documents**
	TBD	**OVERSIGHT BOARD- Approval of bond documents *(to be scheduled)***
week of	Apr 27	-Submit bond packet to Department of Finance (starts 65-day review clock)
week of	May 18	-1st draft of Fiscal Consultant Report (“FCR”) circulated
week of	Jun 1	-1st draft of Preliminary Official Statement (“POS”), containing FCR
week of	**Jul 6**	**End of 65-day deadline for DOF approval of bond issuance**
Tue.	**Sep 15**	**COMMISSION- Approval of POS**
week of	Nov 23	-Post POS for bond investors
week of	Dec 7	-2027 Bonds sale
week of	**Jan 4, 2027**	**-2027 Bonds closing, receive funds**

RECOMMENDATION

Issuing the 2027 Bonds is a critical and necessary step to fund affordable housing and infrastructure for enforceable obligations. To facilitate the planned bond issuances, OCII recommends authorization of Contracts with KNN for financial advisory services in an amount not to exceed $208,100, with Anzel Galvan for Bond Counsel and Disclosure Counsel services in an amount not to exceed $441,000, and with Keyser Marston for Fiscal Consultant services in an amount not to exceed $141,000.

(Originated by Nick Jones, Debt Manager)

DocuSigned by:

Thor Kaslofsky

B10961FA8449406...

Thor Kaslofsky

Executive Director

Attachment 1: Personal Services Contract with KNN Public Finance, LLC

Attachment 2: Legal Services Contract with Anzel Galvan LLP

Attachment 3: Personal Services Contract with Keyser Marston & Associates, Inc.