



107-0842026-002

Agenda Items **Nos. 5(b) through 5(d)**
Meeting of October 20, 2026

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a Legal Services Contract with Jones Hall LLP, in an amount not to exceed \$153,000, for disclosure counsel services in connection with the proposed issuance of Third Lien Tax Allocation Bonds to fund (1) affordable housing infrastructure in Candlestick Point and (2) affordable housing projects in Candlestick Point and Transbay

Authorizing a Personal Services Contract with KNN Public Finance, LLC, in an amount not to exceed \$218,100, for financial advisory services in connection with the proposed issuance of Third Lien Tax Allocation Bonds to fund (1) affordable housing infrastructure in Candlestick Point and (2) affordable housing projects in Candlestick Point and Transbay

Authorizing a Personal Services Contract with Keyser Marston Associates, Inc., in an amount not to exceed \$237,000, for fiscal consultant services in connection with the proposed issuance of Third Lien Tax Allocation Bonds to fund (1) affordable housing infrastructure in Candlestick Point and (2) affordable housing projects in Candlestick Point and Transbay

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EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) plans to issue bonds to finance infrastructure required for affordable housing development in the Candlestick Point sub-area of the Bayview Hunters Point Project Area (“Candlestick”), and affordable housing projects in the Transbay and Candlestick Project Areas. The first step in proceeding with these bond issuances is to hire a financing team to assist OCII with the financing process.

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The Commission will consider approval of the proposed bond issuances at a future meeting after the financing team has reviewed and prepared preliminary bond documents.

OCII intends to issue taxable Third Lien Tax Allocation Bonds to fund approximately \$253 million of affordable housing projects in Transbay and Candlestick ("2027B Affordable Housing Bonds" or "2027B Bonds") and tax-exempt Third Lien Tax Allocation Bonds to fund approximately \$60 million of affordable housing infrastructure in Candlestick ("2027C Housing Infrastructure Bonds" or "2027C Bonds", and together with the 2027B Bonds, the "2027BC Bonds"). The 2027B Bonds are anticipated to provide gap funding for Transbay Block 4 West and Candlestick Point South Block 11A. The 2027C Bonds are anticipated to reimburse the developer for a portion of the cost of infrastructure in Candlestick that is required for the development of future affordable housing in Candlestick to occur.

An OCII bond financing team typically consists of a Financial Advisor, Bond Counsel, Disclosure Counsel, and Fiscal Consultant ("Financing Team").

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. OCII used the City Panel in the procurement of the following members 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 2027BC Bonds, for a contract not to exceed \$218,100.
2. Jones Hall LLP ("Jones Hall"), Disclosure Counsel
 - OCII recommends Jones Hall from the City Panel for Bond and Disclosure Counsels for the 2027BC Bonds, for a contract not to exceed \$153,000.
3. Keyser Marston Associates, Inc. ("KMA"), Fiscal Consultant
 - KMA is recommended as Fiscal Consultant from the City Panel for Fiscal Consultants for the 2027BC Bonds, for a contract not to exceed \$237,000.
4. Anzel Galvan LLP ("Anzel Galvan"), Bond Counsel
 - At its meeting on August 18, 2026, Commission approved by Resolution No. 20-2026 a contract with Anzel Galvan as Bond Counsel, in an amount not to exceed \$212,000. Anzel Galvan was selected from the City Panel for Bond and Disclosure Counsels.

Staff recommends authorization of Personal Services Contracts with 1) KNN for financial advisory services in an amount not to exceed \$218,100 and with 2) KMA for Fiscal Consultant services in an amount not to exceed \$237,000, and a Legal Services Contract with Jones Hall for Disclosure Counsel services in an amount not to exceed \$153,000.

DISCUSSION

In late 2027, OCII plans to issue Tax Allocation Bonds secured from 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 \$313 million in proceeds of these bonds will be used to fund affordable housing in Transbay and Candlestick (\$253 million) and to fund affordable housing infrastructure in Candlestick (\$60 million).

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	2027B Affordable Housing Bonds and 2027C Housing Infrastructure Bonds
Financial Advisor	KNN
Bond Counsel	Anzel Galvan (previously approved)
Disclosure Counsel	Jones Hall
Fiscal Consultant	KMA

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 Request for Proposals ("RFPs") to firms 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. 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	Issuance	Applicable Panel Establishment Date	Justification
KNN	Financial Advisor	2027BC Bonds	City Panel March 20, 2026	Knowledge of OCII Portfolio Staff Depth Post-Dissolution Experience
Anzel Galvan	Bond Counsel	2027BC Bonds	City Panel November 2025	Post-Dissolution Experience Knowledge of OCII Portfolio
Jones Hall	Disclosure Counsel	2027BC Bonds	City Panel November 2025	Post-Dissolution Experience Knowledge of OCII Portfolio Staff Depth
KMA	Fiscal Consultant	2027BC Bonds	City Panel February 20, 2024	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
Jones Hall	Disclosure Counsel	Drafting the preliminary and final official statement, ensuring credit and risk disclosures are complete and accurate
KMA	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	Not-To-Exceed Amount	Funding Source	Contingent on Bond Closing	End Date
KNN	Tax Allocation Bond Financial Advisor	\$218,100	Bond Proceeds	Yes	Closing of the Bonds
Anzel Galvan	<i>Tax Allocation Bond Counsel</i>	<i>\$213,000 (already approved)</i>	<i>Bond Proceeds</i>	Yes	<i>Closing of the Bonds</i>
Jones Hall	Tax Allocation Bond Disclosure Counsel	\$153,000	Bond Proceeds	Yes	Closing of the Bonds
KMA	Fiscal Consultant	\$237,000	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 2015, however, the state legislature adopted special legislation for San Francisco expanding OCII's bonding authority: Senate Bill No. 107 (stats. 2015, ch. 325, §§ 9 & 27) (codified at Health & Safety Code § 34177.7(a)(1)(A) and (B)) ("SB 107"). SB 107 authorizes OCII to issue bonds to fund, among other things, "affordable housing required by the Mission Bay North Owner Participation Agreement, the Mission Bay South Owner Participation Agreement, the Disposition and Development Agreement for Hunters Point Shipyard Phase 1, the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, and the Transbay Implementation Agreement". Given that a significant portion of the Candlestick infrastructure will support affordable housing development required by the Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement, OCII is considering a proposal to fund a portion of the infrastructure with SB 107 bond proceeds in the interest of accelerating affordable housing construction, subject to future approvals by the Commission, Oversight Board, and DOF. OCII has previously issued bonds under SB 107 authority for affordable housing and Transbay infrastructure in 2017, 2021, 2023, and 2025.

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 have been completed, staff will bring the 2027BC Bonds and bond documents to the Commission and the Oversight Board for consideration in Q2 2027. Subject to those approvals, the required information will be submitted to DOF for review and approval.

Subject to DOF approval, OCII will prepare additional bond documents for the 2027BC Bonds, including the preliminary official statement, and will present them to the Commission for approval in Q3 2027. 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 Q3 2027. Subject to DOF approval, OCII will place debt service for the 2027BC Bonds on the 2027-28 ROPS. An overall schedule and sequence of steps, documents, and approximate timing is presented in the table below:

Dates 2026		Item
Tue. Oct 20		COMMISSION- Approval of Financing Team contracts
week of Dec 7		-First draft of bond Indenture and Resolution circulated
Dates 2027		Item
Tue. Mar 2		COMMISSION- Approval of bond documents
TBD March		OVERSIGHT BOARD- Approval of bond documents (to be scheduled)
week of Apr 5		-Submit bond packet to Department of Finance (starts 65-day review clock)
week of Apr 26		-1st draft of Fiscal Consultant Report ("FCR") circulated
week of May 3		-1st draft of Preliminary Official Statement ("POS"), containing FCR
week of Jun 14		End of 65-day deadline for DOF approval of bond issuance
Tue. Jul 20		COMMISSION- Approval of POS
week of Aug 23		-Post POS for bond investors
week of Aug 30		-2027BC Bonds sale
week of Sep 13		-2027BC Bonds closing, receive funds

RECOMMENDATION

Issuing the 2027BC Bonds is a critical and necessary step to fund affordable housing and housing 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 \$218,100, with KMA for Fiscal Consultant services in an amount not to exceed \$237,000, and with Jones Hall for Disclosure Counsel services in an amount not to exceed \$153,000.

(Originated by Nick Jones, Debt Manager)

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Thor Kaslofsky
Executive Director

Attachment 1: Legal Services Contract with Jones Hall LLP

Attachment 2: Personal Services Contract with KNN Public Finance, LLC

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