

**MINUTES OF A REGULAR MEETING OF THE
OVERSIGHT BOARD OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
13th DAY OF JANUARY 2020**

The members of the Oversight Board of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 11:00 a.m. on the 13th day of January 2020, at the place and date duly established for holding of such a meeting.

1. CALL TO ORDER/ROLL CALL

Meeting was called to order by Chair Bukowski at 11:02 a.m.

Roll call was taken.

Chair Kenneth Bukowski – present
David Goldin - present
Vice-Chair Lisa Motoyama – absent
John Rahaim – present
Alex Randolph - present

Vice-Chair Motoyama arrived at 11:07. All other Board members were present. The seats for BART and IFPTE Local 21 are vacant.

2. APPROVAL OF MINUTES – Regular Meeting of September 23, 2019

PUBLIC COMMENT - None

Board member Goldin motioned to move Item 2 and it was seconded by Board member Rahaim.

Voice vote was taken for Item 2.

Chair Bukowski – yes
Board member Goldin - yes
Vice-Chair Motoyama – absent
Board member Rahaim – yes
Board member Randolph - yes

ADOPTION: IT WAS VOTED BY FOUR BOARD MEMBERS WITH ONE ABSENCE THAT APPROVAL OF MINUTES FOR REGULAR MEETING OF SEPTEMBER 23, 2019, BE ADOPTED.

3. ANNOUNCEMENTS

- A. The next scheduled Board meeting will be a regular meeting held on Monday, January 27, 2020 at 11:00 am (City Hall, Room 408).

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

Please be advised a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Oversight Board adopts a shorter period on any item. It is strongly recommended that members of the public who wish to address the Oversight Board fill out a "Speaker Card" provided by the Board Secretary, and submit the completed card to the Board Secretary.

4. CONSENT AGENDA – None

5. REGULAR AGENDA

A. Workshop on the Recognized Obligation Payment Schedule for July 1, 2020 – June 30, 2021 (ROPS 20-21) (Discussion)

Presenters: Nadia Sesay, Executive Director; Mina Yu, Financial Reporting & Management Analyst; Annie Wong, Development Specialist, Affordable Housing; Marc Slutzkin, Project Manager, Mission Bay; Benjamin Brandin, Transbay Development Specialist, Housing Division; Lila Hussain, Project Manager, Hunters Point Shipyard/Candlestick Point; Hilde Myall, Manager, Real Estate and Development Services Division; Bree Mawhorter, Deputy Director, Finance & Administration

PUBLIC COMMENT – None

Vice-Chair Motoyama inquired about the decreasing affordable housing obligation and whether this was decreasing because it represented completions. She referred to the slide on page 12 and inquired about whether this was the complete list of all outstanding obligations for now.

Ms. Yu responded that the reduction and the RPTTF non-admin for housing was in line with the decision that the Department of Finance (DOF) had provided on their 19-20 amendment. She explained that in prior years they had always requested that housing pledge portion amount in their budget and they placed it in fund balance for future years spending. Ms. Yu reported that they had always been open and transparent about this, but in the 19-20 amendment DOF reduced that pledge request because OCII was able to fund all obligations with current year funding. She explained that this would have no negative impacts and that all projects were funded for 2021. She added, however, that now OCII would be dependent on issuing bonds to pay for affordable housing instead of relying on the increment as pay-go.

Ms. Wong responded that what was listed on page 12 were the projects that OCII would have to report to DOF again which OCII was requesting funding for. She explained that certain projects were already in the pipeline under construction covered by AB471 and since OCII had already

gotten approval for that gap funding, those funds kept getting drawn year by year. On page 12, Ms. Wong pointed out different blocks to display pre-development loans for which OCII had already approved up to \$3.5MM in previous ROPS. She reported that as these projects got spent down, they still had to request authority for them every year. Ms. Wong added that there were about two projects under construction funding not listed there because they were already covered under AB471.

Board member Randolph referred to the Hunters Point/Candlestick Park projects and Navy retesting and the ongoing lawsuits. He inquired whether there would be any delays or associated costs resulting from those lawsuits that OCII would have to deal with.

Ms. Hussain responded that OCII was not party to any lawsuits. She reported that the only lawsuits she was aware of were with Lennar or Five Point but she could not report on those. In terms of Shipyard Phase II, there is a delay because they had to retest and make sure everything was done properly due to the allegations that Tetrachem had not conducted their testing properly. This retesting was underway and would result in a delay from the original scheduled performance, which OCII had amended. Ms. Hussain explained that they would not know the extent of that delay, because the EPA and Navy and regulators have to complete their work plan which included many steps and the timing depended on the results of the retesting. Therefore, the delay would have to be determined. In conclusion, Ms. Hussain reported that OCII would not be incurring costs for Shipyard Phase II.

Board member Rahaim referred to affordable housing on page 12 and the fact that a number of those projects were pre-development loans. He inquired about whether those projects would be coming back eventually for gap funding and whether they would be covered in future ROPS. On the asset management side regarding YBC, Mr. Rahaim inquired whether about this would be OCII's final obligation on Yerba Buena.

Ms. Myall responded in the affirmative and explained that in 2013 the Oversight Board had approved the Purchase and Sale Agreement with Millennium Partners for 706 Mission. OCII had been implementing that project and they anticipated them to get their Temporary Certificates of Occupancy this summer. She reported that this is also when the cultural condominium which was the future home of the museum would be handed over from the developer to the City. Ms. Myall reported that the OCII grant agreement would partially fund the improvements to that space. She concluded that the work would not be completed on that unit in 2021; however, they would complete funding of that obligation in that year.

Board member Rahaim reported that the previous week the Planning Commission had approved Parcel F which was next to Transbay and which would hopefully be connected to Block 4. He stated that one comment he had appreciated by the architect was that he hoped there could be a better name for the space than "Under Ramp Park". Mr. Rahaim pointed out that they had been referring to this area by that name for 12 years, so he suggested that they come up with a real name.

Chair Bukowski pointed out that every time they got the ROPS review, they got snapshots in comparison to the prior year but not the broader context of where the budget and proceeds were going, especially the fact that reserve funds had been used this year but not in the prior year as well as increases in employee pension and health costs benefits. He inquired about whether these items could become problems in the future. Mr. Bukowski inquired about why they were using reserve funds this year, how much was left in those funds, how much benefit costs would be increasing in

the future and whether there would be funds available for those costs in the future. He inquired about whether there were decisions they should be thinking about and making today that might have a longer term impact. He explained that this might be a request to staff to think about anchoring ROPS discussions within a bigger context for OCII planning rather than doing this one year at a time when we look at them.

Ms. Mawhorter responded that Chair Bukowski raised an excellent question. She explained that every summer and again in the spring OCII conducts a five-year planning process with the Mayor's Office and the Controller's Office, where they looked at the current year and project out five years for long-term financial planning. So they had been doing that work but were not presenting it to OB in that context. Considering future needs, Ms. Mawhorter explained that this year they were thinking about long-term pension and retiree health obligations. She reported that over the last four years, they had made considerable contributions to their OPED liability which was slightly under \$3MM/year and which had brought their OPED funding from 0% to over 30% funded, which she believed was significant progress and added that they planned to continue this in future ROPS. Ms. Mawhorter reported that this year for the first time they had included an additional \$2.3MM payment over and above what was owed for their annual pension obligations to make similar progress for retiree liability funding, which is currently 70% funded. She added that they planned to make payments against those long-term obligations so that they did not have any problems in the future.

Chair Bukowski announced that they would be meeting in two weeks for their next meeting so that board members could make additional comments at that time.

6. NEW MATTERS FOR FUTURE CONSIDERATION - None

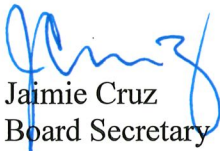
7. PUBLIC COMMENT ON NON-AGENDA ITEMS – None

8. ADJOURNMENT

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

The meeting was adjourned by Chair Bukowski at 11:37 a.m.

Respectfully submitted,


Jaimie Cruz
Board Secretary

ADOPTED: