MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing the Executive Director to Enter into a Memorandum of Understanding between the San Francisco Office of Community Investment and Infrastructure and the City and County of San Francisco Controller’s Office of Public Finance for Assistance with Debt Issuances and Administration

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure as Successor to the San Francisco Redevelopment Agency (“OCII”) staff seeks to enter into a Memorandum of Understanding (“MOU”) through the San Francisco Controller’s Office of Public Finance (“Office of Public Finance”) to continue to provide assistance to OCII with debt issuances and administration. Services related to debt issuances will be paid for from proceeds of the issued debt according to a budget approved by OCII. Compensation for any other assistance would be determined at the time the assistance is requested. The MOU services are allowable within Redevelopment Dissolution Law.

DISCUSSION

OCII has continued the practice of the former San Francisco Redevelopment Agency of coordinating with the Office of Public Finance on debt issuances and administration. The Office of Public Finance has considerable expertise in the issuance and administration of public debt. In addition, the City and County of San Francisco has a strong financial interest in monitoring the debt service requirements of OCII’s tax allocation bond debt, as approximately 65% of the property tax increment used to pay debt service comes from funds that would otherwise flow to the City as their share of property tax revenues.

The proposed MOU documents the existing relationship that has been in place between OCII and the Office of Public Finance.

Under this MOU, services to be provided by the Office of Public Finance include:

- Debt issuance coordination, sharing information on the City’s and OCII’s forward calendar for proposed debt issuances;
- Debt financing team selection support, including making City vendor pools available for OCII use and participating on vendor selection panels (with responsibility for final vendor selection resting solely with OCII);
- Document preparation support, including assisting with the review of OCII’s disclosure documents, indentures, official statements, rating agency presentations, and other issuance-related materials;
- Other support services upon OCII’s request.

Office of Public Finance services provided in the connection with the issuance or refunding of bonds would be compensated from the associated bond proceeds under a cost of issuance agreement approved by OCII. All such costs must be reasonable and adequately documented.

The services are allowable under Redevelopment Dissolution Law pursuant to Health & Safety Code §34177.3(b), which authorizes successor agencies to create enforceable obligations for operations, including hiring staff, acquiring necessary professional administrative services and procuring insurance. Enforceable obligations are defined in Health & Safety Code §34171 (d)(1)(F) to include “[c]ontracts or agreements necessary for the administration or operation of the successor agency....”

**California Environmental Quality Act**

Authorization of this proposed MOU with the Office of Public Finance is an administrative activity that will not cause any physical change in the environment and is not a project pursuant to the California Environmental Quality Act ("CEQA") definition of a project contained in CEQA Guidelines Section 15378(b)(5).

**STAFF RECOMMENDATION**

Staff recommends approval of the MOU attached as Exhibit A to Commission Resolution No. 74-2014.

_(Originated by Leo Levensen, Deputy Director, Finance and Administration)_

[Signature]

Tiffany Bohee
Executive Director