

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 11 -2019

Adopted May 7, 2019

**APPROVING A BUDGET FOR THE PERIOD JULY 1, 2019 THROUGH JUNE 30, 2020,
AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET
AND INTERIM BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF
SUPERVISORS**

- WHEREAS, In accordance with the Community Redevelopment Law, as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 *et seq.*, and with San Francisco Ordinance No. 215-12 (Oct. 4, 2012), the Office of Community Investment and Infrastructure (“OCII”), as Successor Agency to the Redevelopment Agency of the City and County of San Francisco, is a separate legal entity from the City and is subject to the governance of the Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) acting in its legislative capacity; and,
- WHEREAS, The Board of Supervisors has final budget approval authority over the OCII in its annual budget process in accordance with Section 33606 of the California Health and Safety Code and Section 3 of Ordinance No. 215-12 (Oct. 4, 2012); and,
- WHEREAS, Under Redevelopment Dissolution Law, OCII activities are limited to winding down the affairs of the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) and implementing recognized enforceable obligations. Cal. Health & Safety Code § 34177; and,
- WHEREAS, The Department of Finance (“DOF”) has finally and conclusively determined, under Redevelopment Dissolution Law, that certain development agreements and tax allocation pledge agreements associated with Mission Bay North, Mission Bay South, Transbay, and Hunters Point Shipyard/Candlestick Point are enforceable obligations that survived the dissolution of the Former Agency. These agreements require, among other things, the construction and funding of public infrastructure and affordable housing for which property tax increment is pledged and allocated over time; and,
- WHEREAS, Redevelopment Dissolution Law authorizes OCII to make payments only for enforceable obligations on an approved Recognized Obligation Payment Schedule (“ROPS”) that OCII prepares on an annual basis and that lists the total outstanding debts associated with each obligation and the amounts that are due and payable during the upcoming fiscal year; and,
- WHEREAS, The Oversight Board of the City and County of San Francisco approved OCII’s ROPS 2019-20 by Resolution No. 1-2019 (Jan. 28, 2019), and DOF approved, subject to several adjustments, the ROPS 2019-20 on April 15, 2019; and,
- WHEREAS, On April 16, 2019, the OCII Commission held a workshop on the FY 2019-20 Proposed Budget; and,

- WHEREAS, The FY 2019-20 Proposed Budget, attached as Attachment A to this Resolution, includes, among other things, the use of property tax revenues (formerly tax increment revenues) from various project areas of the former Redevelopment Agency of the City and County of San Francisco to pay for certain enforceable obligations consistent with the DOF-approved ROPS 2019-20; and,
- WHEREAS, The FY 2019-20 Proposed Budget includes payments for debt service of tax allocation bonds consistent with Section 34177.7 of the California Health and Safety Code and with Board of Supervisors Resolution No. 538-16 (Dec. 22, 2016); and,
- WHEREAS, In addition to the revenues included in the FY 2019-20 Proposed Budget, OCII may receive additional property tax increment that is irrevocably pledged under the Mission Bay North Tax Increment Allocation Pledge Agreement, the Mission Bay South Tax Allocation Pledge Agreement, the Tax Increment Allocation Pledge Agreement for Candlestick Point and Phase 2 of the Hunters Point Shipyard, and the Transbay Redevelopment Project Tax Increment Allocation and Sales Proceeds Pledge Agreement (collectively, the “OCII Pledge Agreements”) for future payment of the total outstanding debts or obligations listed on the ROPS and associated with particular projects identified in the OCII Pledge Agreements; and,
- WHEREAS, In addition to the revenues included in the FY 2019-20 Proposed Budget, OCII may receive interest on bond proceeds; and,
- WHEREAS, The FY 2019-20 Proposed Budget includes \$40,714,400 of spending that is conditional upon the sale of tax allocation bonds and if the bonds are sold, there will be issuance costs paid from the bond proceeds; and,
- WHEREAS, In addition to the activities programmed in the FY 2019-20 Proposed Budget, OCII may have opportunities to refund existing debt at lower interest rates to reduce debt service costs; and,
- WHEREAS, At the direction of OCII, the City Controller is authorized to pay issuance costs, transfer funds to comply with refunding requirements, and adjust the budget to reconcile estimated debt service and bond proceed amounts with actual debt service and bond proceed amounts, as reflected in the bond documents; and,
- WHEREAS, At the direction of OCII, the City Controller is also authorized to restructure accounting entries to conform to system requirements and Generally Accepted Accounting Principles (“GAAP”), provided that such restructuring is approved by OCII and has no policy impact; and,
- WHEREAS, OCII serves as the administrator of certain Community Facilities Districts (“CFDs”) listed in Table A1 of the FY 2019-20 Proposed Budget, created under the provisions of the Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (known as the “Mello-Roos Act”), and is responsible to make debt service payments and make other expenditures in fulfillment of other obligations associated with the CFDs; and,

WHEREAS, The timing of the full Board of Supervisors' consideration of the annual budget requires submission of an interim budget that is in place from July 1, 2019 until the Board of Supervisors finally passes OCII's FY 2019-20 Proposed Budget; and,

WHEREAS, The interim budget is based on the proposed annual budget; and,

WHEREAS, Approval of the FY 2019-20 Proposed Budget is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5) and is not subject to environmental review under CEQA; now therefore be it

RESOLVED, That the OCII Commission approves the Proposed Budget for the period July 1, 2019 through June 30, 2020, attached to this Resolution as Attachment A, and furthermore authorizes the Executive Director to transmit the FY 2019-20 Proposed Budget, and accompanying interim budget, to the Mayor's Office and the Board of Supervisors for final budget approval, and to make any non-material changes to the FY 2019-20 Proposed Budget that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget; and, be it further

RESOLVED, That this Commission authorizes, consistent with enforceable obligations, the availability of funds, and an approved ROPS, the Executive Director to reprogram funds between expenditure categories within the project areas and administrative budget shown as columns on Table 3 of the attached FY 2019-20 Proposed Budget, and to move appropriated budgets for allocated staffing and operating costs between projects, and to transfer appropriations between affordable housing projects in response to changes in project schedules; and to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants, and other designated purposes; and, be it further

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, the property tax and other revenues subject to the OCII Pledge Agreements that may be received in excess of amounts included in the FY 2019-20 Proposed Budget; and, be it further

RESOLVED, That this Commission authorizes OCII to expend, subject to any ROPS or contract approval that may be necessary, the interest earned on bond proceeds for purposes consistent with the bond indentures; provided, however, that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of May 7, 2019.



Commission Secretary

Exhibit A: OCII's Proposed FY 2019-20 Budget