



City and County of San Francisco
Meeting Minutes
Government Audit and Oversight Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Members: Dean Preston, Catherine Stefani, Connie Chan

Clerk: Stephanie Cabrera
(415) 554-7722 ~ stephanie.cabrera@sfgov.org

Thursday, July 20, 2023

10:00 AM

City Hall, Legislative Chamber, Room 250

Regular Meeting

President Aaron Peskin appointed Supervisor Rafael Mandelman, in place of Supervisor Connie Chan, to the Government Audit and Oversight Committee for the regular meeting of July 20, 2023.

Present: 3 - Dean Preston, Catherine Stefani, and Rafael Mandelman

Excused: 1 - Connie Chan

The Government Audit and Oversight Committee met in regular session, in-person with remote access and public comment via telephone, on Thursday, July 20, 2023, with Chair Dean Preston presiding. Chair Preston called the meeting to order at 10:06 a.m.

Remote Access to Information and Participation

The Board of Supervisors (www.sfbos.org) and its committees convene hybrid meetings that allow in-person attendance, in-person public comment (prioritized before remote public comment), remote access (watch: www.sfgovtv.org), and remote public comment via teleconference (<https://sfbos.org/remote-meeting-call>). Members of the public may also submit their comments by email to the Clerk listed above; all comments received will be made a part of the official record.

ROLL CALL AND ANNOUNCEMENTS

On the call of the roll, Chair Preston, Vice Chair Stefani, and Member Mandelman were noted present. Member Chan was noted not present. A quorum was present.

Chair Preston moved that Supervisor Chan be excused from the Government Audit and Oversight Committee meeting of July 20, 2023. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

COMMUNICATIONS

Stephanie Cabrera, Government Audit and Oversight Committee Clerk, instructed members of the public, when general public comment is called, to contribute live comments for up to two minutes in-person or by dialing the provided telephone number. In-person public comment will be taken before remote public comment is called.

*(Those who are providing public comment remotely must dial * 3 to be added to the remote queue to speak. Written comments may be submitted through email (stephanie.cabrera@sfgov.org) or the U.S. Postal Service at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.)*

AGENDA CHANGES

There were no agenda changes.

REGULAR AGENDA

Supervisor Walton was noted present at 10:20 a.m.

230825 [Hearing - RWG's Final Governance Plan, Business Plan and Viability Study for a San Francisco Municipal Financial Corporation and a San Francisco Public Bank]
Sponsor: Preston

Hearing to consider the Reinvestment Working Group's (RWG) Final Governance Plan, Business Plan and Viability Study for a San Francisco Municipal Financial Corporation and Final Governance Plan, Business Plan and Viability Study for a San Francisco Public Bank; and recommend the Board of Supervisors accept the RWG's proposed Plan; and requesting the Local Agency Formation Commission (LAFCo) to report.

07/11/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

07/18/23; REFERRED TO DEPARTMENT. Referred to the Local Agency Formation Commission for informational purposes and requesting the commission to report.

Heard in Committee. Speakers: Christin Evans (Reinvestment Working Group); Giacomo Bagarella, Director (HR&A Advisors); Susana Razo, Founder (Contigo Communications); Gary Findley, Director (The Finley Group); Khalid Samarrae (Local Agency Formation Commission); presented information and answered questions raised throughout the discussion. Charlie Sciammas (Council of Community Housing Communications); Misha Steier (SF Bank Coalition); Fernando Marti (Reinvestment Working Group); Jassmin Poyaoan (Lawyers Committee for Civil Rights); Rick Girling (California Public Banking Alliance); Max Marguiles; Ramaiah Sinhall (Lawyers Committee for Civil Rights); Mitch Madkin (San Francisco Housing Corporation); Nancy Haver (350 San Francisco and Climate Emergency Coalition); Joyce Calagos; John Anderson; Shae Watson; John Avalos (Council of Community Housing Organizations); Rashine Eisner (San Francisco Tenants Union); Jessie Fernandez (PODER); spoke in support of the hearing matter.

Chair Preston moved that this Hearing be PREPARED IN COMMITTEE AS A RESOLUTION to accept the Reinvestment Working Group's Plans, for introduction at the full Board of Supervisors. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230614 [Hearing - SFHA's Report of Quality of Services Provided by Eugene Burger Management Corp]**Sponsor: Walton**

Hearing on the San Francisco Housing Authority's (SFHA) report of Eugene Burger Management Corp regarding the quality of services provided at the Sunnysdale and Potrero Hill HOPE SF Sites; and requesting the SFHA and Eugene Burger Management Corp to report.

05/23/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

06/15/23; REFERRED TO DEPARTMENT. Referred to the Housing Authority and Eugene Burger Management Corp for informational purposes and requesting both to report.

Heard in Committee. Speakers: Supervisor Shamann Walton (Board of Supervisors); Tonia Lediju, Ph.D., Director (San Francisco Housing Authority); Teresa Pelger (Eugene Burger Management Corporation); Susan Neufeld (BRIDGE Housing); Doug Shoemaker, Ashlei Hurst (Mercy Housing); Phillip Wong (BRIDGE Housing); presented information and answered questions raised throughout the discussion. Stella Scott; Farita McCoy; Caesarea; Larry; Shavonne Hunter; Drew Jenkins; Naj Daniels; Rashine Eisner (San Francisco Tenants Union); Hattie Wyatt; Shelly Leonard; Speaker; spoke on various concerns relating to the hearing matter.

Chair Preston moved that this Hearing be CONTINUED TO CALL OF THE CHAIR. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230112 [Hearing - Strategies for Fire Prevention in Residential Apartment Buildings]**Sponsors: Preston; Walton, Peskin and Chan**

Hearing on strategies for apartment building fire prevention and support for victims, including current City protocols and resources available for those facing displacement; and requesting the San Francisco Fire Department and the Human Services Agency to report.

01/31/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

02/03/23; RECEIVED. Referred to the Fire Department and Human Services Agency for informational purposes and requesting both departments to report.

Heard in Committee. Speakers: None.

Chair Preston moved that this Hearing be CONTINUED TO CALL OF THE CHAIR. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230719 [Audit of the Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases]

Sponsor: Safai

Motion directing the Budget and Legislative Analyst, on a priority basis, to audit the Public Utilities Commission's Water and Wastewater Enterprises, rate setting, and contract oversight processes, with a focus on reducing rate increases.

06/06/23; REFERRED FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA AT THE NEXT BOARD MEETING.

06/13/23; REFERRED to Government Audit and Oversight Committee. Although it was not required, Supervisor Safai, seconded by Supervisor Melgar, moved that this Motion be APPROVED. Before the vote was taken, Supervisor Dorsey requested this Motion be sent to committee.

07/13/23; CONTINUED. Heard in Committee. Speakers: Supervisor Ahsha Safai (Board of Supervisors); presented information and answered questions raised throughout the discussion. Eileen Boken (Sunset Parkside Education and Action Committee); Molly (Sierra Club California); Jake Warner; spoke in support of the hearing matter. David Hooper; Peter Drekmeyer (Tuolumne Trust); spoke on various concerns relating to the hearing matter.

Heard in Committee. Speakers: Bill Barnes (Office of Supervisor Ahsha Safai); presented information and answered questions raised throughout the discussion. Eileen Boken (Sunset Parkside Education and Action Committee); spoke in support of the hearing matter. Peter Drekmeyer (Tuolumne Trust); spoke on various concerns relating to the hearing matter.

Chair Preston moved that this Motion be CONTINUED TO CALL OF THE CHAIR. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

LITIGATION

Chair Preston requested File Nos. 230686, 230687, 230688, 230629, and 230695 be called together.

Heard in Committee. Speakers: None.

Conference with City Attorney

[Convene in Closed Session - Existing Litigation - City as Plaintiff and/or Defendant]

Motion that the Government Audit and Oversight Committee of the Board of Supervisors convene in closed session with the City Attorney for the purpose of conferring with, or receiving advice from, the City Attorney regarding the following existing litigation and anticipated litigation. Administrative Code Section 67.10(d) permit this closed session.

Discussion in open session concerning these matters would likely and unavoidably prejudice the position of the City in the pending lawsuits and claims listed below.

After a closed session, if one occurs, the Committee shall adopt a motion either to disclose or not to disclose.

The Deputy City Attorney reported that the Government Audit and Oversight Committee has met in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding settlements in the lawsuits or claims listed above.

Persons in attendance: Anne Pearson, Sara Eisenberg, and John George (Office of the City Attorney); Stephanie Cabrera (Office of the Clerk of the Board).

Chair Preston moved to convene in closed session. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230686 [Settlement of Lawsuit - Walgreen Co. - City to Receive \$229,610,002 Over 15 Years]

Ordinance authorizing settlement of the lawsuit filed by the City and County of San Francisco and the People of the State of California against Walgreen Co. for \$229,610,002 (the City to be paid \$200,000,002 over 15 years, the City's outside counsel to be paid \$29,610,000); the lawsuit was filed on December 18, 2018, in the United States District Court for the Northern District of California, Case No. 3:18-cv-7591-CRB-JSC; entitled The City and County of San Francisco and the People of the State of California v. Purdue Pharma L.P., Richard S. Sackler, Jonathan D. Sackler, Mortimer D.A. Sackler, Kathie A. Sackler, Ilene Sackler Lefcourt, Beverly Sackler, Theresa Sackler, David A. Sackler, Trust for the Benefit of Members of the Raymond Sackler Family, Rhodes Pharmaceuticals L.P., Cephalon, Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA, Inc., Endo International Plc, Endo Health Solutions Inc., Endo Pharmaceuticals Inc., Janssen Pharmaceuticals, Inc., Insys Therapeutics, Inc., Mallinckrodt Plc, Mallinckrodt LLC, Allergan Plc f/k/a Actavis Plc, Watson Pharmaceuticals, Inc. n/k/a Actavis, Inc., Watson Laboratories, Inc., Actavis LLC, Actavis Pharma, Inc. f/k/a Watson Pharma, Inc., AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation; the lawsuit involves Walgreen Co.'s improper and unlawful dispensing of prescription opioids at its pharmacies, which contributed to the epidemic of opioid abuse and misuse and caused a public nuisance in San Francisco. (City Attorney)

05/26/23; RECEIVED FROM DEPARTMENT.

06/13/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Chair Preston moved that this Ordinance be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230687 [Settlement of Lawsuit - Teva Pharmaceuticals USA, Inc. and Related Entities - City to Receive \$24,797,604 Over 13 Years]

Ordinance authorizing settlement of the lawsuit filed by the City and County of San Francisco and the People of the State of California against Cephalon, Inc.; Teva Pharmaceuticals USA, Inc.; Teva Pharmaceutical Industries Ltd; Watson Laboratories, Inc.; Actavis LLC; Actavis Pharma, Inc. (f/k/a Watson Pharma, Inc.); Actavis Elizabeth LLC; Actavis Mid Atlantic LLC; Warner Chilcott Company, LLC; Actavis South Atlantic LLC; Actavis Totowa LLC; Actavis Kadian LLC; Actavis Laboratories UT, Inc. (f/k/a/ Watson Laboratories, Inc.-Salt Lake City); Actavis Laboratories FL, Inc. (f/k/a Watson Laboratories, Inc.-Florida); and Andax, Inc. for \$24,797,604 (the City to be paid \$19,499,928 over 13 years, the City's outside counsel to be paid \$3,043,340, and the City Attorney's Office to be paid \$2,254,336) and naloxone valued at \$20,000,000; directing the Controller to allocate funds to the City Attorney's Office as provided in the settlement agreement; the lawsuit was filed on December 18, 2018, in the United States District Court for the Northern District of California, Case No.

3:18-cv-7591-CRB-JSC; entitled The City and County of San Francisco and the People of the State of California v. Purdue Pharma L.P., Richard S. Sackler, Jonathan D. Sackler, Mortimer D.A. Sackler, Kathe A. Sackler, Ilene Sackler Lefcourt, Beverly Sackler, Theresa Sackler, David A. Sackler, Trust for the Benefit of Members of the Raymond Sackler Family, Rhodes Pharmaceuticals L.P., Cephalon, Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA, Inc., Endo International Plc, Endo Health Solutions Inc., Endo Pharmaceuticals Inc., Janssen Pharmaceuticals, Inc., Insys Therapeutics, Inc., Mallinckrodt Plc, Mallinckrodt LLC, Allergan Plc f/k/a Actavis Plc, Watson Pharmaceuticals, Inc. n/k/a Actavis, Inc., Watson Laboratories, Inc., Actavis LLC, Actavis Pharma, Inc. f/k/a Watson Pharma, Inc., AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation; the lawsuit involves allegations that the Teva defendants created a public nuisance and violated the Unfair Competition Law by falsely and misleadingly marketing opioids as safer than they actually are and distributing increasingly large volumes of opioids in and around San Francisco despite knowledge of the growing epidemic caused by opioid misuse, and by failing to prevent and report suspicious opioid orders as required by state and federal law. (City Attorney)

05/26/23; RECEIVED FROM DEPARTMENT.

06/13/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Chair Preston moved that this Ordinance be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230688 [Settlement of Lawsuit - Allergan Finance, LLC and Allergan Limited - City to Receive \$12,916,274 Over 5 Years]

Ordinance authorizing settlement of the lawsuit filed by the City and County of San Francisco and the People of the State of California against Allergan Finance, LLC (f/k/a Actavis, Inc., which, in turn, was f/k/a Watson Pharmaceuticals, Inc.) and Allergan Limited (f/k/a Allergan plc, which, in turn, was f/k/a Actavis plc) for \$12,916,274 (the City to be paid \$10,156,889 over 5 years, the City's outside counsel to be paid \$1,585,179, and the City Attorney's Office to be paid \$1,174,206); directing the Controller to allocate funds to the City Attorney's Office as provided in the settlement agreement; the lawsuit was filed on December 18, 2018, in the United States District Court for the Northern District of California, Case No. 3:18-cv-7591-CRB-JSC; entitled The City and County of San Francisco and the People of the State of California v. Purdue Pharma L.P., Richard S. Sackler, Jonathan D. Sackler, Mortimer D.A. Sackler, Kathe A. Sackler, Ilene Sackler Lefcourt, Beverly Sackler, Theresa Sackler, David A. Sackler, Trust for the Benefit of Members of the Raymond Sackler Family, Rhodes Pharmaceuticals L.P., Cephalon, Inc., Teva Pharmaceutical Industries Ltd., Teva Pharmaceuticals USA, Inc., Endo International Plc, Endo Health Solutions Inc., Endo Pharmaceuticals Inc., Janssen Pharmaceuticals, Inc., Insys Therapeutics, Inc., Mallinckrodt Plc, Mallinckrodt LLC, Allergan Plc f/k/a Actavis Plc, Watson Pharmaceuticals, Inc. n/k/a Actavis, Inc., Watson Laboratories, Inc., Actavis LLC, Actavis Pharma, Inc. f/k/a Watson Pharma, Inc., AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation; the lawsuit involves allegations that the Allergan defendants created a public nuisance and violated the Unfair Competition Law by falsely and misleadingly marketing opioids as safer than they actually are and distributing increasingly large volumes of opioids in and around San Francisco despite knowledge of the growing epidemic caused by opioid misuse, and by failing to prevent and report suspicious opioid orders as required by state and federal law. (City Attorney)

05/26/23; RECEIVED FROM DEPARTMENT.

06/13/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Chair Preston moved that this Ordinance be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230629 [Settlement of Unlitigated Claims - The Wiseman Group Interior Design, Inc. - \$40,000]

Resolution approving the settlement of the unlitigated claims filed by The Wiseman Group Interior Design, Inc. against the City and County of San Francisco for \$40,000; the claims were filed on January 30, 2023 and March 8, 2023; the claims involve a refund of gross receipts tax; an additional material term of the settlement is that The Wiseman Group Interior Design, Inc. shall take certain filing positions with respect to its gross receipts taxes for tax year 2023 and subsequent tax years. (City Attorney)

05/25/23; RECEIVED FROM DEPARTMENT.

06/06/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Chair Preston moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

230695 [Settlement of Unlitigated Claims - AppLovin Corporation - \$4,197,820.54 Plus Statutory Interest]

Resolution approving the settlement of the unlitigated claims filed by AppLovin Corporation against the City and County of San Francisco for \$4,197,820.54 plus statutory interest; the claims were filed on February 15, 2023; the claims involve a refund of gross receipts taxes and homelessness gross receipts taxes; additional material terms of the settlement are: 1) the resolution of all claims and potential claims for refund of gross receipts taxes and homelessness gross receipts taxes for tax years 2019 and 2020, and 2) the agreement that AppLovin Corporation and its related entities shall take certain filing positions with respect to their gross receipts taxes, homelessness gross receipts taxes, and overpaid executive taxes for tax years 2021 and subsequent tax years, and with respect to their business registration fees for registration years ending June 30, 2022, and subsequent years. (City Attorney)

06/02/23; RECEIVED FROM DEPARTMENT.

06/13/23; RECEIVED AND ASSIGNED to Government Audit and Oversight Committee.

Chair Preston moved that this Resolution be RECOMMENDED. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

[Elect Not To Disclose]

Motion that the Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations listed above.

Chair Preston moved to not disclose closed session discussion. The motion carried by the following vote:

Ayes: 3 - Preston, Stefani, Mandelman

Excused: 1 - Chan

ADJOURNMENT

There being no further business, the Government Audit and Oversight Committee adjourned at the hour of 1:52 p.m.

N.B. The Minutes of this meeting set forth all actions taken by the Government Audit and Oversight Committee on the matters stated, but not necessarily in the chronological sequence in which the matters were taken up.