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**MINUTES OF A SPECIAL MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
13th DAY OF JANUARY, 2009**

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a special meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00 p.m. on the 13th day of January, 2009, at the place and date duly established for holding of such a meeting.

President Ramon Romero called the meeting to order at 4:00 p.m.

Mr. Romero welcomed members of the public and radio listening audience and asked that all electronic devices including pagers and cellular telephones be turned off during the meeting. Mr. Romero asked members of the public who wished to address the Commission to fill out speaker cards, and to state their names for the record, and to limit their remarks to three minutes. Mr. Romero stated that the appropriate time for members of the public to address the Commission on matters not on the current Agenda, but related to general Agency business, would be Item 6 on the agenda. This portion of the Agenda is not intended for debate or discussion with the Commission or staff, and members of the public should simply state their business or matter they wish the Commission or staff to be aware of, and if they had questions, to follow-up with staff or Commissioners during a break or after adjournment. It is not appropriate for Commissioners to engage in a debate or respond on issues not properly set in a publicly-noticed meeting agenda.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Ramon E. Romero, President
Rick Swig, Vice President
Linda A. Cheu
Francee Covington
Leroy King
Darshan Singh

And the following Commissioners were absent:

London Breed

Fred Blackwell, Executive Director, and staff members were also present.

- 2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY. No Reportable Action.**
- 3. MATTERS OF UNFINISHED BUSINESS. None**

4. MATTERS OF NEW BUSINESS:

REGULAR AGENDA

Agenda Items 4(a) and 4(b) were presented together, but acted on separately

- a) Resolution No. 9-2009, Authorizing a First Amendment to the Amended and Restated Loan Agreement with Agonafer Shiferaw, a sole proprietor, doing business as Rasselas Jazz Club, to increase the Agency Tenant Improvement Loan by \$251,000 to Reimburse the Owner for Incurred Tenant Improvement Cost, for a Total Aggregate Amount Not to Exceed \$1,256,000 and to Defer the Loan Repayment for Two Years, All Related to the Costs Associated with Establishing a Jazz Club/Restaurant at 1534-40 Fillmore Street; Western Addition.

Presenter: Ricky Tijani, Agency Staff, Agonafer Shiferaw, Proprietor, Rasselas Jazz Club, Netsanet Alemayehu, Proprietor, Sheba Lounge

Speakers: Charles Spencer, Wil Ussery, Monetta White, Randall Evans, Kenneth Monteiro, Perry Lang, Carl Williams, Rev. Amos Brown, Toye Moses, Arnold Townsend, Charlie Walker, Ace Washington

Commissioner King stated that he fought for 18 years to get a program out in the Fillmore District to get it revitalized and stated that he too was a victim, he was displaced by Redevelopment. Mr. King made a motion to move Agenda Items 4(a) and 4(b).

Commissioner Swig seconded the motion but with an amendment. Mr. Swig stated that the Agency has a moral responsibility to continue the work in the Western Addition. Mr. Swig asked if Rasselas was to sell, is there an automatic transference of the agreement to a new owner.

Mr. Tijani stated that the existing agreement has provisions that any conveyance of the agency loan is subject to the Agency's consent; it would have to pay the outstanding loan balance or transfer to another borrower that would meet the conditions that Mr. Shiferaw met on the loan agreement. It is transferrable with conditions.

Mr. Swig stated that he wanted to be clear that there was refinancing to get better terms and to get another \$300,000 for the benefit of the owner. Mr. Swig asked if there was any documentation as to where the \$300,000 went.

Mr. Tijani stated there is documentation and is noted in the material that was sent to the Commissioners.

Mr. Swig noted that Mr. Maduli-Williams was not present as he has been the point person in discussions about hiring a restaurant consultant, and asked if the restaurant consultant has been hired since they have been discussing hiring a consultant for the past two months.

Mr. Blackwell stated that discussions have taken place with a restaurant and marketing consultant and have been going through the process of getting various bids, have not hired them as yet but are very close to working through the logistics. Mr. Blackwell stated if they were not able to execute an agreement at the staff level, it would be before the Commission at the next Commission meeting.

Commissioner Swig stated that he was not satisfied with the summary numbers that was provided in the staff report and asked Mr. Tijani to provide him with backup information from both restaurants as to how the summary revenues, expenses, and net profit or loss was arrived at. Mr. Swig stated that Rasselas and Sheba Lounge presented a 2008 and 2009 year to date forecast and there were significant variances that were incongruous which, in his opinion, require a professional review by a restaurant consultant. Mr. Swig stated, in regard to Rasalles, the 2009 revenues are scheduled to almost double, where the expenses are not forecast to go quite as far. Mr. Swig indicated that he would like to pass the items but would like to make an amendment in the Rassales resolution - paragraph 10, bullet point 5, and in the Sheba Lounge Resolution - paragraph 12, bullet point 4; change the language so there is (1) no disbursement until the restaurant consultant is hired; (2) at the time the restaurant consultant has completed their review, that review be shared with the Executive Director, and (3) based on those findings, at the discretion of the Executive Director, distribute appropriate funds.

General Counsel Morales stated that it is his understanding that Mr. Swig's recommendation is that the restaurant consultant recommends whether or not to disperse the funds.

Commissioner Swig clarified that he would like to know that it is done responsibly, and as a result of what is being done in the first place is to hire a restaurant consultant. If the restaurant consultant is hired post distribution of the funds, and the restaurant consultant finds that the initial funds were spent irresponsibly or inappropriately, then the money is gone. Mr. Swig stated that he would like to guard against that, have a professional come in, review the two restaurants, then disperse the funds. Mr. Swig stated that he was moving for the approval of the funds with that caveat.

General Counsel Morales clarified that Mr. Swig was amending the motion made by Mr. King.

Commissioner Swig stated that he was amending Mr. King's motion with his permission.

President Romero asked Mr. King if he accepted Mr. Swig's amendment to his motion.

Commissioner King stated that he did not agree with Mr. Swig's motion.

President Romero stated there was an amendment to the motion without a second.

Commissioner Cheu stated that it was clear to her that the restaurants needed their support and the transformation of a district takes time, in the interim, there is a potential of losing businesses which would be worse. Ms. Cheu seconded Mr. King's motion.

Commissioner Singh stated his support of Mr. King's motion.

Director Blackwell stated that none of the disbursements would take place until the Board of Supervisors approves the budget amendment which is part of freeing up the resources to make this happen. Mr. Blackwell indicated that the budget amendment would take two readings at the Board of Supervisors level to engage the restaurant consultant prior to disbursement of funds.

President Romero clarified that this would give the restaurant consultant enough time to review what Mr. Swig was requesting.

Commissioner Covington stated that both businesses have made determined efforts into making a go for what is a tough business and pointed out that Mr. Shiferaw has invested \$1.8 of his own money to make sure that he has the kind of business that he envisioned. Ms. Covington stated that when she visits either establishment the owners are always present, as with 1300 Fillmore, and Yoshi's. Ms. Covington stated it was incumbent upon the Commission to make sure that the entities that the Agency has helped give birth to continue to thrive and grow and that it will take some time for them to become firmly established. Ms. Covington stated, in terms of the restaurant consultant, she agreed with Ms. Cheu that the restaurants would not come before the Commission if they did not need the money sooner rather than later. Ms. Covington suggested that there may be some emergency funding that can be taken care of quickly but the bulk of the money can be held until both the restaurant and marketing consultants are on board. Ms. Covington stated that the businesses belong to the people who started the businesses, they do not belong to the restaurant consultant, no business consultant comes in and tells you exactly what you're supposed to do it and how to do it and have veto power, which is not what she was referring to. Ms. Covington stated she supported Mr. King's motion.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MS. CHEU, AND UNANIMOUSLY CARRIED, THAT RESOLUTION 9-2009, BE ADOPTED.

- b) Resolution No. 10-2009, Authorizing a First Amendment to the Amended and Restated Tenant Improvement Loan Agreement with Sheba Lounge, LLC, a California limited liability company, to consolidate its tenant improvement, façade improvement, and business assistance loans into one combined loan in the amount of \$295,000; to increase the consolidated loan amount by \$90,000 for additional tenant improvements, for a total aggregate amount not to exceed \$385,000; to defer the repayment of the consolidated loan for two years; to nullify the loan documents related to two of the three consolidated loans; and to forgive \$95,000 of the consolidated loan upon fulfillment of certain terms and conditions; all associated with Sheba Lounge, a restaurant at 1419 Fillmore Street; Western Addition.

ADOPTION: IT WAS MOVED BY MR. KING, SECONDED BY MS. CHEU, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 10-2009, BE ADOPTED.

5. **MATTERS NOT APPEARING ON AGENDA:** None

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS**

7. REPORT OF THE PRESIDENT: None

8. REPORT OF THE EXECUTIVE DIRECTOR: None

9. COMMISSIONERS' QUESTIONS AND MATTERS:

- Commissioner Covington requested for more information on the marketing consultant for the Jazz Preservation District.
 - Director Blackwell stated there were two components; (1) process to find the consultant, and (2) funds. There is discretion at the Executive Director level for contracts less than \$50,000 but there is also a process to adhere to.

- Commissioner Covington stated that she thought the amount under \$50,000 could be sole sourced.
 - General Counsel Morales indicated that it is his understanding that the precise requirements for sole sourcing were not followed in this case and that is why there are issues about what the appropriate process would be, and if they were not followed then only the Commission would be able to approve the contracts.

- Commissioner Covington stated that it was imperative that both consultants be on the next agenda since the businesses need their help now. Commissioner Covington stated that she received a few calls from the community that the Redevelopment Agency does not mind the store when it comes to money, and monies being reimbursed to the Agency. She requested that staff make sure funds are being repaid back to the Agency.

- Commissioner Swig stated that the Western Addition project will be closed in a few weeks and asked what the law is that the Agency has to abide by saying that the Agency has to stop talking about the Western Addition items, and secondly, the Agency cannot just walk away because there is a lot of money to collect. Mr. Swig stated that, as Commissioners, their fiduciary responsibilities that the loans within the Western Addition are being honored by the beneficiaries.
 - Director Blackwell stated that the Agency is in uncharted areas with regard to expiring areas, it is a new endeavor for the State in general due to the laws that were placed that are imposing the expirations, and there are not a lot of precedence for what the Agency is doing. Director Blackwell indicated that the most important element of the expiration of the project area is twofold; (1) you are no longer able to bond against and collect tax increment financing, and (2) the land use jurisdiction goes away. There is no precedent when dollars have already been budgeted or activities are already underway, which can no longer be done. There is no bright line when everything must stop in terms of the consideration of

activities that were already contemplated and put into the works prior to the area expiring.

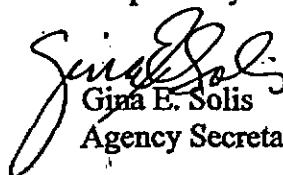
- Commissioner Swig asked when would the repayment and responsiveness of those indebted to the Redevelopment to pay back their obligations be revisited.
 - Director Blackwell stated that the Agency will continue to be property owners in the Western Addition, loans that have been issued will continue to be enforced, disposition and development agreements, Owner Participation Agreements that have been executed will continue to be monitored, and comply with the obligations as well. Mr. Blackwell stated that there would be periodic reports before the Commission.
- Commissioner Swig suggested that this subject be discussed when the Commissioners hold their retreat and recommends that dates be calendared on a six month basis for reporting of these matters so the Agency and the public knows that obligations are being met.
- Commissioner Covington reiterated that her comments this evening were in no way related to the businesses that were discussed this evening.
- President Romero stated that the regularly scheduled Commission meeting of Tuesday, January 20th has been cancelled; the next regularly scheduled Commission meeting will be held on Tuesday, February 3rd.

10. **CLOSED SESSION:** (a) Pursuant to Section 54957 (b) (1) of the Government Code regarding personnel matters: evaluation of performance of the Commission Secretary; (b) Pursuant to Section 54597 (b) (1) of the Government Code regarding personnel matters: evaluation of performance of the Executive Director.

11. **ADJOURNMENT:**

It was moved by Commissioner Covington, seconded by Commissioner Cheu, and unanimously carried that the meeting be adjourned at 6:00 p.m.

Respectfully submitted,


Gina E. Solis
Agency Secretary

ADOPTED: