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**MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
4th DAY OF AUGUST 2009**

The Commissioners of the Redevelopment Agency 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 4:00 p.m. on the 4th day of August 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 Romero, President
Rick Swig, Vice President
London Breed
Linda Cheu
Francee Covington
Leroy King
Darshan Singh

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:**

CONSENT AGENDA

- (a) Approval of Minutes: Regular Meeting of June 2, 2009
- (b) Approval of Minutes: Regular & Special Meeting of June 16, 2009
- (c) Approval of Minutes: Special Meeting of June 23, 2009
- (d) Resolution No. 86-2009, Authorizing the Executive Director to execute a Security Services Cooperative Agreement with the United States Department of the Navy (the "Navy") for a one-year term with four one-year extensions for security services paid with non-Agency funds at Hunters Point Shipyard; Hunters Point Shipyard Redevelopment Project Area.
- (e) Resolution No. 87-2009, Authorizing the execution of a Letter Agreement with the Office of the Controller, Accounting Operations and Systems Division to perform annual audits of the San Francisco Redevelopment Agency's Financial Statements for Fiscal Years Ending June 30, 2009 and June 30, 2010 for an amount not to exceed \$192,400.
- (f) Resolution No. 88-2009, Authorizing a First Amendment to the Personal Services Contract with Traina Public Relations, a sole Proprietorship, to extend the term of the contract by Five Months from August 20, 2009 to January 20, 2010; to amend the Scope of Services to include Branding, Logo Design and Other Marketing Strategies for the Fillmore Jazz Preservation Community Benefits District, and to increase the amount of the contract by \$35,000 for a total aggregate amount not to exceed \$84,995.

Agenda Item 4(f) was pulled from Consent due to the public requesting to speak on the item.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. SWIG, AND UNANIMOUSLY CARRIED THAT APPROVAL OF MINUTES: REGULAR MEETING OF JUNE 2, 2009; APPROVAL OF MINUTES: REGULAR & SPECIAL MEETING OF JUNE 16, 2009, APPROVAL OF MINUTES: SPECIAL MEETING OF JUNE 23, 2009, RESOLUTION NO. 86-2009, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SECURITY SERVICES COOPERATIVE AGREEMENT WITH THE UNITED STATES DEPARTMENT OF THE NAVY (THE "NAVY") FOR A ONE-YEAR TERM WITH FOUR ONE-YEAR EXTENSIONS FOR SECURITY SERVICES PAID WITH NON-AGENCY FUNDS AT HUNTERS POINT SHIPYARD; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, RESOLUTION NO. 87-2009, AUTHORIZING THE EXECUTION OF A LETTER AGREEMENT WITH THE OFFICE OF THE CONTROLLER, ACCOUNTING OPERATIONS, AND SYSTEMS DIVISION TO PERFORM ANNUAL AUDITS OF THE SAN FRANCISCO REDEVELOPMENT AGENCY'S FINANCIAL STATEMENTS FOR FISCAL YEARS ENDING JUNE 30, 2009

AND JUNE 30, 2010 FOR AN AMOUNT NOT TO EXCEED \$192,400, BE ADOPTED.

REGULAR AGENDA

- (f) Resolution No. 88-2009, Authorizing a First Amendment to the Personal Services Contract with Traina Public Relations, a sole Proprietorship, to extend the term of the contract by Five Months from August 20, 2009 to January 20, 2010; to amend the Scope of Services to include Branding, Logo Design and Other Marketing Strategies for the Fillmore Jazz Preservation Community Benefits District, and to increase the amount of the contract by \$35,000 for a total aggregate amount not to exceed \$84,995.

Presenter: Gaynell Armstrong, Agency Staff

Speakers: Ace Washington, Paul Hyams, Monetta White, Sheryl Davis

Commissioner Singh put forth a motion to move item 4(f).

Commissioner Swig seconded Mr. Singh's motion.

ADOPTION: IT WAS MOVED BY MR. SINGH, SECONDED BY MR. SWIG, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 88-2009, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH TRAINA PUBLIC RELATIONS, A SOLE PROPRIETORSHIP, TO EXTEND THE TERM OF THE CONTRACT BY FIVE MONTHS FROM AUGUST 20, 2009 TO JANUARY 20, 2010; TO AMEND THE SCOPE OF SERVICES TO INCLUDE BRANDING, LOGO DESIGN AND OTHER MARKETING STRATEGIES FOR THE FILLMORE JAZZ PRESERVATION COMMUNITY BENEFITS DISTRICT, AND TO INCREASE THE AMOUNT OF THE CONTRACT BY \$35,000 FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$84,995, BE ADOPTED.

Before the Regular Agenda items were considered, President Romero called a recess to consider items on the Financing Authority Agenda, after which the Redevelopment Agency Commission will reconvene to consider the remaining agenda.

- (g) Resolution No. 89-2009, Authorizing the execution of a Loan Agreement Relating to Yerba Buena Center Approved Redevelopment Project Area D-1 for both fiscal year 2008-09 and fiscal year 2009-10 in connection with the issuance by the City and County of San Francisco Financing Authority of not to exceed \$25,000,000 aggregate principal amount of 2009 Series B Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); and authorizing and approving other matters properly related thereto (Bayview Hunters Point Redevelopment Project Area – Project Area B, South of Market Redevelopment Project Area, Transbay Redevelopment Project Area and Yerba Buena Center Approved Redevelopment Project Area D-1).

Presenter: John Daigle, Agency Staff

Speakers: None

Commissioner Swig put forth a motion to move item 4(g).

Commissioner Cheu seconded Mr. Swig's motion.

ADOPTION: IT WAS MOVED BY MR. SWIG, SECONDED BY MS. CHEU, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 89-2009, AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT RELATING TO YERBA BUENA CENTER APPROVED REDEVELOPMENT PROJECT AREA D-1 FOR BOTH FISCAL YEAR 2008-09 AND FISCAL YEAR 2009-10 IN CONNECTION WITH THE ISSUANCE BY THE CITY AND COUNTY OF SAN FRANCISCO FINANCING AUTHORITY OF NOT TO EXCEED \$25,000,000 AGGREGATE PRINCIPAL AMOUNT OF 2009 SERIES B TAX ALLOCATION REVENUE BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS); AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATED THERETO (BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA - PROJECT AREA B, SOUTH OF MARKET REDEVELOPMENT PROJECT AREA, TRANSBAY REDEVELOPMENT PROJECT AREA AND YERBA BUENA CENTER APPROVED REDEVELOPMENT PROJECT AREA D-1), BE ADOPTED.

- (h) Resolution No. 90-2009, Authorizing a First Amendment to the Memorandum of Understanding with the City and County of San Francisco, acting by and through its Arts Commission, and the Mexican Museum, a California nonprofit corporation, to collaboratively develop and implement a predevelopment plan for a new museum associated with a new mixed-use project on a site that includes 706 Mission Street (Assessor's Block 3706, Lot 93) and Agency disposition parcel CB-1-MM (Assessor's Block 3706, portion of Lot 117); Yerba Buena Center Redevelopment Project Area.

Presenter: Amy Neches, Agency Staff

Speakers: Mario Diaz, Nora Wagner, Victor Marquez, Emmanuel C. Montoya, Ester Hernandez, Signe Mayfield, Emily Pimentel, Eli Aramburo, Nelly Reyes, Lynda Lucero, Miguel Bustos, Luis Pinedo, Nicky Trasvina, Kathy Wolf, Karen Pimentel-Shanmugan, Oscar James, Brigitte Davila, Roy Raul, Juana Villegas, Lupita Figueiredo, Aurora Grajeda, Michael Patton, Lorraine Garcia-Nakate, Adriana Williams, Olga Talamantes, Luis R. Cancel

Commissioner Swig stated it was critically important to acknowledge that San Francisco and California were originally Mexico, and that everyone should have a great appreciation of the Mexican Arts and Cultural contributions made to San Francisco whether those contributions were made in the street art in the

Mission, or the wonderful artistic contributions of Mexican culture which are clearly apparent; the collection of the Mexican Museum is a treasure that San Franciscans should be proud of and should be promoted and preserved. Mr. Swig stressed that with the Mexican Museum's historical managerial and administrative rocky past, it is his hope that the opportunity through the resolution being presented will ultimately result in the satisfactory permanent location for the Mexican Museum. Mr. Swig stated that it is critically important for all to remember that the passage of the resolution is only another first step, that the road to realization of a new museum will be extremely challenging given the current and immediate market conditions for adequate fund raising for both the near term housing of the collection and the care of that collection, not to mention the capital campaign for final construction. Mr. Swig wished the Board and its management every success in their endeavors towards that.

Mr. Swig asked if based on the Grant Agreement, would the dispersal process of the \$250,000 be transferred directly to the Arts Commission or based on achievement of individual goals.

Ms. Neches stated that the Arts Commission through the Grant Agreement will disburse the \$250,000 in accordance with its terms which provides for disbursement based on the milestones, and \$30,000 of those funds will be going directly to the Arts Commission for Mr. Cancel's investment of time, along with a consultant that has been hired to oversee the process of those funds. The Arts Commission will do the reconciliation with the Mexican Museum rather than the Agency, and they will provide the Agency with regular reports. Pursuant to the MOU, the Arts Commission will submit back to the Agency the predevelopment plan, the major deliverable under the MOU. Ms. Neches stated that the monthly oversight and disbursements would be done by the Arts Commission rather than the Agency.

Commissioner Swig asked for clarification how, under the Grant Agreement, the funds will be disbursed, the timing of the money and specific goals. Mr. Swig also asked for clarification as to what the funds cannot be used for.

Ms. Neches stated that the MOU is the oversight document for the Grant Agreement. The MOU provides that the funds can only be used for Redevelopment activities as defined under the Community Redevelopment Law, funds can only be used for purposes as they directly relate to: planning and design of the new museum facility, preparation and implementation of the predevelopment plan which is a document that must be submitted after review of the Arts Commission back to the Agency, including hiring of museum staff and consultants to help with the planning and preparation of the predevelopment plan. Ms. Neches stated that funds cannot be used for the payment of any outstanding debt owed by the Museum prior to the effective date of the MOU, and cannot be used to pay back rent owed to the Fort Mason Foundation; the Grant Agreement is consistent with the limitations imposed pursuant to the Community Redevelopment Law.

Commissioner Swig asked if the funds could be used for rent of any kind with regard to the preservation and storage of the collection.

Ms. Neches stated that funds could be used for rent for office space related to the staff that are hired to undertake the predevelopment activities but cannot be used for rent for the collection.

Commissioner Swig put forth a motion to move item 4(h).

Commissioner King expressed his appreciation to Commissioner Swig for his remarks and seconded the motion. Mr. King stated that the Mexican community is one of the largest communities of the City and Country of San Francisco and thanked all for coming out to the meeting who spoke for the rights of the Mexican community in San Francisco, and to those who overwhelmingly sent in their letters of support for the need of a Mexican Museum. Mr. King stated that he would work together with the community and will do whatever he can towards preserving and obtaining a permanent home for the Mexican Museum's art collection, and in obtaining more funds.

Commissioner Cheu stated on a personal note that she is a third generation Chinese American but it wasn't until she worked on a yearlong family history program on the Chinese Cultural Center and the Chinese Historical Society that was life changing to her. Ms. Cheu stated that the motto of the program is a Chinese saying; "When drinking water remember the source", meaning - you can't really know where you're going until you know where you came from; Ms. Cheu believes that applies here. She stated that the collection is very important and should be accessible with all the stories and background that goes along with it because it is important for future generations not just to appreciate heritage but to understand who they are to be confident in living in this society. Ms. Cheu indicated that the Mexican Museum is a very important project and stated that the Agency exists to help fund projects that will contribute to the vitality of Redevelopment Project Areas that cannot do it on their own. Ms. Cheu expressed her strong support for moving the item.

Ms. Cheu recommended a component for the financial feasibility and operating study should include a visitation attendance analysis and a physical planning parameter analysis that looks at the amount of the exhibit area and gross area that is required based upon demand driven analysis. She would like the Museum to be sustainable in the long term but expressed her concern if it's overbuilt it would not be sustainable from an operational and financial perspective, which she believes is a key plan on that study.

Commissioner Breed stated she wholeheartedly agrees with Mr. Swig's comments and is also hopeful with the new leadership of the Mexican Museum. Ms. Breed stated that she has always supported the Mexican Museum but not supportive of setting the museum up for failure. She agrees that the new plan of having someone familiar with how cultural institutions are run is a step towards the right direction and is a win, win situation for everyone involved. Ms. Breed

determined after looking at the Grant Agreement that she did not believe there were enough funds in providing assistance with staff, and she personally did not think based on the particular outline, that it would be sufficient money to get started. Ms. Breed felt that with the new plan, renewed energy, and new leadership there should be some consideration into additional funding for staff support. Ms. Breed asked how the Mexican Museum would be able to pay for staff based on the new plan since she felt there were insufficient funds to provide for staffing.

Ms. Neches stated that some of the activities listed in the milestones would be provided by Agency staff with funds disbursed to the Mexican Museum staff once the products are created. Ms. Neches stated the intention was that the \$250,000 would help leverage additional fund raising for other operational money over the next year and was never meant to be the full funding; they will be raising other operational funds to help fund their activities over the next year.

Mr. Luis Cancel stated that the Arts Commission reviewed the draft projected budget prior to moving forward with the Grant Agreement and indicated that the redevelopment funding of \$250,000 is only a small portion of the anticipated operating budget for the next coming year. Mr. Cancel indicated that the Mexican Museum is projected to raise an additional \$500,000 from a combination of contributions, earned income, foundation support, and fund raising. The MOU with the Redevelopment Agency is to jump start the organization and to help the Mexican Museum focus on aspects that need to be addressed with respect to the predevelopment phase and will be securing additional funding from other sources for programs and other operating expenses.

Commissioner Breed asked Mexican Museum Board Member Mr. Mario Diaz if the \$250,000, based on the terms of the agreement, would make a difference in the project's success.

Mr. Diaz stated the \$250,000 would allow the Mexican Museum Board Members time to focus on hiring a staff person to exclusively run the operations of the Mexican Museum such as, re-engaging corporate donors, work on the audit, fund raising strategies, and work on the art calendar for future exhibitions with other local arts institutions that have visible exhibition space to show the collection.

Commissioner Breed expressed her concern as to whether there was enough money to cover for staff to run the operations of the Mexican Museum since it seemed to her that the funds were geared towards consultant type fees. Ms. Breed stated she wanted to make sure that the Agency is providing the appropriate support in order to make sure that the Mexican Museum is a success. Ms. Breed stated that she was very excited about the new leadership and indicated that she would like to make sure the Agency does everything it can to make sure it is a successful endeavor.

Ms. Wagner (Mexican Museum Board Member) stated that she appreciated Ms. Breed's concern about the amount of money that is being requested and the amount of money that it will eventually take for the institution to move forward. Ms. Wagner stated that the initially request had been for \$500,000 but after rigorous negotiations it was determined that it would start off with the \$250,000 plus the \$30,000 for the Art Commission. They came to a realization that it would be unrealistic on their part that it would take a considerable amount of money for the project to move forward. Ms. Wagner expressed her appreciation for all the support they are receiving from the Redevelopment Agency and everyone in terms of wanting to make the Mexican Museum come to fruition. Ms. Wagner stated that at some point there would be a request for more funds once they've had a chance to develop their plan.

Commissioner Breed stated that she appreciated Ms. Wagner's leadership and all the volunteers who have made a commitment to the Mexican Museum. She stated that she believes it will be a great benefit for San Francisco and looks forward to their success.

Commissioner Singh stated that he has always been in support of the Mexican Museum and expressed how good he felt about the direction and collaboration between the Mexican Museum Board Members and the Art Commission. Mr. Singh expressed his concern that \$250,000 was not enough and asked that they return at some point for additional funding.

Commissioner Covington stated that she was happy to see so many people attending the meeting in support of the Museum and especially enjoyed hearing from the young people since she understands the value of art in the life of young people. She expressed her concern about the initial funding and asked how many staff members the funding would provide.

Ms. Neches stated that one of the initial tasks under the grant agreement is a submission of a staffing and consulting plan for the next year that has not been developed and submitted as yet. Once submitted, it will be reviewed by Mr. Cancel with the Museum to see that it is adequate, but due to restrictions on the use of the funds which are tax increment funds, the focus is towards predevelopment planning for the project. Ms. Neches stated that the Board would be looking to hiring a project manager as they go into the predevelopment phase of the project and often an organization would like to be in good shape before they bring on an Executive Director because the needs change over time.

Commissioner Covington stated that she had previously expressed her concerns about the past history of the organization, asked what the next steps were.

Ms. Neches stated that the Museum would be undertaking other activities including operational, exhibiting, programming and then start implementing the predevelopment plan which will set out what the program is. The predevelopment plan, which sets out the work program going forward in its

sphere of activities related to the new project will then be submitted back to staff and then presented to the Commission. At that point a time table will be set out relative to developing a sustainable five year operating budget, a capital fundraising plan to complete the funds that will be necessary for the Museum to complete the interiors of the museum, and to supplement the funds that have been set aside. Ms. Neches stated that it would be an action plan that will grow out of the predevelopment plan; the predevelopment plan will set a detailed road map for going forward from that point.

Commissioner Covington asked if there had been such a detailed road map in the past for the Mexican Museum.

Ms. Neches stated, as Commissioner Cheu mentioned earlier, the goal is not only to open a new Mexican Museum, it is to have a Mexican Museum that will thrive for a long term and be able to sustain itself through a combination of earned revenue and contributed revenue. Ms. Neches indicated that they do not want to ask the Mexican Museum Board to rush into creating a five year plan; the plan is to be thoughtful and include the types of elements that Commissioner Cheu spoke about; demand analysis, a realistic plan that everyone can feel comfortable with. Ms. Neches indicated that the Agency would like to make sure the plan is in place to develop those individual elements that will go into the long term planning of the Museum but does not think that has been done with the Mexican Museum on an adequate basis. Ms. Neches stated that the Agency is strongly committed in supporting the Mexican Museum and working towards the right size and type of museum that will be able to sustain itself in going forward.

Commissioner Covington asked Ms. Neches about the former fund raising plans that have been in place in consultation with the Agency.

Ms. Neches stated that there has been an existing LDA for the Museum which dates back to 1993 and has always had fund raising requirements.

Commissioner Covington asked if those milestones were met.

Ms. Neches stated that the milestones were never met; the LDA was amended eight times requesting for an extension of time since, as Ms. Neches noted, it is challenging to do that level of capital of funding raising. They are looking at a different approach to capital formation for the project at this time which is the primary reason the project has moved from the stand alone project to the mixed use project in which the private developer will deliver back the core and shell of the Museum to reduce both the public and the Museums capital obligations to the project. Ms. Neches stated that by moving to a different way of funding the project, the developer will be obligated to deliver back the core and shell, therefore, the resources that the agency has available that will go towards a portion of the core and shell can now be redirected to pay for the interior cost of the museum which are very substantial and had previously been the museums fund raising obligation. By working in a different direction in terms of the

project, the Agency is working towards reducing the capital fund raising obligations of the museum which is a realistic level and allows them an opportunity to focus more of their time on operational fund raising. Ms. Neches stated that a good deal of money has been set aside including some of the new bond funds as part of the new budget for that capital portion.

Commissioner Covington stated that it was heartening to hear that there is a reduction of the capital fundraising for the Mexican Museum during these hard economic times. She asked how much do they need to fund raise, and how much of the bonds will be provided to them.

Ms. Neches stated there are no cost estimates at this time since the project has not been designed but estimated costs to range at \$14M, \$11M of which has been set aside by the private developer for design and construction costs of the interior. Ms. Neches stated that based on a study by Millennium, the Museum will be between 35,000 – 40,000 sq.ft. Neches indicated that the Agency is working along with the Museum in maintaining the \$2.4M State Grant the Museum has obtained. Ms. Neches indicated that it is her hope that the enthusiasm will allow the Museum to undertake a fund raising campaign toward an endowment to help support its operations; part of the agreement with Millennium is for an initial contribution to that endowment when that project is completed.

Commissioner Covington stated that she was happy that the Mexican Museum Board is energized and ready to go, wished everyone the best of luck, and to continue the good work.

President Romero stated that in the eleven years he has served on the Commission, he does not think there has been a single Commissioner he has served with who did not believe in supporting the success of the Mexican Museum and projects such as this. Mr. Romero stated that he was speaking of all the Commissioners present who asked questions and have seen the problems with these types of projects in the past. He stated that Commissioner Swig's questions were intended to help everyone understand the programmatic realities of completing the project. Mr. Romero stated that the Mexican Museum organization itself has had a troubled history but indicated that he is appreciative of the new Board Members and supporters who have come in and reenergized the organization but stressed that this is only the first step and he would like to see more people involved in making sure the project succeeds. Mr. Romero said that he is appreciative of what the Mexican Museum has to offer and stressed the critical need to protect, preserve, and provide a safe home for the valuable art collection. Mr. Romero thanked the Commission, the Mexican Museum Board Members, Mr. Cancel, and the Agency in their roles in ensuring the future success of the Mexican Museum project.

ADOPTION: IT WAS MOVED BY MR. SWIG, SECONDED BY MR. KING, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 90-2009, AUTHORIZING A FIRST AMENDMENT TO THE MEMORANDUM OF

UNDERSTANDING WITH THE CITY AND COUNTY OF SAN FRANCISCO, ACTING BY AND THROUGH ITS ARTS COMMISSION, AND THE MEXICAN MUSEUM, A CALIFORNIA NONPROFIT CORPORATION, TO COLLABORATIVELY DEVELOP AND IMPLEMENT A PREDEVELOPMENT PLAN FOR A NEW MUSEUM ASSOCIATED WITH A NEW MIXED-USE PROJECT ON A SITE THAT INCLUDES 706 MISSION STREET (ASSESSOR'S BLOCK 3706, LOT 93) AND AGENCY DISPOSITION PARCEL CB-1-MM (ASSESSOR'S BLOCK 3706, PORTION OF LOT 117); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (i) Resolution No. 91-2009, Authorizing a Loan Agreement with Bindlestiff Studio, a California nonprofit public benefit corporation, in an amount not to exceed \$52,000, for organizational development and construction management associated with the tenant improvements for the new theater space in the Plaza Apartments; South of Market Redevelopment Project Area.

Presenter: Mike Grisso, Agency Staff; Angela Heyward, Agency Staff

Speakers: Angelica Cabande, Aureen Almario, Jazzie Collins, Allan Manalo, Judith Ferner, Tony Kelly, Patrick Silvestri

Commissioner Cheu stated that the project was a great benefit to the Filipino American community and to the Sixth Street corridor in the South of Market, particularly given the history of the Filipino's in that area. Commissioner Cheu put forth a motion to move item 4(i).

Commissioner Breed commended Bindlestiff for their commitment and hard work in ensuring that the project moved forward and looks forward to them showcasing their talent in the South of Market community. Ms. Breed stated that she fully supported the project.

President Romero stated that he has always been supportive of Bindlestiff and was one of the Commissioners who did not agree that they be relocated. He expressed his gratitude to Bindlestiff for their commitment.

ADOPTION: IT WAS MOVED BY MS. CHEU, SECONDED BY MS. BREED, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 91-2009, AUTHORIZING A LOAN AGREEMENT WITH BINDLESTIFF STUDIO, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$52,000, FOR ORGANIZATIONAL DEVELOPMENT AND CONSTRUCTION MANAGEMENT ASSOCIATED WITH THE TENANT IMPROVEMENTS FOR THE NEW THEATER SPACE IN THE PLAZA APARTMENTS; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Agenda Items 4(j) and (k) were presented together, but acted on separately

- (j) Resolution No. 92-2009, Authorizing an Exclusive Negotiations Agreement with Folsom Essex LLC, a California limited liability corporation, for the development of approximately 120 units of very low-income supportive housing on Transbay Block 11A, southeast corner of Folsom and Essex Streets, and making environmental findings pursuant to the California Environmental Quality Act; Transbay Redevelopment Project Area.

Presenter: Elizabeth Colomello, Agency Staff

Speakers: Bruce Balshone

Commissioner Swig asked what the surety was of sustaining the funds as identified in the staff report.

Ms. Colomello stated that she felt strongly about the ability of the project obtaining the funds as identified since they were conservative in their estimate of what the investor would pay in with tax credits. She feels confident with the budget as submitted.

Director Fred Blackwell pointed out that the difference between the way the project is structured versus how Block 8 was structured is in the affordable housing developments, the Agency generally enters into long term housing ground leases that are part of the structure. In the case of Block 8, part of the agreement was in the financing but the decision in pulling the RFP was partly due to offers in terms of the buying price for the land.

Commissioner asked why would the Agency pay for the relocation of a parking lot that is currently located there.

General Counsel Morales stated that the agency is responsible if there are relocation obligations and since the parking lease is with Caltrans, the Agency assumes responsibility.

Commissioner Swig stated that he is concerned about the significant lack of infrastructure in the neighborhood. He believes it is a great project but does not want to risk creating an underdeveloped neighborhood. Mr. Swig asked how that could be prevented, and from a timing standpoint, would it be wise to go forward with the project.

Ms. Colomello stated that those concerns have been discussed and the team has developed a plan to have an onsite team and property manager to establish a food pantry on the site to make sure people have access to food, access to food delivery, and other linkages to services the community will need to live comfortably and be successful

Director Blackwell stated that the overall plan of the design would be mixed use with the recognition that a new community is being built and the types of amenities mentioned are being taken into consideration.

Commissioner Swig stated that he would like to move the item but in moving the item he asked Director Blackwell and staff to acknowledge the risk in going forward with this development, but in doing so that a contingency plan be considered related to not setting the project up for failure.

Commissioner Singh asked what the interest rate was and if it was a grant or a loan.

Ms. Colomello stated that it was a loan at 3% simple interest.

Commissioner Singh seconded Mr. Swig's motion.

ADOPTION: IT WAS MOVED BY MS. CHEU, SECONDED BY MS. BREED, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 92-2009, AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, FOR THE DEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE HOUSING ON TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (k) Resolution No. 93-2009, Authorizing a Tax Increment Loan Agreement with Folsom Essex LLC, a California limited liability corporation, for a loan in an amount not to exceed \$3,181,995, for the predevelopment of approximately 120 units of very low-income supportive housing on Transbay Block 11A, southeast corner of Folsom and Essex Streets, and making environmental findings pursuant to the California Environmental Quality Act; Transbay Redevelopment Project Area.

ADOPTION: IT WAS MOVED BY MS. CHEU, SECONDED BY MS. BREED, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 93-2009, AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH FOLSOM ESSEX LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION, FOR A LOAN IN AN AMOUNT NOT TO EXCEED \$3,181,995, FOR THE PREDEVELOPMENT OF APPROXIMATELY 120 UNITS OF VERY LOW-INCOME SUPPORTIVE HOUSING ON TRANSBAY BLOCK 11A, SOUTHEAST CORNER OF FOLSOM AND ESSEX STREETS, AND MAKING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

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

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

Agonafer Shiferaw, Charles Spencer, Ace Washington

7. **REPORT OF THE PRESIDENT**

- President Romero reported that both he and Director Black were interviewed by Channel 14 Univision in reference to the Mexican Museum which will air at tonight's 6:00pm news.

8. **REPORT OF THE EXECUTIVE DIRECTOR:**

- Director Blackwell updated the Commission on the State Budget and the effect it will have on the Redevelopment Agency.
 - As part of the balancing of the budget, what was approved at the state level was a \$2.05B take from Redevelopment Agencies statewide representing \$1.7B immediately due in May with another \$350M in the next fiscal year. The Agency's share will be \$28-\$29M immediately, as well as \$6M the upcoming year; grand total of \$34M. Counsel is in conversation with the City Attorney's office on an analysis of the legislation to determine how likely a lawsuit against the State would be successful. Last year, the California Redevelopment Association sued the State and was able to prevail. The judge ruled that the shift from Redevelopment Agencies to ERAF was unconstitutional because it was basically difficult to determine whether residents of redevelopment areas would benefit. The new legislation uses that ruling as a road map and states specifically how that shift in support would benefit project areas and project area residents. The analysis by this Agency is figuring out whether it would be beneficial to sign on to the lawsuit that is going to be coming from CRA. Staff is currently working on how to pay the \$28M; from general fund loans to drawing down additional tax increment to postponing projects that are in the pipeline. Mr. Blackwell stated in comparison to other agencies, the San Francisco Redevelopment Agency is in a better position since the Agency has, over the years, continued to budget conservatively. As Ms. Lee reported, the Agency not only received the same bond ratings as the year before but there have been improvements to the Agency's bond ratings which is reflective to the budgeting the Agency has been doing which will allow payment if needed with the least amount of turmoil on the Agency's part.
 - Commissioner Swig asked if any redevelopment agency refuses to pay, what is the punitive response from the State of California.

- Director Blackwell stated that the Agency would not be able to drawdown any tax increment or be allowed to take on redevelopment activities.
- Commissioner Covington asked what contingency plans were in place and asked for more details on how it will impact the Agency programmatically as well as in terms of staffing.
 - Director Blackwell stated that the worst case scenario would be that the Agency would have to use dollars that are already allocated for specific projects and pay the State with those funds. Given the fact that the bulk of the Agency's program activities are affordable housing, there would be a substantial impact in the worst case scenario; it would average to taking about 500 – 600 units of affordable housing out of the pipeline. Each of the 100 unit developments produces about 120 or so jobs over a two year period which would mean well over 100 jobs that will not be created in construction related jobs. Director Blackwell stated that every dollar invested in affordable housing is leveraged at a 3 to 1 basis with State, Federal, and private dollars. Director Blackwell stated that he has assurances from the Mayor's office that they are going to work with the Agency on a remedy.

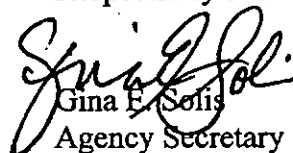
9. COMMISSIONERS' QUESTIONS AND MATTERS

10. CLOSED SESSION: (a) 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 Breed, seconded by Commissioner Covington, and unanimously carried that the meeting be adjourned at 7:40 p.m.

Respectfully submitted,


Gina E. Solis
Agency Secretary

ADOPTED: