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**MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
17 DAY NOVEMBER OF 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 17 day of November 2009, at the place and date duly established for holding of such a meeting.

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

Mr. Swig 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. Swig 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. Swig 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:

Rick Swig, President
Darshan Singh, Vice President
London Breed
Miguel M. Bustos
Francee Covington
Leroy King (arrived at 4:20 p.m.)

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 :

Commission Covington requested Item 4(b) be removed from the Consent Agenda for discussion.

(a) Approval of Minutes: Regular Meeting of October 20, 2009.

ADOPTION: IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER BREED, AND UNANIMOUSLY CARRIED, THAT THE REGULAR MEETING OF OCTOBER 20, 2009, BE ADOPTED.

REGULAR AGENDA

- (b) Authorizing a First Amendment to the Personal Services Contract with On Target Delivery Service, a sole proprietorship, to extend the term of the contract by one year from December 1, 2009 through November 30, 2010, increase the scope of services to include all local pick-ups and deliveries, increase the fee schedule and clarify the terms of the services provided. (Resolution No. 132-2009)

Presenter: Amy Dawson, Agency Staff

Speakers: None.

Commissioner Covington asked if the \$17.61 fee increase for commission packet delivery was per packet.

Ms. Dawson indicated the fee increase was for the entire delivery, not individual deliveries.

Commissioner Covington put forth a motion to move item 4(b).

Commissioner Singh seconded Ms. Covington's motion.

President Swig requested staff review alternative options for delivery of Commission Packets that can be transferred electronically into a lighter, more efficient vehicle, and should be cost effective.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 132-2009, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH ON TARGET DELIVERY SERVICE, A SOLE PROPRIETORSHIP, TO EXTEND THE TERM OF THE CONTRACT BY ONE YEAR FROM DECEMBER 1, 2009 THROUGH NOVEMBER 30, 2010, INCREASE THE SCOPE OF SERVICES TO INCLUDE ALL LOCAL PICK-UPS AND DELIVERIES, INCREASE THE FEE SCHEDULE AND CLARIFY THE TERMS OF THE SERVICES PROVIDED, BE ADOPTED.

REGULAR AGENDA

Agenda Items 4(c) – 4(e) will be presented together, but acted on separately

- (c) Authorizing an Amended and Restated Tax Increment Loan Agreement with Turk & Eddy Associates, L.P., a California Limited Partnership, to increase the loan amount by \$1,706,059, for a total aggregate amount not to exceed \$8,770,890, in conjunction with the rehabilitation of 80 very low income rental units, plus two managers' units, located at 249 Eddy Street and 161-165 Turk Street; Affordable Housing Preservation Program, Citywide Tax Increment Housing Program. (Resolution No. 133-2009)
- (d) Authorizing a Ground Lease with Turk & Eddy Associates, L.P., a California Limited Partnership, for a term of 55 years with a 44 year option to extend, with annual lease payments of \$340,000, in conjunction with approximately 80 very low income rental units, plus two managers' units, located at 249 Eddy Street and 161-165 Turk Street; Affordable Housing Preservation Program, Citywide Tax Increment Housing Program. (Resolution No. 134-2009)
- (e) Authorizing adoption of a Relocation Plan in conjunction with the rehabilitation of approximately 80 very low income rental units, plus two managers' units, located at 249 Eddy Street, and 161-165 Turk Street, as part of the Agency's Affordable Housing Preservation Program; Citywide Tax Increment Housing Program. (Resolution No. 135-2009)

Presenter: Michele Davis, Agency Staff, Don Falk, TNDC Director

Speakers: None

Commissioner Covington asked for clarification in reference to Section 3.2, Site control, where it indicates that TNDC owns the land and building; the Agency will execute a 99 year ground lease for the land as part of the financing transaction. She asked if TNDC owns the land.

Ms. Davis stated when TNDC entered into the purchase agreement the Agency provided the funds for TNDC to acquire the property with the understanding that TNDC would be receiving financing from other sources. Given the constraints of the due diligence period, the Agency provided the funds for TNDC to acquire the property with the proviso that TNDC give the land back to the Agency as part of meeting their repayment obligation which would be \$3.7M of their repayment obligation of the \$7M given to TNDC to acquire the property.

Commissioner Covington put forth a motion to move items 4(c) – (e).

Commissioner Singh seconded Ms. Covington's motion.

President Swig stated that the due diligence was seemingly flawed and expressed that he was disappointed that neither staff nor the project sponsor did not see the red flag when the building owner prevented the buyer from doing property diligence, and for not taking the extra step in aggressively pursuing the due diligence necessary to see that the building had a great amount of flaws instead of accepting the plans that had a building stamp a decade old as being accurate. Mr. Swig addressed staff and potential developers to make sure due diligence is completed when doing these types of projects.

President Swig asked what are the benefits and justification of a 99 year lease on an old building.

Ms. Davis indicated should the developer default or the property is acquired by someone else, the subsequent owner would still be obligated to comply with the Agency's affordability restrictions which are in the 99 year affordable ground lease. It gives the Agency the benefit of an asset then what the Section 8 subsidy affords which requires renewal every 10-20 years.

President Swig asked if there would be a restriction on the land and the title if a replacement building would have to be special housing.

Ms. Davis stated a replacement building would still have to comply with the agency requirements and would have to continue as low income housing.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, WITH COMMISSIONER BREED OBSTANING, THAT RESOLUTION NO. 133-2009, AUTHORIZING AN AMENDED AND RESTATED TAX INCREMENT LOAN AGREEMENT WITH TURK & EDDY ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE LOAN AMOUNT BY \$1,706,059, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$8,770,890, IN CONJUNCTION WITH THE REHABILITATION OF 80 VERY LOW INCOME RENTAL UNITS, PLUS TWO MANAGERS' UNITS, LOCATED AT 249 EDDY STREET AND 161-165 TURK STREET; AFFORDABLE HOUSING PRESERVATION PROGRAM, CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, WITH COMMISSIONER BREED OBSTANING, THAT RESOLUTION NO. 134-2009, AUTHORIZING A GROUND LEASE WITH TURK & EDDY ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, FOR A TERM OF 55 YEARS WITH A 44 YEAR OPTION TO EXTEND, WITH ANNUAL LEASE PAYMENTS OF \$340,000, IN CONJUNCTION WITH APPROXIMATELY 80 VERY LOW INCOME RENTAL UNITS, PLUS TWO MANAGERS' UNITS, LOCATED AT 249 EDDY STREET AND 161-165 TURK STREET; AFFORDABLE HOUSING PRESERVATION PROGRAM, CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED; WITH COMMISSIONER BREED OBSTANING, THAT RESOLUTION NO. 135-2009, AUTHORIZING ADOPTION OF A RELOCATION PLAN IN CONJUNCTION WITH THE REHABILITATION OF APPROXIMATELY 80 VERY LOW INCOME RENTAL UNITS, PLUS TWO MANAGERS' UNITS, LOCATED AT 249 EDDY STREET, AND 161-165 TURK STREET, AS PART OF THE AGENCY'S AFFORDABLE HOUSING PRESERVATION PROGRAM; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

- (f) Approving a policy regarding the Agency's use of future tax increment from the original Yerba Buena Center Redevelopment Project Area to fulfill its replacement housing obligations; Yerba Buena Center Redevelopment Project Area. (Resolution No. 136-2009)

Presenter: Jim Morales, Agency General Counsel

Speakers: None

Commissioner Covington asked if there was a map of what comprises South of Market.

Mr. Morales stated when Supervisor Daly originally made the suggestion, staff proposed language for the ordinance that would have defined it as the South of Market Stabilization Fund which is a developer exaction that are to be used for South of Market Community benefits and improvements. The area is from the Embarcadero to Van Ness, from Market to Mission Bay. When the precise definition was proposed Supervisor Daly's office requested it be taken out and to keep the broader not defined term, "South of Market Area". Mr. Morales stated that would give it some flexibility and hopefully be able to work with the Board of Supervisors and not have any problem when the budget is considered so that they would be in compliance with projects in the South of Market Area. Mr. Morales stated there is no map and definition.

Commissioner Covington asked if there were any other city wide definitions for the South of Market outside of the South of Market Stabilization Fund description.

Mr. Morales indicated that he has not completed research on this but for the purposes for selling property, the real estate brokers and the like define San Francisco neighborhoods; the Planning Department and Planning Code define the South of Market for its zoning.

Commissioner Covington asked how long this would be implemented on an annual basis.

Mr. Morales stated the Agency is the beneficiary of special legislation that allows it to continue to draw down tax increment after a plan is expired for the sole purpose of building the 6,700 units. Until those units are built, it would be sometime before the tax increment extensions terminate, and as long as they are in effect, the policy would be in effect.

Commissioner Covington asked if there was a projection on how much money will be garnered from tax increment over the next two to five years.

Mr. Morales stated he was just asked the same question before the Commission meeting by Supervisor Daly and did not have the opportunity to discuss the matter with the housing division; he will forward the information to the Commission once he has the opportunity to do some research and meet with housing.

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

Commissioner Singh seconded Ms. Covington's motion.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 136-2009, APPROVING A POLICY REGARDING THE AGENCY'S USE OF FUTURE TAX INCREMENT FROM THE ORIGINAL YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA TO FULFILL ITS REPLACEMENT HOUSING OBLIGATIONS; YERBA BUENA CENTER 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.** None

7. **REPORT OF THE PRESIDENT:** None

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

- Urban Land Institute had their conference in San Francisco; Amy Neches, Agency Staff gave a tour of the Mission Bay Project Area to the Mayor of Washington D.C., Adrian Fenty.

9. **COMMISSIONERS' QUESTIONS AND MATTERS:**


- Commissioner Covington congratulated everyone on the opening of 4800 Third Street. Encouraged everyone of home ownership at 4800 Third St. with pricing beginning below \$160,000. Requested a review of the Certificate of Preference Program and the possibility of increasing the AMI for Certificate of Preference Holders from 100% to 120% to give them an opportunity into the new housing developments. Requested a resolution for Commissioner Cheu at the next meeting.
- President Swig congratulated MoAD, the Board of Director's and Staff for a well attended MoAD Anniversary celebration the previous Friday and encouraged all to visit the Museum which he described as one of San Francisco's gems.

10. **CLOSED SESSION:** None.

11. ADJOURNMENT:

It was moved by Commissioner Covington, seconded by Commissioner Singh, and unanimously carried that the meeting be adjourned at 4:53 p.m.

Respectfully submitted,


Gina E. Solis
Agency Secretary

ADOPTED:

JULY 20, 2010