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**MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO
HELD ON THE 19th DAY OF JANUARY 2010**

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 19th day of January 2010, 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 speakers cards, and to state their names for the record.

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-notice 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 Bustos
Francee Covington
Leroy King

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) Resolution Nos. 4-2010, 5-2010, 6-2010, Authorizing a First Amendment to the Amended and Restated Predevelopment Loan Agreement, Grant Agreement, and Disposition and Development Agreement, each with Berry Street LLC, a California Limited Liability Company, to revise the schedule of performance and to modify the budget related to the development and sales of 131 units of low and moderate-income first-time homeownership housing at 330 Berry Street and 335 Berry Street, also known as Mission Walk (Block N4, Parcel 2 and Block N4a, Parcel 2), Mission Bay North Redevelopment Project Area

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 4-2010, AUTHORIZING A FIRST AMENDMENT TO THE AMENDED AND RESTATED PREDEVELOPMENT LOAN AGREEMENT WITH BERRY STREET LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE THE SCHEDULE OF PERFORMANCE AND TO MODIFY THE BUDGET RELATED TO THE DEVELOPMENT AND SALE OF 131 UNITS OF LOW- AND MODERATE-INCOME FIRST-TIME HOMEOWNERSHIP HOUSING AT 330 BERRY STREET AND 335 BERRY STREET; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA; BE ADOPTED.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 5-2010, AUTHORIZING A FIRST AMENDMENT TO THE GRANT AGREEMENT WITH BERRY STREET LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE THE SCHEDULE OF PERFORMANCE AND TO MODIFY THE BUDGET RELATED TO THE DEVELOPMENT AND SALE OF 131 UNITS OF LOW- AND MODERATE-INCOME FIRST-TIME HOMEOWNERSHIP HOUSING AT 330 BERRY STREET AND 335 BERRY STREET; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 6-2010, AUTHORIZING A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH BERRY STREET LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO REVISE THE SCHEDULE OF PERFORMANCE AND TO MODIFY THE BUDGET RELATED TO THE DEVELOPMENT AND SALE OF 131 UNITS OF LOW- AND MODERATE-INCOME FIRST-TIME HOMEOWNERSHIP HOUSING AT 330 BERRY STREET AND 335 BERRY STREET; MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (b) Resolution No. 7-2010, Authorizing the Executive Director to Apply for and Accept a Grant for a Total Amount not to exceed \$1,430,000 from the U. S. Department of Housing and Urban Development as a part of the Housing Opportunities for Persons with AIDS, Permanent Supportive Housing Program; Housing Opportunities for Persons With AIDS Program

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 7-2010, AUTHORIZING THE EXECUTIVE DIRECTOR TO APPLY FOR AND ACCEPT A GRANT FOR A TOTAL AMOUNT NOT TO EXCEED \$1,430,000 FROM THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AS A PART OF THE HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS, PERMANENT SUPPORTIVE HOUSING PROGRAM; HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS PROGRAM, BE ADOPTED.

REGULAR AGENDA

- (c) Workshop on New Market Tax Credits

Presenters: Stephen Maduli-Williams, Executive Deputy Director, Community & Economic Development, Jennifer Entine-Matz, OEWD, Colin Rowan, United Fund Advisors

Speakers: Ace Washington

Commissioner Covington complimented staff, specifically, Deputy Executive Director, Stephen Maduli-Williams on the information presented. She felt the information was beneficial and helpful for potential investors. She also complimented the Executive Director, staff, and mayoral departmental offices for seizing this opportunity.

Commissioner Covington asked if the Boys and Girls Club in the Mission would be able to access funds without going through the proposed collaborative effort.

Colin Rowan, United Fund Advisors, responded that projects can access credits from any various CDE. In the case of the Boys & Girls Club, an organization in San Jose has an allocation of tax credits that is being used on the project. Non-Profit Finance Fund is the group assisting the Boys & Girls Club.

Commissioner Covington stated that the objective should not be a single project, but several projects in the various project areas. Ms. Covington noted that mostly financial institutions were involved and there were no individual investors.

Mr. Rowan responded that the Agency could seek allocation for each individual project, but what is lost is the control over having a flexible financing tool readily available to assist with projects. Mr. Rowan commented that there have been some individual investor, but banks are really the primary investors. The basis for this is experience with other tax credit programs. These programs are very

similar in terms of the demands they place on the banks, in addition they receive community reinvestment act credits for those investments. Mr. Rowan stated that private investors aren't able to compete with banks in purchasing the credits.

Commissioner Covington asked how many residential housing and commercial projects had UFA done.

Mr. Rowan stated that of the 10 projects that UFA had funded in Portland, only one of those had been rental housing. The rest were non-profit, commercial, education, and health care related.

Commissioner Covington asked for clarification on the non-profit projects, if the projects were non-profit housing?

Mr. Rowan stated that the projects were not non-profit housing. Affordable housing that is utilizing affordable housing tax credits is incompatible with new markets. Both credits cannot be used on the same project. For example, if there was an affordable housing project which was converted to condominiums with a retail component, new markets would be used for that. The affordable tax credit would then be used on the housing fees. It is very difficult to use new markets on for sale housing. It is permissible to use it with rental housing, but the project must be mixed use.

Commissioner Covington thanked Mr. Rowan for the information. Ms. Covington asked Mr. Maduli-Williams what would be the anticipated mix in the project given the conflict with funding we would be receiving from the federal government for low-income housing, as well as provide some examples of proposed projects.

Mr. Maduli-Williams stated that staff was beginning to craft the business plan, but are currently looking at mostly economic development projects in the southeast sector of the City as the first potential projects. He stated that one project would be the community facility parcel in the Shipyard. One possible potential project is a large non-profit incubator on Third Street. He stated there was a lot of flexibility in terms of projects, anything from art museums, daycare centers and healthcare facilities. Ultimately, a list of potential projects would be presented to the CDE fund, but there would be no obligation to utilize those projects. The goal is to create the mechanism to accept projects in our respective project areas and other parts of the City. This will be on a first come, first serve basis based on shovel readiness and other criteria.

Commissioner Covington asked for more information on the role of the governance board, with emphasis on how people the community will be selected to participate.

Mr. Maduli-Williams stated that the CFI fund requires that there is a board, as well as a community based advisory board. The community based advisory board will have a minimum of no less than 20% of community participation. The plan is to have a full advisory board of five, which will consist of city officials who are representatives of the projects. There will be an advisory board with ten

community members, five who the Agency will select from the Agency's five project areas and the remaining five members will be selected from their respective areas.

Commissioner Covington wished staff good luck and stated she looked forward to reviewing the full packet in February.

Commissioner Breed asked if there is a need to establish a separate entity in order to avoid any conflict with the funds.

Mr. Maduli-Williams stated that yes, as part of the application process they will have to create a separate not for-profit, California corporation.

Commissioner Breed asked if this will be done after the consultant is selected.

Mr. Maduli-Williams stated that the corporation will be formed after the Commission has granted staff authority to do so. Staff will be making a presentation to the Commission at the February 2nd meeting.

Commissioner Breed requested that the Commission receive the packets in advance to have enough time to review them.

Commissioner Swig asked if any other commissioners had any questions or comments. He stated that he had a few concerns regarding the urgency to get authorization for this at the February 2nd meeting. He questioned the reasoning behind this and wanted to know what the due date was for the applications.

Mr. Maduli-Williams stated that he was unsure of the actual date, but thought it was in early April. He clarified that the program still needed to be reauthorized by Congress. It has been reauthorized every year since inception.

Commissioner Swig requested verification that neither the Agency nor the Mayor's Office of Economic Development was paying UFA nor will they be paid unless there was success acquiring a grant. Mr. Swig asked if this was a traditional grant and stated his understanding is that it was a grant of opportunity to sell tax credits, which if until sold, then becomes cash.

Mr. Maduli-Williams stated that was correct.

Commissioner Swig again wanted to confirm that there was no liability to the Agency or the Mayor's Office of Economic Development until it was approved.

Mr. Maduli-Williams stated that was correct.

Commissioner Swig requested clarification on the joint venture with the Mayor's Office of Economic Development, in terms of projects. He asked what the procedure for deciding what project takes precedence.

Mr. Maduli-Williams stated that will be based on the project being ready to proceed. Both the Agency and MOED are reviewing current portfolios to form a

project pipeline for projects ready to proceed. The goal is to create, along with UFA, underwriting guidelines that are fairly standard. Ultimately, the projects will be chosen on a first come, first serve basis.

Mr. Maduli-Williams stated that another goal is to apply for more than one allocation round. This will create an opportunity for projects that meet criteria to possibly get funded in the future. If the Agency is successful, we would receive a first round with capital and then apply for another round next year. Another issue is other entities have credits as well. In addition to the City and the Agency putting credits through the program, there are other opportunities where investments may have several syndicators. There could be credits from other syndicators, both locally and nationally as well, depending on the size of the project. There will possibly be an underwriting policy in place between the City and Agency.

Commissioner Swig inquired as to the competition involved and the reality of receiving the grant.

Mr. Maduli-Williams stated during his research learned that this was an extremely competitive process, but that he would allow Mr. Rowan to address the question.

Mr. Rowan stated that he could comment on the competitive nature, but on the odds he did not want to speculate. Historically, less than a third of applicants receive an allocation and the program is roughly five times oversubscribed. For example, if there is a \$3 billion allocation round, there is typically about \$15 billion worth of applications being received. Ultimately, it is based on the strength of the business plan. Most importantly, it is based on your track record of undertaking activities which are similar in nature and similar in results to what it being proposed.

Commissioner Swig asked Mr. Rowan if he could go over the financing benefit slides again. He wanted to get clarification on some issues prior to the February 2nd meeting. His understanding is that \$100 million is actually an opportunity to buy credits against \$100 million of earnings. But in actuality, if a company had \$100 million of earnings it would actually be worth \$39 million. Was this correct?

Mr. Rowan replied that was not actually correct. He explained that the \$100 million would represent the project cost that would be financed using new markets. The project cost getting financed creates the opportunity for an investor to buy \$39 million worth of tax credits. The amount would top at whatever tax liability was available to them, up to that amount. The \$18 million which would be available for financing is 18% of your total project cost of \$100 million. This is gap financing.

Commissioner Swig commented that there was some inefficiency in regard to the \$39 million of actual cash value, and the project receiving \$18 million. He requested clarification of that.

Mr. Rowan explained that the investor does not pay \$39 million for \$39 million in credits are taken over a seven year period. A discount is taken to get back what is appropriate and account for perceived risks in taking the credits. Once money is invested there is no expectation of receiving cash back. The return on investment is entirely tax credit driven. The other component is the fund management capital costs and project closing costs. CDEs are expected to offer a tax credit guarantee to the investor. Money needs to be reserved for that. The \$18 million would be "free money". The \$8 million of fund management and capital costs include any interest reserves for financing that is put into the projects.

Commissioner Swig thanked Mr. Rowan for that explanation. He then asked Mr. Maduli-Williams about housing versus other projects. Mr. Swig stated that this is a very good financing mechanism for projects that are difficult to fund. He felt that the Agency could fund other projects through tax increments.

Mr. Maduli Williams stated that this was somewhat true. This is an avenue for the Agency to spread our tax increment future. Specifically, if there are projects that have a blend of new market tax credits and tax increment, there is less tax increment that has to be used for an individual project. In addition, we want to spread tax increments on a wider base of projects, and utilize the new market tax credit to assist in doing that. The positive side is that there are some projects that will be considered marginal, except for this new market tax credit. Mr. Maduli-Williams stated that this would assist some projects not being feasible to feasibility.

Commissioner Swig asked what the projected amount for the project size was.

Mr. Maduli-Williams responded that the project would be approximately \$ 7 to \$10 million.

Commissioner Swig asked if any other commissioners had any thoughts. He informed the Commission and public that this was an educational seminar, with no approval. He stated that the Commission appreciated the information given to them today and looked forward to the hearing in February.

Mr. Maduli-Williams clarified that staff would not be coming back with the actual business plan/application at the February 2nd meeting. He stated that staff would be seeking authorization to prepare and submit the application, along with authorization to create the CDE.

Commissioner Swig stated given that clarification, what is the timeline related specifically from the point of inception of the application to completion.

Mr. Maduli-Williams stated that the application process should be completed by mid-March at the latest.

Commissioner Swig asked what actions will be needed at the 2nd hearing and if there will be any other actions needed after that.

Mr. Maduli-Williams stated that there was none anticipated primarily because of the timeline involved. The business plan needed to be submitted and another workshop on the business plan needed to be held. Then staff would come back to the Commission.

Commissioner Swig thanked Mr. Maduli-Williams and asked for the next item to be called.

- (d) Resolution No. 8-2010, Authorizing a Letter Agreement with the Mayor's Office of Economic and Workforce Development to administer the SF Shines Façade and Tenant Improvement Program for a six-month term with one six-month extension option in an amount not to exceed \$492,977; Bayview Hunters Point Redevelopment Project Area

Presenters: Angela Heyward, Agency Staff; Amy Cohen, MOEWD

Speakers: Ace Washington, Al Norman

Commissioner Swig asked if there was anyone in the audience wishing to be heard. Hearing no further request to speak on the item, Mr. Swig closed public comment and turned to his fellow commissioners.

Commissioner Singh thanked Mr. Swig and made a motion to move the item.

Commissioner Bustos seconded the item.

Commissioner Swig called for the vote.

All the Commissioners responded, Aye.

Commissioner Breed was absent from the room for the vote.

Commissioner Swig asked if there were any oppositions or abstentions. Hearing none the item was adopted unanimously.

ADOPTION: IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 8-2010, AUTHORIZING A LETTER AGREEMENT WITH THE MAYOR'S OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT TO ADMINISTER THE SF SHINES FAÇADE AND TENANT IMPROVEMENT PROGRAM FOR A SIX-MONTH TERM WITH ONE SIX-MONTH EXTENSION OPTION IN AN AMOUNT NOT TO EXCEED \$492,977; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (e) Resolution No. 9-2010, Authorizing a Letter Agreement with the Office of Economic and Workforce Development to Administer Marketing and Economic Development Programs in the Western Addition Neighborhood for a three-year term in an amount not to exceed \$800,000

Presenters: Angela Heyward, Agency Staff; Amy Pagan, MOEWD

Speakers: Cynthia Traina, Keith Potter, Jenny McNulty, Ellen Siebold, Michele Wilson, Monetta White, Bob Hamaguchi, Charles Spencer, Cheryl Davis, Miyanka Lewis Mims, Peter Fitzsimmons, Melanie Green, Helen Branham, Net Alamayhau, Adrian Williams, Ace Washington

Commissioner Breed stated that she had a few questions and wanted clarification of the resolution as it related to the budget. Ms. Breed asked if there were fund limitations since the board resolution included specified the jazz district. Ms. Breed wanted clarification whether or not these funds could be used in the A-2 closed project area-wide or if they are restricted to the jazz heritage district.

Ms. Heyward stated that the board resolution stated the Office of Economic and Workforce Development would receive the funds for marketing and economic development activities within the Fillmore Jazz Preservation District, which included predevelopment planning for the Muni Substation, in an amount not to exceed \$535,225 and is part of the Muni Substation transfer agreement of which \$135,225 had already been transferred for predevelopment.

Commissioner Breed stated she wanted clarification on whether or not the funds are specifically required under the BOS's resolution to be used in the Fillmore Jazz District.

Ms. Heyward stated that the resolution does specifically state that.

Commissioner Breed again questioned if it was restricted to the District.

Ms. Heyward responded affirmatively.

Commissioner Breed stated that she was trying to get a better understanding of the restrictions on the funds.

Ms. Heyward deferred to Jim Morales, Agency Counsel.

Mr. Morales stated that his understanding was that the funds were originally from tax increment bond proceeds, as well as pay as you go tax increment from the Western Addition. Therefore, they needed to be used for redevelopment purposes. Definitions under State law for redevelopment purposes include physical improvements in a redevelopment project area. That is the primary purpose of tax increment funding. That is what the broad standard is for the use of these funds.

Commissioner Breed stated that this was similar to what had been done in the past, but questioned if there could be any new uses for these particular funds, uses outside the scope of what was required by redevelopment law.

Mr. Morales stated that the funds which Commissioner Breed was referring to were a payment by a property owner that was basically per an agreement with the Agency, and they were not restricted by the community redevelopment law.

Commissioner Breed asked if these particular funds were restricted by the redevelopment law.

Mr. Morales replied they were.

Commissioner Breed asked in reference to the annual market budget for the community business district, what their whole marketing budget was.

Ms. Heyward deferred to Lisa Pagan to elaborate.

Ms. Pagan stated that Monetta White, Chair of the Marketing Committee, would be best to respond, but that the annual budget is beyond \$50K. There is a category for streetscape improvements and marketing, which can be used towards marketing activities. They have used some of that money for marketing in the past and they're allocating funds in this fiscal year's budget.

Commissioner Breed wanted to know what the budget for this year was.

Ms. White responded they have allocated approximately \$16K.

Commissioner Breed asked if this was for marketing.

Ms. White responded affirmatively.

Commissioner Breed asked if that was a city fiscal year or if the Board operated a on a separate time frame.

Ms. White responded that it was a city's fiscal year.

Commissioner Breed mentioned that she was concerned because there seemed to be two different budgets. Ms. Breed wanted to know if staff would be coming back to the Commission for approval of the use of funds. Ms. Breed asked if OEWD would move forward with their plans, or would they be coming back to the Commission to get additional approval for specific allocations.

Ms. Heyward commented that OEWD would submit to the Agency a detailed strategy at the end of the six month planning period, which is to be reviewed by Executive Director Blackwell.

Ms. Heyward stated that was currently not included in the letter agreement.

Commissioner Breed stated that the resolution was not specific in this regard. The resolution reflects that it is open-ended until OEWD comes to a conclusion as to the allocation of funds, and after the planning process has concluded, then a detailed plan will be submitted to the Agency.

Commissioner Breed asked if the overall plan of how the money would be used was in each of those categories listed.

Ms. Heyward replied that that was the current indication.

Commissioner Breed stated she had two concerns about language in the resolution. Ms. Breed would like the resolution to reflect that the plans for implementation haven't been completed, with specific separate categories, dividing the money equally. Commissioner Breed would like the resolution either very specific as it relates to the potential of the budget, or is a more general instead of restrictive in terms of providing half of the funds for marketing and economic development, and half the funds for façade and tenant improvement.

Ms. Heyward confirmed that Commissioner Breed would like to allow some flexibility between the two budgets that are currently at \$400K and \$400K.

Commissioner Breed stated that unless there are changes made, staff will need to come back to the Commission and seek approval in order to make those necessary changes. Ms. Breed stated if the Commission supported moving forward, then she would do so as well. But, Ms. Breed did feel more money would be needed for marketing and economic development.

Commissioner Swig asked Commissioner Breed if she was suggesting a combination of façade and tenant improvements and marketing and economic development efforts which would equal an aggregate total amount of \$800K.

Commissioner Breed stated that it would be best to combine the total and remove that amount from the specifics because the Commission had previously passed resolutions for these items. Ms. Breed felt it would be appropriate to change the resolution to strike "\$400,000 and these programs, totaling \$800K include", and list them appropriately. Commissioner Breed made a motion to make an amendment to the resolution to remove the amounts from Item 1 and 2 of Section 6, and to change the language of 'these programs totaling \$800K include' and then the rest of the existing language.

Commissioner Swig asked Mr. Morales to suggest wording that would be legally satisfactory for this issue.

Mr. Morales stated that the issue is to remove specific dollar amounts related to marketing and to façade and tenant improvement portions, and allow greater flexibility as to the breakdown between those two areas. Currently staff already has a letter agreement that is part of this resolution. The resolution states that the Commission has already approved the letter agreement lodged with the Agency. Direction is needed to change the letter agreement to make the dollar amounts more flexible, if that was intended.

Commissioner Breed stated that was the intent. Ms. Breed feels that more flexibility is needed in order to make sure that funds are spent in the appropriate categories in order to make the business district successful.

Commissioner Breed also mentioned that Urban Solutions has supported a number of businesses in the district and have been the consistent organization which has provided necessary support for new and existing businesses to obtain low interest loans and other opportunities. Ms. Breed pointed out that Urban

Solutions did not design the grant program, but did help us to facilitate it and was doing a good job. She expressed that it is important to have an organization that has a relationship with community businesses and groups and who has a track record and have been consistently involved in the Western Addition.

Commissioner Breed would like to use their input and involvement as they are very accessible to members of the community, especially the small businesses in the community.

Commissioner Breed asked if there were any other means or additional support that can be allocated for marketing.

Ms. Pagan, manager for the Community Benefit District program, in the Office of Economic and Workforce Development, stated that the fiscal budget for this year under the CBD program would provide operating grants. She stated that the Fillmore Community Benefit District applied and did receive money for marketing last fiscal year and this fiscal year. There could be potential funding for next fiscal year. The Marketing Committee is currently using assessment funds to help contribute toward marketing services. So I believe they help support or they are developing a program to help support the events going on every month or so in the community to help support those events, as well as other marketing activities in their plan, in their marketing plan.

Commissioner Breed thanked Ms. Pagan. Ms. Breed reinforced the importance for the Agency to take into consideration design guidelines. This was important in order to maintain a consistency in terms of the look and feel as a jazz district, which would be an important thing that she'd like to include.

Commissioner Breed continued to say that close attention should be paid to the businesses along the Fillmore corridor, because they would be most affected. Ms. Breed would like the Agency to take a more aggressive role in getting feedback necessary in order to implement this program appropriately. With that Commissioner Breed made a motion to move the item, with the suggested changes for more flexibility to change the categories. Ms. Breed stressed that going forward the Agency has very limited jurisdiction in the Western Addition. This is the beginning of a transfer of power over to City entities which are responsible for the City as a whole.

Commissioner Swig thanked Commissioner Breed for her comments and the Commission for their patience.

Commissioner Swig asked Mr. King if he would you like to second the item.

Commissioner King moved to second the item.

Commissioner Swig addressed the Executive Director.

Mr. Blackwell stated that he wanted to clarify the motion made by Commissioner Breed. His understanding of the motion is to move the item, but with the caveat being that Ms. Breed does not want the \$400,000 breakdown. Commissioner Breed would like to provide greater flexibility and allow the planning process to

determine how the money gets distributed between façade improvement and marketing and promotions.

Commissioner King asked Mr. Morales if this was correct.

Mr. Morales stated that yes, this was correct. Mr. Morales clarified further that the language would read something to the effect that the budget amounts will be determined by the Executive Director, ultimately.

Commissioner Breed added that the item should not come back to the Commission.

Commissioner Swig addressed Commissioner Covington.

Commissioner Covington thanked Mr. Swig. Ms. Covington agreed that the item should be moved. But, Ms. Covington did express some concern about Urban Solutions. Ms. Covington felt there should be discussion among the Commissioners about the level of involvement of Urban Solutions.

Commissioner Swig asked Mr. King what were his thoughts on including Urban Solutions in the grant process.

Commissioner King replied that yes, Urban Solutions should be included.

Commissioner Bustos confirmed his acceptance.

Commissioner Singh replied that yes. Mr. Singh thought that Urban Solutions was doing a wonderful job.

Commissioner Covington stated that Commissioner Breed asked off the record if there should be a particular level that should be agreed upon. She clarified that was not her intent. Commissioner Covington stated her concern was the inclusion of Urban Solutions at the \$65,000 level

Commissioner Swig addressed the Executive Director.

Mr. Blackwell clarified that Urban Solutions provides business development assistance, which is not currently what was being proposed. What is proposed is marketing in the corridor and tenant and façade improvement activities. There should be included in the planning process some discussion about small business development activities. If that were done, there would be a question of who actually will provide business development services.

Commissioner Breed asked if business services could be added into the resolution.

Mr. Blackwell stated, yes.

Commissioner Breed stated that 'business services' needed to be added to the resolution in order to support Urban Solutions in this process.

Commissioner Bustos commented that what this issue falls under is actually, business attraction and retention services, which is currently included in the scope of work.

Mr. Blackwell was not clear on what was actually being requested. He asked for clarification if the Commission desired business development activities to be included in the planning process which determines how the money gets utilized, or is the Commission asking that the Agency to set aside \$65,000 for Urban Solutions to do business development.

Commissioner Breed stated that her intention was to make sure that the services provided by Urban Solutions are made available to existing businesses in the Western Addition, not to specify the amounts.

Commissioner Bustos agreed with Ms. Breed to some extent. Mr. Bustos felt that the purpose should not be to obtain a non-profit and build everything. Commissioner Bustos stated that staff has done a good job of trying to figure out what is needed.

Commissioner Swig asked if anyone else wished to speak. Mr. Swig expressed his support for the inclusion of Urban Solutions. He stated that in some instances, small businesses do not know how to market or link into neighborhood marketing programs, but suggested there be no micro management. Commissioner Swig asked that an update memo be presented to the Commission at some time during the next six months.

Commissioner Swig closed by commenting on the spirit and energy in the Fillmore. During the past three years, businesses who made the commitment to be the new frontier persons in the Fillmore have come on and started to mature. The energy is fantastic. Mr. Swig commented upon the many businesses which have come there, Rassela's, Sheba Lounge, Bruno's, Yoshi's, 1300, and Gussies. He congratulated those business practitioners who have created a backbone for the new Fillmore Jazz District. Commissioner Swig stated that this was a great initiative because it was a complement to their efforts.

Commissioner Swig made an additional comment for the record. There are three storefronts on Fillmore Street which make it look like blight. There's one land owner, or building owner, who is not working with the community. In the spirit of departments working together, Mr. Swig stated that he hoped that the City departments would contact that business owner. Commissioner Swig encourages that landowner to join the community and raise the standard to where it complements the efforts of the others.

With that, Commissioner Swig stated there was a motion with an amendment and a second. He asked for all those in favor to please say, aye.

The Commissioners responded, yes.

Commissioner Swig asked if there was any opposition or abstention. Hearing none, the item was adopted unanimously.

ADOPTION: IT WAS MOVED BY COMMISSIONER BREED, SECONDED BY COMMISSIONER KING, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 9-2010, AUTHORIZING A LETTER AGREEMENT WITH THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT TO ADMINISTER MARKETING AND ECONOMIC DEVELOPMENT PROGRAMS IN THE WESTERN ADDITION NEIGHBORHOOD FOR A THREE-YEAR TERM IN AN AMOUNT NOT TO EXCEED \$800,000, BE ADOPTED.

- (f) Workshop on the Hunters Point Shipyard Phase 2-Candlestick Point Integrated Development Project, including the Disposition and Development Agreement and Below Market Housing, Community Benefits and Equal Opportunity and Economic Development Programs and Amendments to the Bayview Hunters Point and Hunters Point Shipyard Redevelopment Plans; Bayview Hunters Point Redevelopment Project Area and Hunters Point Shipyard Redevelopment Project Area

Presenters: Tiffany Bohee, Mayor's Office of Economic Development; Tom Evans, Kate Hartley, Christina Garcia, Agency Staff

Speakers: Al Norman

Commissioner Swig thanked staff for a thorough and interesting presentation. Commissioner Swig asked if anyone else wished to comment on this item to the commission. Hearing no further request, Mr. Swig closed public comment and turned to his fellow commissioners. Commissioner Swig made note that this was strictly an educational workshop and no action would be taken.

Commissioner Breed stated she felt staff was off to a good start. She stated the efforts surrounding workforce seemed to be working. Ms. Breed also stated she was happy to see the actual numbers for housing units was very promising. Commissioner Breed mentioned that there need to be exploration done for opportunities to increase the actual square footage size of the units, wherever possible, and to review the height restrictions. Ms. Breed felt it is important to keep in mind that these units are homes. Commissioner Breed also felt a lot of money was being invested to implement the new program, Elations. Ms. Breed wanted staff to review the user friendly aspect and that the appropriate workshops needed to be provided. No one should be unable to participate. Commissioner Breed thanked staff again for the presentation and the updated information.

Commissioner Covington thanked staff for a comprehensive review. Commissioner Covington agreed with Commissioner Breed about the size of the units. Ms. Covington felt the Elations program was a wonderful tool and stated if potential contractors are having problems getting certified on the system, then it should be addressed.

Commissioner Covington asked about the pediatric wellness. Ms. Covington wanted more information about whether or not there has been any interaction with UCSF regarding the new pediatric hospital.

Ms. Bohee stated that the pediatric wellness center idea was a product of the District Attorney, Kamala Harris, working with the Department of Public Health. This has been at the forefront of concerns in their program.

Ms. Cheryl Smith, with Lennar, spoke further about the UCSF connection. Ms. Smith stated that the developer, Lennar, at the request of the District Attorney, was trying to set aside health money in a pediatric area, primarily for mental health. Lennar needed to make sure there was money available to assist children that were having issues as identified by the District Attorney's office; that contribute to them being involved and engaged in delinquent behavior. Money is set aside for the community to decide whether or not it would be a center connected to the Southeast Health Center, or perhaps one of the other projects that's going on in health, as it relates to children in the Bayview.

Commissioner Covington added that one of District Attorney Harris' focuses has also been on truancy. She stated a lot of truancy does have to do with basic health needs. Commissioner Covington stated she wanted that included, if possible. Commissioner Covington asked for additional information about the connection with UCSF.

Ms. Smith commented that there is no connection at this point with UCSF. Conversations have taken place with the San Francisco Public Health Department, the Southeast Community Center, and the District Attorney's office

Commissioner Covington stated she felt that UCSF should be part of the process.

Ms. Smith thought UCSF would be open to recommendations from the Commission, as well as the general community.

Commissioner Covington asked Ms. Smith to elaborate more on the fee developer for the community builder.

Ms. Smith stated that originally as part of Phase I there were two ways which community builders could participate in the project. The first way would be to raise funds and purchase blocks at market rate and develop them. The second way is to create a joint venture, along with the vertical developer, and invest a certain amount of capital. During these economic times, several of our community builders are not able to participate in the program at that level. That was the birth of the community – the fee developer came into part. Along with the main developer, we sit down and decide what the community developers do to participate in the project. This would help build their portfolio, and hopefully prepare them to be able to work in the development field in a different capacity in the future.

Commissioner Covington asked who handles the fees. She asked if there's no fee developer relationship, is it the developer?

Ms. Smith responded that the vertical developer handles the fees.

Commissioner Covington thanked Ms. Smith.

Commissioner Singh commented that this was a very commendable presentation. Mr. Singh wanted to know when this would be coming to the Commission for approval.

Ms. Bohee stated staff would be at the February 2nd meeting with another informational presentation. At that hearing, the Disposition Development Agreement will be discussed, as well as its transaction structure. Staff will present an executive summary of other project elements, and summarize these pieces. At the second meeting in April, staff will be presenting responses to comments on the environmental impact report. In April, staff will come back with the response to comments and ask for certification, together with the draft and the response to comments which would constitute the final EIR. At that same meeting, we'd ask you to take action on the other project agreements, the redevelopment plan amendment, the DDA and others.

Commissioner Singh thanked Ms. Bohee.

Commissioner Swig stated that it was extremely important to have a program working properly and that this set a bad example. He stressed that staff needed to work with Elations to resolve the issue before a recommendation would be given.

Mr. Maduli-Williams stated that the program was supposed to be rolled out by the end of 2009. Due to these issues, we are about three to four months off schedule. Mr. Swig stated that the Commission would not move forward in terms of recommendations until the issue was resolved. Elations currently perform city-wide trainings throughout for contractors.

Commissioner Swig thanked staff. Mr. Swig also asked for more information regarding Prop M. Mr. Swig stated his understanding of Prop M was to keep downtown from becoming a high density, over built area. Commissioner Swig asked why this was becoming a restricted covenant. Mr. Swig also wanted staff to ask the City Attorney to review and consider a waiver specifically for this neighborhood and this redevelopment sector.

Mr. Morales stated that he would prepare a more detailed presentation for Mr. Swig. Mr. Morales stated that in short, Prop M is the beauty contest, and it's the proposition itself that the voters passed. It is the allocation of the square footage that's being accommodated in the proposed plan.

Commissioner Swig stated, with regards to the square footage, his recollection was the square footage was aimed at the central business district so it wouldn't turn into Manhattan. He stated this was before Bayview Hunters Point, and said he couldn't speak to Mission Bay, but it was before Bayview Hunters Point redevelopment was even a vision in anybody's mind to the level that it is today, which would include significant commercial. Mr. Swig asked why is a covenant

which was aimed specifically at one thing, is now restricting something and being invaded or invading something for which Prop M was not intended.

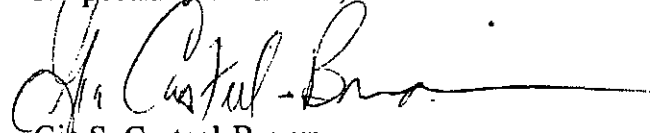
Tom Evans, Lead Planner, stated that Prop M does apply citywide. Prop M applies to office developments and actually has specific rules for small projects below 50,000 square feet that don't go through the beauty contest, but do add up in the allocation. In general, propositions that are now citywide including; sunlight ordinances and many others, apply to redevelopment areas if the redevelopment area is adopted after that proposition was adopted. Mr. Evans stated that staff has tried to provide some exceptions or prioritization for this project in the Prop M allocation, but ultimately the policy call will have to be made with findings from the Planning Commission.

Commissioner Swig thanked staff for the presentation and stated that no action would be taken.

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:** Commissioner Swig requested the Commissioners to stay for the Closed Session following the meeting.
8. **REPORT OF THE EXECUTIVE DIRECTOR:** Nothing to report.
9. **COMMISSIONERS' QUESTIONS AND MATTERS:** None.
10. **CLOSED SESSION:** Pursuant to Section 54956.9 (a) of the Cal. Government Code: Conference with Legal Counsel regarding Existing Litigation, Fillmore Center Associates v. City and County of San Francisco, San Francisco Redevelopment Agency, Nos. CGC-08-477064 and CGC-08-480768.
11. **ADJOURNMENT:**

It was moved by Commissioner Breed, seconded by Commissioner Singh, and unanimously carried that the meeting be adjourned at 6:25 p.m. and the meeting be moved into closed session.

Respectfully submitted,


Gia S. Casteel-Brown
Acting Agency Secretary

ADOPTED: