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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 MAY 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 4th day of May 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 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

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 April 6, 2010.
- (b) Authorizing a First Amendment to the Ground Lease and a First Amendment to the Second Amended and First Restated Loan Agreement with Mission Bay Affordable Housing Limited Partnership, a California Limited Partnership, for 150 Berry Street, to modify the terms and conditions of the Agreements, Mission Bay North Redevelopment Project Area. (Resolution No. 43-2010)
- (c) Authorizing a Third Amendment to the Maintenance and Management Agreement with the City and County of San Francisco by and through the San Francisco Port Commission to extend the term for three years to June 30, 2013 and approving a fiscal year 2010-2011 operating budget in an amount not to exceed \$198,194 for maintenance and management services for Rincon Park; Rincon Point-South Beach Redevelopment Project Area. (Resolution No. 44-2010)

Vice President Singh requested item 4(b) be pulled from the Consent Agenda.

Commissioner Breed put forth a motion to move items 4(a) and 4(c).

Vice President Singh seconded Ms. Breed's motion.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER BREED, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, THAT THE MINUTES OF THE REGULAR MEETING OF APRIL 6, 2010, AND RESOLUTION NO. 44-2010, AUTHORIZING A THIRD AMENDMENT TO THE MAINTENANCE AND MANAGEMENT AGREEMENT WITH THE CITY AND COUNTY OF SAN FRANCISCO BY AND THROUGH THE SAN FRANCISCO PORT COMMISSION TO EXTEND THE TERM FOR THREE YEARS TO JUNE 30, 2013 AND APPROVING A FISCAL YEAR 2010-2011 OPERATING BUDGET IN AN AMOUNT NOT TO EXCEED \$198,194 FOR MAINTENANCE AND MANAGEMENT SERVICES FOR RINCON PARK; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

**REGULAR AGENDA**

- (b) Authorizing a First Amendment to the Ground Lease and a First Amendment to the Second Amended and First Restated Loan Agreement with Mission Bay Affordable Housing Limited Partnership, a California Limited Partnership, for 150 Berry Street, to modify the terms and conditions of the Agreements, Mission Bay North Redevelopment Project Area. (Resolution No. 43-2010)

Presenter: Olson Lee, Deputy Executive Director, Housing

Speakers: Larry Del Carlo

Commissioner Singh asked if this item needed to be rectified so they would not be in default.

Director Blackwell stated that once they consummate the agreement they will no longer be in default; the action if adopted will get them out of default.

Vice President Singh asked if they were satisfied with the action.

Director Blackwell stated they are satisfied with the action.

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

Commissioner Covington seconded Mr. Bustos motion.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER BUSTOS, SECONDED BY COMMISSIONER COVINGTON, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 43-2010, AUTHORIZING A FIRST AMENDMENT TO THE GROUND LEASE AND A FIRST AMENDMENT TO THE SECOND AMENDED AND FIRST RESTATED LOAN AGREEMENT WITH MISSION BAY AFFORDABLE HOUSING LIMITED PARTNERSHIP, A CALIFORNIA LIMITED PARTNERSHIP, FOR 150 BERRY STREET, TO MODIFY THE TERMS AND CONDITIONS OF THE AGREEMENTS, MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (d) Workshop on the status of the environmental clean-up of the Hunters Point Shipyard; Hunters Point Shipyard Redevelopment Project Area.

Presenter: Michael Cohen, Director of MOEWD, Amy Brownell

Speakers: Marissa Shaw, Francisco DaCosta, Al Norman, Michael Theriault, Espanola Jackson, Roanae Kent, Arnold Townsend

Commissioner Covington stated the photographs of the time progression was very helpful allowing people to understand the development of the sites over time which shows the progress of how incredibly fast the development on the site has gone, to the slow as you go standard that is happening now. She stated that she thinks those who are frustrated by the length of time this is taking will have a better understanding of what's taking so long which is not a situation that warrants a quick fix. She expressed her appreciation on the clarity of the presentation.

President Swig expressed his appreciation on the continued information and echoed the comments made by Ms. Covington; the more information and transparency, the better. Mr. Swig suggested that at some appropriate time in the next four to six months there be another presentation with the map of the

area of groundwater contamination where there were lots of little circles with lots of BOC's on it and now there is less; he would like to see in six months where there are less BOC's and less CR's. Mr. Swig suggested that a representative from the Navy, as suggested by Mr. DaCosta be included in the interest of public comment when staff returns when they make another presentation. He stated the more that is disclosed and the more experts there are in front of the commission and the public, the more comfortable people will feel. Mr. Swig expressed his appreciation of the thorough presentation.

- (e) Authorizing the Payment of \$28.733 Million for the Supplemental Educational Revenue Augmentation Fund (SERAF) from the Existing Low And Moderate Income Housing Fund (LMIHF) Pending the Sale of Tax Allocation Bonds; and Making Findings that There Are Insufficient Funds from Sources Other than the LMIHF To Make The SERAF Payment; Establishing a Repayment Obligation in the Amount of \$28.733 Million to the LMIHF. (Resolution No. 45-2010)

Presenter: Amy Lee, Deputy Executive Director

Speakers: None

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

Vice President Singh seconded Ms. Covington's motion.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 45-2010, AUTHORIZING THE PAYMENT OF \$28.733 MILLION FOR THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF) FROM THE EXISTING LOW AND MODERATE INCOME HOUSING FUND (LMIHF) PENDING THE SALE OF TAX ALLOCATION BONDS; AND MAKING FINDINGS THAT THERE ARE INSUFFICIENT FUNDS FROM SOURCES OTHER THAN THE LMIHF TO MAKE THE SERAF PAYMENT; ESTABLISHING A REPAYMENT OBLIGATION IN THE AMOUNT OF \$28.733 MILLION TO THE LMIHF, BE ADOPTED.

- (f) Approving the proposed budget for the period July 1, 2010 through June 30, 2011 and authorizing the Executive Director to submit the Budget to the Mayor's Office. (Resolution No. 46-2010)

Presenter: Amy Lee, Deputy Executive Director, Finance and Administration

Speakers: None

Commissioner Covington was very complimentary of staff on their presentation and budget process, especially since Mr. Mario Menchini retired from the Agency after handling the budget process for many years. She was happy to see

that capable staff was able to fill his shoes without any interruption in the process and wanted to voice that in public. She indicated that she would like to, for her own edification, and to have it serve as a discussion point during their commission retreat in an informational memo, a list of the expenditures that have already been committed for all of the parks that are being built; she would like the yearly number for that. She stated that she is a bit alarmed at the amount of monies being committing for a term of sixty-five years in some places and a hundred years in other places. She thinks that as a Commission it would be helpful for them to look at landscape standards since they are committing future commissions for decades with park planning at this present time. Commissioner Covington put forth a motion to move item 4(f).

Commissioner Breed seconded Ms. Covington's motion. Ms. Breed complimented staff, as she had done so at the previous budget workshops. She stated the budget was thoroughly explored and provided in-depth insight on what to anticipate in the coming years, and believes staff made good decisions in redirecting funds in order to meet the needs of pressing issues that are going to be coming forward in the coming years with budget cuts.

President Swig echoed his fellow Commissioners' comments and thanked staff for their hard work.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BREED, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 46-2010, APPROVING THE PROPOSED BUDGET FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2011 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET TO THE MAYOR'S OFFICE, BE ADOPTED.

- (g) Authorizing an Amended and Restated Exclusive Negotiations Agreement with 706 Mission Street Co. LLC, a Delaware limited liability company, for the development of a mixed-use project, including a residential tower and museum space, on 706 Mission Street (Assessor's Block 3706, Lot 93) and Agency Parcel CB-1-MM located at the north side of Mission Street between Third and Fourth Streets (Assessor's Block 3706, portion of Lot 277) and also authorizing other ancillary actions; Yerba Buena Center Redevelopment Project Area. (Resolution No. 47-2010)

Presenter: Christine Maher, Agency Staff

Speakers: Victor Marquez, Mario Diaz, Espanola Jackson

Commissioner Bustos thanked his fellow Commissioners, especially members of the community who had been waiting a long time for the Mexican Museum to happen. He understands the need to clarify this but stated his only concern is that when it says, "our cultural component", it reads as though it may not happen. He stated part of the desire, along with some of the comments expressed from the public is that, it needs to happen; San Francisco needs to

have a Mexican museum. He asked to hear comments from other commissioners about their thoughts of it explicitly saying, "The Mexican Museum", or leaving it the new way.

Director Blackwell clarified that the terms of the deal have not changed at all. What is being proposed is language in the resolution to reflect the terms of the deal that were approved by the commission when the term sheet was approved. Mr. Blackwell wanted to make it clear that none of the deal terms have changed and what they are doing is making the language in the resolution reflect what is in the term sheet.

Ms. Neches stated the way this is structured is that there are essentially three parties in the transaction; the private developer, the Agency in the middle, and the Mexican Museum with basically two sets of agreements that will run through the agency. The Agency's agreement with the developer requires the developer to build the space, but who occupies the space is up to the Commission, not the Developer. Staff has been working extremely close with the Mexican Museum and Millennium with the intention that this be the Mexican Museum, including meeting with architects moving forward and providing funding. It is the stated purpose of doing this entire project to provide a home for the Mexican Museum. However, Ms. Neches stated that legally, it is not an obligation of the developer to provide the cultural space back to the Agency so the Commission may make the decision of the terms under which the Commission will then grant that space and the funding that goes with it to the museum; it will be two interlocking sets of agreements.

Commissioner Bustos stated this item was very important to him and has been on the other side as a community member. There is always hesitation and a sense of speculation that this will not happen. Mr. Bustos stated now that he is a sitting member of this Commission, he would like to see this move forward and would like to see it happen along with many others who have supported the Mexican Museum for quite some time now. Mr. Bustos put forth a motion to move item 4(g).

Vice President Singh stated that he has always supported the Mexican Museum and sees that it is becoming a reality, and congratulated all involved. Mr. Singh seconded Mr. Bustos' motion.

President Swig asked if there were any further comments.

Director Blackwell clarified that the motion was for the substitute resolution.

President Swig stated the Mr. Blackwell was correct.

- (h) Authorizing an Amended and Restated 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, for an aggregate amount not to exceed \$775,000, 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 277); Yerba Buena Center Redevelopment Project Area. (Resolution No. 48-2010)

Presenter: Christine Maher, Agency Staff

Speakers: Victor Marquez, Mario Diaz, Espanola Jackson

Commissioner Bustos thanked his fellow Commissioners that have put faith in the Mexican Museum and the community to bring this item up and hopefully gain their support. He also thanked members of the board of the Mexican Museum past and current who have done such an incredible job of turning the organization around and working with other partners to make this a reality. Mr. Bustos stated that \$495,000 is a lot of money and but that it is not a lot of money when it comes to trying to hire staff, and in putting together a museum that is supposed to fund-raise and build what will be a shining light in Yerba Buena. Mr. Bustos made a motion to give the entire \$495,000 to the Mexican museum because it deserves it. He stated that the extra \$495,000 could help with development projects to raise more money. Mr. Bustos also asked, with the Commission's permission, to allow him to be the liaison on behalf of the Commission, with the Mexican Museum and to help with some of the things that are going to be decided in the coming months and the coming years to make sure it happens. He indicated that Cinco de Mayo, which takes place tomorrow, is not a day of independence but a celebration of perseverance when the Indians of Puebla fought against the French with rocks and hot water when the French came in with their guns and their cannons, the Indian people fought it and won. Mr. Bustos thought it is fitting on the eve of Cinco de Mayo that the Commission approve giving the Mexican Museum the full amount so that this can become a reality. He stated that there are many artifacts at Fort Mason that were made and created before Christopher Columbus stepped foot and recommended everyone to stop by and visit. Mr. Bustos stated that it was not only important to the Mexican culture, but also important to the history of America because this was once Mexico. Mr. Bustos reiterated once again that this item be approved and that the Mexican Museum be given the full amount. He expressed his appreciation of the partnership with the Arts Commission but thinks that the museum could use the funds. Mr. Bustos asked that his fellow Commissioners support his community, help him celebrate Cinco de Mayo, and help him put a smile on his mom's and dad's faces from above because he knows that they would be very happy that their son is helping move this forward.

Vice President Singh seconded Commissioner Bustos motion to move item 4(h) and that Mr. Bustos represent the Commission as the liaison for the Mexican Museum.

Commissioner Breed stated that when this item previously came before them, and the Commission approved providing funds to the Mexican Museum, she did not support this item because she did not support giving money to the San Francisco Arts Commission to manage it on behalf of the Mexican Museum. With this partnership, with how things have moved forward, she is appreciative of the work that the San Francisco Arts Commission has done in order to move the Mexican museum forward and believes the relationship needs to continue. She supports Commissioner Bustos in moving forward and asked that the Agency try and identify other funds for the San Francisco Arts Commission to continue their relationship. She indicated, in terms of the oversight, she does not think it any longer necessary since she believes the Mexican Museum is on the right path in reviewing the milestones reported, and the information that has been submitted in selecting new board co-chairs, people she highly respects and are ready to move forward in the right direction. Ms. Breed stated that she definitely supports moving forward and providing the Mexican Museum all of the funds, and asked that Director Blackwell look at other opportunities to continue the working relationship that exists between the Mexican Museum and the San Francisco Arts Commission.

Commissioner King stated that this was a good day with the proposed action they were voting on. He has been on the Commission since the Mexican Museum was first proposed and was glad to see Commissioner Bustos take leadership on the Mexican Museum. He stated that he will support Mr. Bustos all the way through everything on this project. Mr. King expressed his appreciation of the San Francisco Arts Commission but believes the Mexican Museum board has accomplished enough to go on their own in making it become a reality.

Commissioner Covington stated that there has been conversation about the Mexican Museum for quite some time now and recalls when Ms. Neches made a presentation to the Commission about a year ago that she asked her how many milestones the Mexican Museum had met with the Agency. Ms. Neches at the time indicated that they had not met any of the designated milestones. Ms. Covington stated that they are now at a point where things have changed tremendously, where things have improved, milestones have been met, and tremendous progress has been made. She cautioned the Commission and the directors of the Mexican Museum to take that into account because they are at a crossroads; they either continue their work with the Arts Commission or try to go it alone again. Ms. Covington indicated that the Arts Commission, as well as the Commission wants to see a Mexican Museum which is why the two entities were joined in order to help the Mexican Museum get back on track. She stated that she respects Commissioner Bustos' comments and desire along with Ms. Breed and Mr. King to have all of the money go to the museum, but asked where are they going to get the money to pay the fee to the Arts Commission? She requested that there be further discussion about the monies and where the monies will come from.

Ms. Neches stated that the item before them is a three-way memorandum of understanding that provides a relatively small amount of money to the Arts Commission. What the Arts Commission does with that money is help fund their own operations to fund an outside consultant, Denise Bradley, who does day-to-day work helping to advise and move things along with the museum. If the resolution is amended to remove any funding from the Arts Commission, she believes it would be impossible for the Arts Commission to be in this agreement. The agency would then have to, in order to disburse the funds directly to the museum, would then have to enter into a different agreement. Funds would then be transferred in bulk to another city agency with the Arts Commission. The Arts Commission then has the detailed grant agreement that disburses the funds over time to the museum, and would not recommend that \$495,000 be transferred in one payment to the museum. If the Commission wishes to increase the funding to \$495,000, they can increase the amount of the entire contract from \$495,000 to \$540,000. She stated to Commissioner Busto that the amount is already at \$450,000 for a fourteen month period, more than the museum had actually requested which she did not think was adequate. She stated that one possibility would be to see how progress is over the next few months and if the museum feels that is not enough money, they can request for additional funding. Ms. Neches noted that the \$30,000 that was part of the original MOU was used by the Arts Commission completely to fund Ms. Bradley's consulting work and did not use any for administrative costs.

Commissioner Covington asked if it was a pass-through.

Ms. Neches stated that was correct. She noted that a lot of progress has been made in the last year, particularly around creating financial accountability. The museum filed all of its 990's, reconciled bank statements going back several years, and is now in the process of an audit as well as resolving issues with Fort Mason. What has not happened is the major deliverable back to the Agency under the MOA which was suppose to be a pre-development plan focused on the planning for occupying the new museum. Because of all the work that had to go accounting work which turned out to be a great deal more work than anyone had realized, they were not able to be in a position to start real pre-development planning; the new MOA is again very focused on that. Ms. Neches indicated that the goal is to have them ready and able to fully financially, successfully, and artistically operate in their new home when it opens. Ms. Neches said that the options are to leave it as it is, increase the funding so that there is still a reasonable amount of funds for the Arts Commission, or direct staff to come up with a full grant agreement that would allow disbursement directly to the museum over time.

Commissioner Covington asked if staff would be back before the Commission with the full grant agreement.

Ms. Neches stated that staff would be back before the Commission because the agreement would be substantially different than what is on the agenda before them today, and they would have to write it.

Commissioner Covington asked what the estimated time would be to write the agreement.

Ms. Neches indicated it would take about a month.

Commissioner Covington stated the item would then be delayed a month.

Ms. Neches stated that she would expect that the disbursements to the museum would be about the same, that there would be benchmarks just as there are in the grant agreement. What they then may have to consider is whether a consultant is hired to help work with the museum. She indicated that agency staff are not museum development experts and, just as MOAD and other museums, consultants were hired to help work with the partners because staff believes it to be important. Ms. Neches stated it is not only a lot of money in the agreement but more importantly, the future home of the Mexican Museum, and she wants to make sure that the Agency helps in improving the organization, use of public funds as wisely as possible, and be best positioned to be a partner in the project.

Commissioner Covington thanked Ms. Neches for the clarifications, she believes tremendous progress has been made over the past year and a half and would like to see that progress continue.

Commissioner Bustos stated that he appreciates the support that the Arts Commission has provided to the Mexican Museum in moving some of these items forward as well as the museum itself having done a tremendous amount in moving the project forward, but he believes part of the mission statement of the Arts Commission is in helping provide arts to the residents of the City and County of San Francisco, and believes part of their everyday business to be able to try to provide support such as this.

Ms. Neches stated that Director Cancel has spent a reasonable amount of time on this particular project and within the context of what will now be quite a large amount of money, it is not in any way meant to suggest that the Mexican Museum is not competent, but there needs to be reassurance that the funds are spent responsibly and appropriately. She indicated that the Mexican Museum has made progress but will admit there is progress yet to go and believes that the system that is in place with having everyone involved has helped the Mexican Museum and will continue to help the museum. She stated that they want the Mexican Museum not to just be an agency project but a city project, and wants everyone to feel like they are part of this, and are responsible for doing everything to move it forward.

Commissioner Bustos indicated with the \$45,000, those funds could hire someone to come in and leverage that as a development/consultant.

Ms. Neches stated out of respect for how much work there is to do, staff negotiated with Millennium in part to get them to make those payments to

increase the funding that would be available to the Mexican Museum. Ms. Neches stated that it is her professional judgment that \$450,000 is a very good sum of money for the agreement, and again, one option that would be is to amend the entire amount of the agreement from \$495,000 to \$540,000 to provide \$495,000 to the museum plus \$45,000 to the Arts Commission.

Commissioner Bustos requested representatives from the Mexican Museum to approach the podium.

Mr. Victor Marquez stated that the recommendation by staff for the amount which came through the director and staff is a good sign in terms of their confidence in the relationship between the Arts Commission and the museum. He believes there is value to keeping some level of a formal relationship with the Arts Commission which he thinks can be a hybrid of what Ms. Neches had just indicated. He stated that the Board did not have sufficient time to review the item voted on earlier in order for them to properly prepare and discuss the item thoroughly. He believes what is needed is to have direct, larger designations of dollars to the museum because they are not able to hire the appropriate staff, whether it be a managing director or a fund development director. They are operating more on a linear way as opposed to on parallel tracks which is what is holding them back and is having a negative impact on their day-to-day ability to move quicker to get the reports they have to come up with under the MOU.

Mr. Diaz stated his day job is working with the non-profit community and in applying for a 501 C03 status which allow you to fundraise and receive money directly. At this time they are on a path of rebuilding their credibility with a non-profit. He stated to have a fiscal agent when they have their own 501 C03 status sends a different message saying that they are not responsible. He indicated that they have built so much capacity on just the small steps over the months and have done everything that people have told them to do with the exception of the pre-development plan which he indicated takes a leadership beyond his expertise. Mr. Diaz expressed his concern that if they continue on with a fiscal agent, it sends a different message to their potential funders of why do they have to have a fiscal agent if they have their own 501 C03 status. Mr. Diaz stated that they appreciate the role of the San Francisco Arts Commission and would like to continue with their partnership but not in a fiscal agent role. He stated that the Arts Commission has relationships with many arts non-profits in the city and county of San Francisco and eventually would like to have that type of relationship but at this time it is a stewardship.

President Swig asked if the Mexican museum has a 501C3.

Mr. Diaz indicated they have always had one.

President Swig indicated the Arts Commission is not acting as a fiscal agent but that the Redevelopment Agency is choosing to engage the Arts Commission for assistance in proper disbursement of the funds. Mr. Swig indicated that fiscal

agents are not used in this and appointed out that there is a big difference between fiscal agent and a provider of assistance.

President Swig asked Ms. Neches for clarification.

Ms. Neches stated the Agency uses the term fiscal agent but the way it uses it is that the Arts Commission shall act as the agency's fiscal agent in disbursing the funds. They are not the fiscal agent in that the museum has its own books and accounts and makes its own disbursements. The Arts Commission has a detailed grant agreement with the museum which sets out the budget for the use of the funds, sets out the milestones for receiving the funds and has all the boilerplate that is in every agreement that a city agency has to disburse funds, including the Arts Commission with other organizations.

President Swig asked again to clarify that the Agency is the fiscal agent to the Mexican Museum, not the San Francisco Arts Commission.

Ms. Neches confirmed that the San Francisco Arts Commission is the Agency's fiscal agent.

President Swig stated that was a very important point and that point should not cast any negative aspersions onto the Mexican museum because it is the Agency's watchdog. The Commission and the Arts Commission acting as the Agency's helper should send no negative message whatsoever about the Mexican museum to the fundraising community, especially since the Mexican Museum already has a 501C3.

Commissioner Bustos stated that he was proposing to raise the amount to \$490,000 to hire their consultant and if the Mexican museum needed more funds they could come back and request for more. Mr. Bustos stated that is how he would like to redo his motion.

Mr. Marquez stated that would be acceptable to the Mexican museum board.

President Swig asked Ms. Neches if the amount could be moved to \$540,000.

Commissioner Bustos confirmed that it could with the caveat that if more funding is needed they could come back for more.

Commissioner Breed stated she had a concern in the milestones and in the information provided, there has been a lot of leeway and asked if they are being made with board members or with volunteers? She asked what their plans were to hire staff and how does that work with funds that are expected to come through the Arts Commission? Is that going to present any difficulty?

Mr. Diaz stated there would be no difficulty; they were just given a check for \$48,000 from the Arts Commission to hire a part-time manager. The Board, along with Mr. Cancel are presently reviewing two candidates' resumes with the

hope to have that person in place within a week, not a month as Christine Maher had mentioned earlier. They would like to back to CCHE by May 13 to inform them they have hired staff which has been CCHE's concern.

Commissioner Breed seconded the motion to Commissioner Bustos' recommendation to increase the grant agreement and move the item forward.

Mr. Diaz added that with the additional monies, those monies are going to be utilized to fulfill an Executive Director. They are in the process of putting together a review committee who will interview the candidates to ensure that they hire the right person who has the business sense, the state-of-the-artist's sense, and the right candidate who will work with them on the pre-development plan so they can fulfill that deliverable within the year.

President Swig asked where the additional \$45,000 Commissioner Bustos has recommended come from.

Director Blackwell stated, as Ms. Neches mentioned earlier, the Commission and the Board of Supervisors have over time given authorization to issue bonds for the development of the museum site. What they have been doing, not only for this funding request but for prior funding requests, is basically shaving off of the \$11M to basically engage in pre-development activities related to the core and the shell and the build-out for the museum; these are items that have already been budgeted from the \$11M that was part of a prior bond request. What they are essentially doing is when they take more money and put it into predevelopment; they are basically diminishing the amount of money that will be available for the build-out when that part of the project comes along. Director Blackwell also stated that, assuming that the Commission passes this motion, staff will need to go back and work with the Mexican Museum on how the additional \$45,000 will be programmed and utilized. The activities that are funded need to have a very clear nexus with the pre-development activities and the construction of 706 Mission. The funds will not be used for general operating support, to pay rent at Fort Mason, or to hire staff not directly working on bringing the project to fruition. Director Blackwell indicated, in working with the Mexican museum on developing the budget, staff will be enforcing that and making sure that the budgeted items and activities actually relate directly to moving the 706 Mission project forward with the museum as the cultural component.

President Swig stated that he appreciated Director Blackwell's explanation which made it much clearer to him. Mr. Swig wanted to make it very clear to the proponents and advocates of the museum, what they heard very clearly tonight, and also expressed in prior meetings is that this Commission is very supportive of their project. He stated that he was very verbal in the past about the rigor of accountability because of the past track record of the museum which is why they enlisted the help of the Arts Commission to provide their expertise in providing support for the Redevelopment Agency in assisting the Mexican museum to provide a further foundation to move forward. Mr. Swig stated that

he wanted to be very clear that the Mexican Museum has unilateral support of this Commission and are very excited about the Mexican Museum. He stated that the Mexican Museum is in the youthful development of what will become a mature and prosperous development and feels that the support through the Commission can be helpful so they grow and prosper and become a leading cultural institution in this city which the Commission and all would like to see. Mr. Swig congratulated Mr. Diaz for his incredibly hard work. He stated that the relationship between the Mexican Museum and Fort Mason was rancorous, and now it's smooth. He indicated that there was an opportunity for the public to see the great treasures within the Mexican Museum which was almost non-existent and the Board has done tremendous work to allow the public to see those great treasures. The Mexican Museum Board has been stabilized which, as Mr. Swig stated, is a tremendous success as a result of tremendous hard work. Mr. Swig stated the Commission has given the Board a leap of faith even though the pre-development plan, which was a key component of this, has not been delivered. Mr. Swig stated with that, the trade off is that the Commission would like the assistance of the Arts Commission to further support the Boards needs and the Agency's needs mutually in moving forward into this partnership. Mr. Swig thanked Ms. Bradley and Mr. Cancel for their hard work and assistance in moving this forward and creating this partnership as they move into the future.

President Swig stated there is a motion from Commissioner Bustos and a second with amendments to increase the amount from \$495,000 to \$540,000.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER BUSTOS, SECONDED BY COMMISSIONER SINGH, AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 48-2010, AUTHORIZING AN AMENDED AND RESTATED 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, FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$775,000, 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 277); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED AS AMENDED.

- (i) Authorizing a Cooperative Agreement with the San Francisco Community Investment Fund, a California nonprofit, public benefit corporation ("SFCIF"), for a loan consisting of Agency funds in an amount not to exceed \$100,000 and Agency staff time in an amount not to exceed \$385,000, for a total aggregate loan amount not to exceed \$485,000, in a two-year period, to aid the SFCIF in fulfilling its mission to apply for new markets tax credits and to make qualified low-income community investments. (Resolution No. 49-2010)

Presenter: Stephen Maduli-Williams, Deputy Executive

Speakers: Francisco DaCosta

Vice President Singh put forth a motion to move item 4(i).

Commissioner Bustos seconded Mr. Singh's motion.

**ADOPTION:** IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 49-2010, AUTHORIZING A COOPERATIVE AGREEMENT WITH THE SAN FRANCISCO COMMUNITY INVESTMENT FUND, A CALIFORNIA NONPROFIT, PUBLIC BENEFIT CORPORATION ("SFCIF"), FOR A LOAN CONSISTING OF AGENCY FUNDS IN AN AMOUNT NOT TO EXCEED \$100,000 AND AGENCY STAFF TIME IN AN AMOUNT NOT TO EXCEED \$385,000, FOR A TOTAL AGGREGATE LOAN AMOUNT NOT TO EXCEED \$485,000, IN A TWO-YEAR PERIOD, TO AID THE SFCIF IN FULFILLING ITS MISSION TO APPLY FOR NEW MARKETS TAX CREDITS AND TO MAKE QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS, BE ADOPTED.

- (j) Workshop on Agency Local Hire and Project Labor Agreement Policy; all Redevelopment Areas

Commissioner Covington thanked everyone who stayed through a very lengthy meeting and stated that public comments were about making good faith efforts and out of work hires, and agrees with what everyone said. She indicated that this is a new way of doing business because all the members of the city family, agency staff, City Build, and the Mayor's Office, have all have been very frustrated over the years that things were not working and to look into what was out there to see so they could build on their success. Ms. Covington stated that Director Blackwell and staff went to Los Angeles because they heard that they had a project labor agreement that was very useful when it came to the city dollars that were being spent. She indicated that the elation system the Commission has voted on will be able to tell in real time who is on the job, what their zip code is, what their skill set is, whether or not they have been out of work for a long time or if they just got hired, whether they are an apprentice or a journeyman, whether they are male or female. Ms. Covington stated the key to the success is in understanding what is going on and being able to hold people's feet to the fire. It is being able to get a succession of well-paying jobs that you enjoy that leads to a career.

Mr. Maduli-Williams stated there will be a number of items that will be before the commission in the near future, one relating to an interim workforce policy in terms of language issues related to best efforts and the other item, which is very

critical, is the insertion of any kind of interim policy in the agency's DDA's, OPA's, and the various documents that are tied to contractors and developers from an execution standpoint, particularly as it relates to Elations.

Commissioner Covington asked if each and every contract that is reviewed and revised needs to come back before the Commission.

Mr. Maduli-Williams stated that the goal is to address it from a new policy since there currently is no workforce policy in place.

Commissioner Covington stated that she would like to discuss the item at the next workforce meeting.

Commissioner Breed asked for clarification to have a clearer understanding of who is and isn't working. It is her understanding from the presentation in part, but also from members who had contacted her, that union workers are being hired on these jobs but are not necessarily San Francisco residents. (Staff stated she was correct) She wanted to make sure that point was clear. She wholeheartedly agrees with Commissioner Covington, and commended Fred Blackwell and staff for stepping up to the plate on this issue. Ms. Breed noted that a few years back this issue came to blows in the Bayview Hunters Point where a number of residents were frustrated with the number of the people who were working on the project and were not San Francisco residents. She stated that the realities are that there is a population of less than one million people with billions of dollars being spent in this city, and how insane it is that not only are local residents not working but local union people are not working. Ms. Breed indicated that this has been frustrating to her because everyone's coming to her as a Commissioner and looking for support, guidance, leadership, and the Commissioner have to be the ones to step up and do something that has never been done before. Ms. Breed indicated that she wholeheartedly is in support of the unions and local union people getting these jobs, but also equally supportive of locals either becoming part of these apprenticeships, and working and developing this relationship. It is important to her in moving forward in the future, and with all due respect to the unions and the crafts, that you cannot just put somebody in the job and then think that all of a sudden within six months training that person will be a full-fledged electrician. She stated that people need to be trained and capitalize on one another's resources in order to make sure that people are prepared. Ms. Breed also brought up another issue which is the need to get out of the mindset of only construction jobs, and to think bigger than just construction jobs; there are many other opportunities that exist with Mission Bay - UCSF, the medical field, and biotech, to name a few. Ms. Breed asked that in the future this type of workshop be heard earlier in the agenda where the public will have more of an opportunity to participate since the issue is way too important to put at the end of an agenda after a long day. She also asked that there be more outreach to members of the community to get them more involved, to get more community input about how to move this forward, and how to make it a very effective and overall supported program by the citizens of San Francisco.

Commissioner Bustos echoed Commissioner Covington and Commissioner Breed's comments and stated that he wholeheartedly agreed with them. One of his fondest memories growing up in the Mission was his family getting in the car and visiting the construction sites that his father helped build, whether it be Transamerica, the Bank of America building, or Pier thirty-nine. Mr. Bustos stated that his father was a very proud union worker but more than that, he was proud that he helped build San Francisco. As a son of a construction worker he grew up feeling proud that his family gave to beautify the city's landscape. Mr. Bustos expressed his excitement that this was moving forward in a direction where San Franciscans can benefit not only in the jobs, but in the creation of an incredible city. He also underscored the brother's comment of not forgetting how black and brown brothers' journeymen have families to feed just like his father had to feed his family and suggested that something can be worked out so that they also get jobs along with everybody else. Mr. Bustos suggested that staff provide the Commission with information on a regular basis with real time up to date reports generated from the Elation system and monitor the numbers of how many San Franciscans are provided jobs at the beginning of the month when the Commission meets.

Commissioner Covington added, in talking about hard and soft skills, she wanted to reiterate that under Rhonda Simmons there are sector academies that have been developed for health care, clean energy, and a number of academies, and requested the next time this comes before the Commission that Ms. Simmons report on the sector academies.

President Swig thanked staff and other presenters for their hard work and time. He also thanked Commissioner Covington for her contribution and extra time spent in this area and her passion which deeply reflects what the commission is all about and the other comments from the other commissioners. Mr. Swig also reiterated what Ms. Covington and Ms. Breed stated, it's not all about construction, it's about white collar jobs too, and there should not be any restrictions or lowering the bar to only expect that residents of the focused areas will only be limited to construction jobs or union daily worker jobs but maybe just some of them might be running the companies one of these days. Mr. Swig expresses his concern on the issue of access to union jobs from the community, and asked Mr. Theriault to work indiscriminately with the community on the problem of getting access, getting recognized, and being welcomed as a brother into a union. Mr. Swig stated in his hope of trying to promote union jobs in San Francisco that it be made a major priority that all groups indiscriminately be invited into the unions without hesitation to make this work better.

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:**

- President Swig reminded the Commissioners of the June 3<sup>rd</sup> Special hearing with the Planning Commissioners.
- President Swig stated that Commissioner Bustos volunteered as the Commission liaison in the Mexican Museum activities and asked Director Blackwell to include him in any future meetings.
- The next regularly scheduled Commission meeting is June 15<sup>th</sup>.

8. **REPORT OF THE EXECUTIVE DIRECTOR:** None

9. **COMMISSIONERS' QUESTIONS AND MATTERS:** None

10. **CLOSED SESSION:** None

11. **ADJOURNMENT:**

It was moved by Commissioner Breed, seconded by Commissioner Bustos, and unanimously carried that the meeting be adjourned at 8:50 p.m.

Respectfully submitted,

Gina E. Solis  
Agency Secretary

**ADOPTED:**