

Edwin M. Lee
MAYOR



Mara Rosales
CHAIR

Marily Mondejar
VICE-CHAIR

Miguel Bustos
Leah Pimentel
Darshan Singh
COMMISSIONERS

Nadia Sesay
INTERIM EXECUTIVE DIRECTOR

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
21st DAY OF FEBRUARY 2017**

The members of the Commission on Community Investment and Infrastructure 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 1:00 p.m. on the 21st day of February 2017, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:08 p.m. Roll call was taken.

Commissioner Bustos - present
Vice-Chair Mondejar - present
Commissioner Pimentel - present
Commissioner Singh - present
Chair Rosales – present

All Commission members were present.

2. Announcements

- A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, March 7, 2017 at 1:00 p.m. (City Hall, Room 416).
- B. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

- C. Announcement of Time Allotment for Public Comments

3. Report on actions taken at previous Closed Session meeting - None

4. Matters of Unfinished Business - None

5. Matters of New Business:

CONSENT AGENDA

- a) Approval of Minutes: January 17, 2017
- b) Authorizing the Executive Director to execute a First Amendment to the legal services contract with Jones Hall, a Professional Law Corporation, for bond counsel services, to increase the fee related to the issuance of the 2016D bonds by \$26,300, from \$50,000 to \$76,300 (Action) (Resolution No. 5-2017)
- c) Authorizing the Executive Director to execute a First Amendment to the legal services contract with Curls Bartling, P.C., a Professional Law Corporation, for disclosure counsel services, to increase the fee related to the issuance of the 2016D bonds by \$15,500, from \$29,500 to \$45,000 (Action) (Resolution No. 6-2017)

Public Comment

Speaker: Ace Washington, community activist

Mr. Washington spoke about Black History Month and the decline and out-migration of the African American community in the Western Addition. He asked for a commitment from OCII to come to the Fillmore for a meeting to listen to the community about their concerns.

Vice-Chair Mondejar motioned to move Items 5(a), (b) and (c) and Commissioner Singh seconded that motion.

Secretary Nguyen called for a voice vote on Items 5(a) (b) and (c).

Commissioner Bustos - yes
Vice-Chair Mondejar – yes
Commissioner Pimentel - yes
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT APPROVAL OF MINUTES FOR THE REGULAR MEETING HELD ON JANUARY 17, 2017, BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION NO. 5-2017, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A FIRST AMENDMENT TO THE LEGAL SERVICES CONTRACT WITH JONES HALL, A PROFESSIONAL LAW CORPORATION, FOR BOND COUNSEL SERVICES, TO INCREASE THE FEE RELATED TO THE ISSUANCE OF THE 2016D BONDS BY \$26,300, FROM \$50,000 TO \$76,300, BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION NO. 6-2017, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A FIRST AMENDMENT TO THE LEGAL SERVICES CONTRACT WITH CURLS BARTLING, P.C., A PROFESSIONAL LAW CORPORATION, FOR DISCLOSURE COUNSEL SERVICES, TO INCREASE THE FEE RELATED TO THE ISSUANCE OF THE 2016D BONDS BY \$15,500, FROM \$29,500 TO \$45,000, BE ADOPTED.

REGULAR AGENDA

- d) Selecting Mercy Housing California for the development of 140 affordable rental housing units (including one manager's unit) for low income families and a childcare facility at Mission Bay South Block 6W; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 7-2017)

Presenters: Nadia Sesay, Interim Executive Director; Gretchen Heckman, Development Specialist, Housing Division, OCII; Jeff White, Housing Program Manager, OCII; Liz Jackson-Simpson, Executive Director, Success SF

PUBLIC COMMENT

Speaker: Ace Washington, community activist

Mr. Washington stated that he was in support of this item and commended Mercy Housing as having a good record. He spoke about how this related to the out-migration of African-Americans from San Francisco and the original developers in Mission Bay. He asked for some kind of recognition of Catellus and Jim Jefferson for his contributions to the development of Mission Bay (MB) during Black History Month.

Commissioner Singh referred to the staff recommendation and asked about the difference in scoring of 1% between 96% and 97%; inquired about what "special needs" meant; inquired about the Blue Bear School of Music; inquired about the parking and who would get the spaces.

Ms. Heckman responded that Mercy Housing scored two points higher in the design and massing concept category than the second contender which was what brought their proposal to the top. She responded that "special needs" referred to a way to categorize either the formerly homeless households or those households that would be voluntarily relocated from the Sunnydale or Potrero HopeSF sites and added that those households usually had a services plan allocated to them to meet their needs. Ms. Heckman responded that Blue Bear Music was a school originating out of the Tenderloin, which offered music lessons for children up to adults, organized different bands and paired people with music skills to create bands. She responded that parking would be provided for 20% of the units on-site, a ratio that was aligned with other OCII affordable housing sites in MB. Ms. Heckman explained that the 28 spaces would be allotted through a lottery system for the 140 units. She added that staff and Mercy felt comfortable that this ratio would work since it had worked at other properties.

Commissioner Pimentel inquired about whether the parking lottery could offer a preference to seniors, disabled or families; referred to Slide 9 and inquired about whether there was a ratio of how many new homeless families ended up in this pool and how they were being outreached to and inquired about how they ended up in this pool.

Ms. Heckman deferred to Mr. White for more detail on this question.

Mr. White responded that disabled persons or seniors would have preference for parking if they had some kind of medical accommodation. He added that they were exploring the possibility of offering parking preferences for families.

To the homelessness question, Ms. Heckman responded that they received referrals from the SF Department of Homelessness and Supportive Housing, but did not know the percentage of new

families versus ones that had been in the system for a period of time. However, she would get that information for Commissioner Pimentel.

Commissioner Pimentel inquired about what the percentage breakdown was for one- and three-bedroom units.

Ms. Heckman responded that the breakdown was 25% of one-bedroom and 25% of three-bedroom units.

Vice-Chair Mondejar inquired about what exactly those numbers meant.

Ms. Heckman responded that out all the units, half of the units would be two-bedroom, one quarter would be one bedroom and one-quarter would be three bedroom units.

Commissioner Singh inquired about how people would be getting these units; inquired about who had the list of applicants.

Ms. Heckman responded that, like all OCII units, they would be leased through a lottery system. She explained that top preference would be given to Certificate of Preference (COP) holders and then a series of other preferences followed. She responded that staff worked with the Mayor's Office of Housing (MOH), which worked with the developer team and Mercy Housing on the marketing efforts.

Vice-Chair Mondejar referred to the 1% and requested clarification about the fact that Mercy Housing had won due to the two points because of their design. She inquired about what it was about the design that led to them winning and asked for more details on this issue; inquired about whether staff was aware that the Entertainment Commission was requiring that facilities that had sound had to offer soundproof mechanisms because of surrounding residences. She stated that they would not want the music school to have to pay for soundproofing improvements due to complaints from neighbors; inquired about how many children would be covered by the childcare center.

Ms. Heckman responded that based on OCII staff review, the Mercy design adhered to OCII guidelines and standards better than the other four proposals. She responded that the design for development guidelines included things such as setback from street and/or sidewalk, height limits, variation among the building masses, among other things.

Mr. White added that one of the design considerations was that Mercy still scored the highest pursuant to the OCII process. Pursuant to the MB Affordable Housing policy, preference is given to nonprofit housing development corporations based in SF. Although this policy does not impact the recommendation, he explained that Mercy fit that policy and the second place contender did not because they were located in St. Louis.

Ms. Heckman responded that Mercy would have to make sure that the soundproofing was included in this project due to the music school. She responded that the number of children had not been determined but explained that Mercy had doubled the square footage required in the RFP to 5600 sq. ft. of interior space. Depending on the mix of infants and toddlers they would figure out how many spaces that would allow, but she thought it would be over 40 spaces.

Commissioner Pimentel inquired about how the priority would work if the family had an infant and a toddler; i.e., would they get preference so that both children could get in or would preference be per household and also inquired about what would happen if the family had additional children.

Ms. Heckman responded that she assumed it would be one preference per household but they would work with Mercy to determine that matter.

Chair Rosales inquired about the total number of childcare slots in MB and inquired whether this would be the third childcare center. She recalled that a school was also coming online soon.

Ms. Heckman concurred that there were three; Uber and 1300 Fourth Street and then this one.

Chair Rosales commended all the teams on their work on this project. She was pleased with the amenities that came with this project, including the Blue Bear Music School, which was a great plus. Referring to the memo regarding the workforce and contracting action plan category, Ms. Rosales was pleased to see the scoring criterion and that everyone had done well in that category. Ms. Rosales noted that Mercy had come in second in this category and inquired about whether the number two contender came in first in this category; inquired about details on the success center.

Ms. Heckman responded in the affirmative. She corrected her prior statement to confirm that the other childcare center was located at 1180 Fourth Street, not 1300 Fourth Street.

Vice-Chair Mondejar pointed out that there were also two dog care centers, but no beauty salon or pharmacy.

Ms. Jackson-Simpson stated that Success SF had been in business for 34 years providing education and workforce development services to SF citizens and that they concentrated on marginalized populations. She explained that in addition to a school operated in collaboration with the SF Unified School District, they also managed a one-stop career center in the Western Addition and had taken that center from 0 to #1 in the City in placements. Ms. Jackson-Simpson reported that they had been a partner with Mercy Housing in the Western Addition for over a year as well as with other local unions where about a third of their placements were in construction and 80% of their placements were in small business. So they had placements not only during construction but also post-construction in management, grounds maintenance, janitorial, etc. Ms. Jackson-Simpson was pleased to be a partner with Mercy.

Vice-Chair Mondejar motioned to move Item 5(d) and Commissioner Bustos seconded that motion.

Secretary Nguyen called for a voice vote on Item 5(d).

Commissioner Bustos - yes
Vice-Chair Mondejar – yes
Commissioner Pimentel - yes
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION No. 7-2017, SELECTING MERCY HOUSING CALIFORNIA FOR THE DEVELOPMENT OF 140 AFFORDABLE RENTAL HOUSING UNITS (INCLUDING ONE MANAGER'S UNIT) FOR LOW INCOME FAMILIES AND A CHILDCARE FACILITY AT MISSION BAY SOUTH BLOCK 6W; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- e) Reviewing the design of UCSF's Precision Cancer Medicine Building on Block 36 for substantial conformance with Design Standards as described in the Amended and Restated Memorandum of Understanding between OCII and UCSF for Blocks 36-39 and X3; Mission Bay South Redevelopment Project Area (Discussion and Action) (Resolution No. 8-2017)

Presenters: Nadia Sesay, Interim Executive Director; Michelle De Guzman, MB Development Specialist, OCII; Stuart Eckblad, Vice-President, Major Capital Construction Projects, UCSF Health; Arturo Vasquez, Lead Design Architect, Stantec

PUBLIC COMMENT – None

Commissioner Bustos commended the design and inquired about the intended coloring at night.

Mr. Vasquez responded that the canopy and the sides would be illuminated at night and the rest of the building would have regular lighting.

Commissioner Bustos pointed out that this area was very gray and inquired about whether they could bring more color during the day.

Mr. Vasquez responded that they did not intend for the color to be gray but with the landscape and the treatment of the glazing, they intended to introduce a color matching some of the MB colors for the ground floor. The main façade would have more of a quality of transparency and the rest would be a metal color.

Commissioner Bustos recalled when OCII approved the Salesforce design which included a lot of color and was very exciting. Mr. Bustos suggested they liven this up a bit with other colors during the day to break up the glass, metal and gray, especially for patients suffering with cancer to lift up their spirits.

Mr. Vasquez responded that they were working on the glass colors and thanked Commissioner Bustos for his suggestions.

Commissioner Singh inquired about where the cancer center was currently located; inquired about how many beds there would be at the MB location.

Mr. Eckblad responded that the cancer center was currently spread out in three locations: about 50% of their program was located at the Mt. Zion campus; 30% was located at the Gateway Building in MB and a smaller component at Parnassus, which would remain there. He explained that the Mt. Zion program would move to the new facility and some radiation and infusion would remain at Mt. Zion because it was an easier location for some of the patients coming from out of the area. Mr. Eckblad responded that they currently had 60 beds and anticipated that many beds in the new location. He explained that most cancer treatment services were outpatient services so the demand for beds was not as significant.

Vice-Chair Mondejar assumed that they would be carrying over the color scheme inside the cancer building as well. She reported that she had attended the opening for the Children's Hospital and it had been very exciting to see the cheerful colors for the children. Ms. Mondejar inquired about whether Mr. Eckblad was familiar with the light rail project and its use of lighting and mentioned that some of the lighting ideas were available on their website.

Mr. Eckblad responded that they had worked on that project for ten years and thanked Commissioner Mondejar for her comment. He reported that there was a very high priority for making the patient visual experience relaxed, interesting and inspiring, so they were spending lots of time on deciding colors and materials for the interior of the project. Regarding the exterior project, Mr. Eckblad reported that they were exploring using LED lighting, colored and different types of glass, metal, etc. and they were still experimenting with many specific design opportunities because they wanted it to be the iconic building design. He agreed that the interior environment

was very important to health care and to patients. Mr. Eckblad responded that he was not familiar with the light rail project lighting system.

Chair Rosales inquired about the location of the Family House in proximity to the project; inquired about what Block 33 was. Ms. Rosales expressed concern over coordination and construction and inquired about whether this project would overlap with the Warriors project.

Mr. Eckblad responded that the Family House was approximately two blocks north on Third Street and they also had a Ronald McDonald House incorporated in the Children's Hospital. He stated that they were committed to supporting families travelling long distances.

Ms. De Guzman responded that Block 33 was the Visual Sciences Building brought in last December and that it was across Third Street on the SE corner. She responded that the Mayor is convening meetings with all the developers and the contractors working on the major projects in this area to coordinate construction activities, lane closures and truck routes and UCSF had also hired staff dedicated to that matter.

Mr. Eckblad responded that in order to coordinate the Warriors and Block 33, they had an organization in place to deal with Block 33, which would handle deliveries, drop offs, safety, pedestrian safety and explained that there would be a different schedule every day for different activities. He reported that this would continue all the way through construction.

Chair Rosales requested that they receive information regarding the color scheme.

Mr. Eckblad indicated that he would be happy to share all the information they had with OCII.

Commissioner Singh motioned to move Item 5(e) and Commissioner Bustos seconded that motion.

Secretary Nguyen called for a voice vote on Item 5(e).

Commissioner Bustos - yes
Vice-Chair Mondejar – yes
Commissioner Pimentel - yes
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION No. 8-2017, REVIEWING THE DESIGN OF UCSF'S PRECISION CANCER MEDICINE BUILDING ON BLOCK 36 FOR SUBSTANTIAL CONFORMANCE WITH DESIGN STANDARDS AS DESCRIBED IN THE AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING BETWEEN OCII AND UCSF FOR BLOCKS 36-39 AND X3; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Agenda Items 5(f) and 5(g) related to Bonds were heard together, but acted on separately

f) Confirming the issuance, under section 34177.7(a)(1)(a) and (b) of the California Health and Safety Code, of the following new money tax allocation bonds: (i) 2017 Series A Taxable Third Lien Tax Allocation Bonds to finance affordable housing obligations in an aggregate principal amount not to exceed \$112,000,000 (Affordable Housing Projects) and (ii) 2017 Series B Third Lien Tax Allocation Bonds to finance infrastructure in the Transbay Project Area in an aggregate principal amount not to exceed \$50,000,000, (Transbay Infrastructure Projects); and approving preliminary and final official statements, a continuing disclosure certificate and other related

documents and actions; Affordable Housing Obligations; Transbay Infrastructure Obligation (Discussion and Action) (Resolution No. 9-2017)

- g) Confirming the issuance, under sections 34177.7 (a)(1) and 34177.5(a)(1) of the California Health and Safety Code, of the following new money and refunding tax allocation bonds: 2017 Series C Taxable Subordinate Tax Allocation Bonds in an aggregate principal amount not to exceed \$55,000,000 to fund affordable housing in Mission Bay and refund existing indebtedness with respect to Mission Bay (Mission Bay New Money and Refunding Housing Projects); approving preliminary and final official statements, a continuing disclosure certificate and other related documents and actions; Mission Bay North and Mission Bay South Affordable Housing Obligations (Discussion and Action) (Resolution No. 10-2017)

Presenters: Nadia Sesay, Interim Executive Director; Bree Mawhorter, Deputy Director, Finance & Administration, OCII; Bob Gamble, Financial Advisor, Public Financial Management

PUBLIC COMMENT

Speakers: Ace Washington, community activist; Oscar James, native resident, BVHP

Mr. Washington stated that he had been attending the meetings for 30 years and commented that it was the different faces but the same game. He referred to new money and bonds but there was not enough money to help residents in the Western Addition. He spoke about out-migration.

Mr. James was in support of this item. He appreciated OCII's support of homeless housing and now was requesting help for housing of inmates released from prison. Mr. James stated that these people had paid their debt and now wanted to become productive citizens and they deserved housing as well. Mr. James expressed concern that many people were born and raised in SF but many could not afford to stay and live in SF. He recalled in the 50's when residents had to live in boxcars in the Shipyard because SF was not paying any attention to that area and it became neglected. He state that the City had started to put money into the area only recently when it became important to the City.

Commissioner Singh inquired about the interest rate for the tax-exempt bonds. He requested clarification that the rate was 4.53%.

Ms. Mawhorter responded that 4.53% was the total interest cost, including the cost of issuance of the bonds. She deferred to Mr. Gamble to answer that question.

Mr. Gamble responded that the interest rates that were shown in the presentation were the actual rates. He explained that there were a series of interest rates due to the span of bonds sold with different terms, but the actual rate was close to that shown in the presentation. He responded in the affirmative.

Chair Rosales requested that Ms. Mawhorter cover the parameters of the SB 107 credit.

Ms. Mawhorter responded that prior to dissolution they had to use property tax increment that was generated in a particular project area only within that project area. However, that created a series of smaller loans which were less stable as a revenue source because something might happen in one project area and they could not balance each other out. So they took all the individual loans and pooled them all together and borrowed against that pooled credit, which was called cross collateralized credit. She explained that this made the pool more diverse and stronger. After dissolution the Department of Finance (DOF) asked OCII to take a different approach so that the

funds generated in all project areas were put into the same pot with no distinction between money generated in any project area. They were all mixed together into what became the Redevelopment Property Tax Trust Fund. Ms. Mawhorter reported that dissolution law dictated that OCII could not issue any new debt, but was instead to refund any existing outstanding debt at a lower debt service cost. This led to the question about what debt could be issued to complete existing enforceable obligations approved by DOF. To clarify this question, OCII staff worked with the state and they came up with SB 107, signed by the Governor, which stated that SF was uniquely allowed to issue debt to pay for affordable housing obligations and to pay for infrastructure in Transbay (TB). The difference between SB 107 and MB was that the SB 107 credit was the property tax generated in all project areas that was not otherwise pledged, which meant that they had some legal obligations in some project areas which specifically stated that dollars generated were set aside for certain purposes. In MB all the tax increment was set aside for either reimbursing the developer for infrastructure that was complete in MB and which was the credit against which they issued 2016 A, B, C & D tax- exempt bonds or the pledge that 20% of the revenue generated in MB must be spent in furtherance of the MB affordable housing obligations. Those were the differences between credits 2017 A & B, supported by SB 107 and the 2017 C supported by the MB housing credit.

Chair Rosales inquired about whether SB 107 credits could be applied to affordable housing in the Bayview or any other post dissolution project areas.

Ms. Mawhorter responded in the affirmative, but only in those areas that had been deemed enforceable obligations by the DOF. She explained that currently they had a large number of development fees in TB so even though OCII was building affordable housing in TB, they had an alternative funding source, which meant they didn't need to issue bonds for affordable housing in TB. In MB they had the 20% housing pledge source and were using those dollars to fund housing in MB. This was why in 2017A all the proceeds were being used to fund housing in the Shipyard and Candlestick Point.

Chair Rosales inquired about whether that was because they did not have affordable housing enforceable obligations in the Western Addition.

Ms. Mawhorter responded in the affirmative. She explained that the way dissolution law was written they were able to continue to collect revenue from certain project areas in furtherance only of their affordable housing obligations and TB infrastructure in the ongoing enforceable obligations approved by the DOF.

Mr. Morales clarified that historically SB 107 was preceded by an effort by the Mayor and the City to fund affordable housing throughout the City through the Agency which was tied back to urban renewal days. He explained that the legislation to authorize that special power which was to be regranted to the agency was vetoed by the Governor, which resulted in a loss of 5,000 additional units. As a result of the veto, the Governor's Office reached out and stated it would be willing to help accelerate the affordable housing program that was current in the enforceable obligation areas, TB, MB and the Shipyard, which led to SB 107. No other former redevelopment agency has ever had that authority to issue new bonds for affordable housing even as part of an enforceable obligation.

Ms. Mawhorter clarified that this was not free money, but rather very restricted by redevelopment law.

Commissioner Pimentel motioned to move Items 5(f) and 5(g) and Vice-Chair Mondejar seconded that motion.

Secretary Nguyen called for a voice vote on Items 5(f) and 5(g).

Commissioner Bustos - yes
Vice-Chair Mondejar – yes
Commissioner Pimentel - yes
Commissioner Singh - yes
Chair Rosales - yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION No. 9-2017, CONFIRMING THE ISSUANCE, UNDER SECTION 34177.7(A)(1)(A) AND (B) OF THE CALIFORNIA HEALTH AND SAFETY CODE, OF THE FOLLOWING NEW MONEY TAX ALLOCATION BONDS: (I) 2017 SERIES A TAXABLE THIRD LIEN TAX ALLOCATION BONDS TO FINANCE AFFORDABLE HOUSING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$112,000,000 (AFFORDABLE HOUSING PROJECTS) AND (II) 2017 SERIES B THIRD LIEN TAX ALLOCATION BONDS TO FINANCE INFRASTRUCTURE IN THE TRANSBAY PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000, (TRANSBAY INFRASTRUCTURE PROJECTS); AND APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS, A CONTINUING DISCLOSURE CERTIFICATE AND OTHER RELATED DOCUMENTS AND ACTIONS; AFFORDABLE HOUSING OBLIGATIONS; TRANSBAY INFRASTRUCTURE OBLIGATION, BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FIVE COMMISSIONERS THAT RESOLUTION No. 10-2017, CONFIRMING THE ISSUANCE, UNDER SECTIONS 34177.7 (A)(1) AND 34177.5(A)(1) OF THE CALIFORNIA HEALTH AND SAFETY CODE, OF THE FOLLOWING NEW MONEY AND REFUNDING TAX ALLOCATION BONDS: 2017 SERIES C TAXABLE SUBORDINATE TAX ALLOCATION BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 TO FUND AFFORDABLE HOUSING IN MISSION BAY AND REFUND EXISTING INDEBTEDNESS WITH RESPECT TO MISSION BAY (MISSION BAY NEW MONEY AND REFUNDING HOUSING PROJECTS); APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS, A CONTINUING DISCLOSURE CERTIFICATE AND OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY NORTH AND MISSION BAY SOUTH AFFORDABLE HOUSING OBLIGATIONS, BE ADOPTED.

Chair Rosales called for a motion to recess to begin the Financing Authority Meeting.

Vice-Chair Mondejar motioned to recess and Commissioner Bustos seconded that motion.

Secretary Nguyen called for a voice vote on the motion to recess.

Commissioner Bustos - yes
Vice-Chair Mondejar – yes
Commissioner Pimentel - yes
Commissioner Singh - yes
Chair Rosales - yes

Chair Rosales announced that OCII would recess at 3:06 p.m. to begin the Financing Authority Meeting (see separate minutes).

Chair Rosales announced that the OCII meeting was reconvening at 3:20 p.m.

h) Workshop on the July-December 2016 Reports on OCII Small Business Enterprise and local hiring goals practices (Discussion)

Presenters: Nadia Sesay, Interim Executive Director; Raymond Lee, Contract Compliance Supervisor, OCII; Ken Nim, Compliance Manager, CityBuild

PUBLIC COMMENT

Speakers: Oscar James, BVHP native resident; Ace Washington, community activist

Mr. James stated that he was personally proud of these workforce development achievements. He reported that he had spoken to many sub- and minority contractors and voiced concern about the concrete contractors who he had known for over 25 years who were having problems getting funded. Some of these told him that they did not want to go into joint ventures with larger companies. Mr. James reported that some concrete companies were selling outside of the state and forcing some of the smaller contractors out. He asked OCII to consider supporting these smaller contractors. Mr. James advocated for convicts coming out of prison and having them speak to youth in the communities and act as mentors to them.

Mr. Washington commended Mr. Lee on his hard work and good results since he came to OCII. He advocated for the Western Addition because it felt like OCII had just washed their hands of it and were not going to support that area anymore. He spoke about community reform.

Commissioner Singh referred to Page 11 and the trend in construction and supplies from September to December 2016 and inquired about why this was going down.

Mr. Lee responded that was the result of the impact of the large Type I construction projects for high rises in SF. He reported that the three high rise tower projects, Uber, 706 Mission Street, and TB Block 8 have had a negative impact on small business participation. Each of these projects totaled approximately \$220-230 million. Mr. Lee explained that certain trade packages such as structural concrete and curtain wall on average constituted 40% of total project costs, not including other components such as heavy foundation work. In the case of 706 Mission they were drilling down to bedrock. Mr. Lee indicated that the type of work being done in these trade packages did not lend itself to small business participation.

Vice-Chair Mondejar referred to slide 9 and asked for more detail about the joint ventures and associations. She inquired about whether they were being facilitated by OCII; inquired about the Type 1 projects. Ms. Mondejar commended the outreach work conducted and inquired about whether OCII could be added to the list when events were held. She stated that it was helpful when Commissioners could see what was going on in the neighborhoods. Inquired about whether they could include all the zip codes for next time.

Mr. Lee responded that there was one notable joint venture in the past six months between Truebeck and DeHaro for concrete. He reported that Truebeck was a prime contractor involved with the MB-Uber project and was amenable to bringing on and mentoring DeHaro, which was the small business partner. The entire contract was valued at \$16 million which would result in \$5.5 million for DeHaro. Mr. Lee explained that the difference between a joint venture and an association was that a joint venture created a formal separate entity between the two partners. They each held separate insurance and separate licenses so the small business would share in 35% of the project costs as well as profits and risks. Mr. Lee explained that associations were less formal and no separate contractor's license was obtained. A good example would be aligning a prime architect with an associate architect. In this situation, OCII required an associate agreement which would define the scope of work each partner would be providing, how insurance would be dealt with, and how disputes would be resolved. Mr. Lee responded that OCII did not dictate how the relationship worked between the two companies but rather allowed it to happen naturally but

required they put it in writing and with the parameters mentioned above defined. He responded that there were five types of construction, which were established by the International Building Code. OCII affordable housing projects predominantly came under Types 3 & 5, which were essentially wood frame construction over concrete podiums which was typical in home building. Mr. Lee explained that with Type 1 projects, small business participation was a challenge because Type I was different kind of construction, usually buildings with deep foundation with concrete and structural steel and a tall design. He added that the two residential towers and TB Block 5 office tower were in excess of 40 stories. Mr. Lee responded that they would add OCII to the construction events and agreed to add the zip codes next time.

Commissioner Pimentel referred to Slide 16 and the workforce development challenges. She inquired about how many individuals were actually going into construction since it was listed as a challenge.

Mr. Lee deferred to Mr. Nim to respond.

Mr. Nim responded that this was their 26th cycle and that they had an 85% graduation rate. He explained that 85% of those graduates went into construction. Mr. Nim stated that they had been able to increase their cycles to three and this year due to funding contributed from the Chase Center they were able to add one more cycle for a total of four. This meant that they would be able to offer specific and special training for Type 1 projects, including iron work, pile driving, operating engineering, masonry, etc. He explained that they did not have enough local workers in SF with these types of skills to do Type I project work, which was the reason for the percentage decrease in workforce development goals. Mr. Nim announced that this special nine-week training workshop would start in March every Saturday and Sunday for eight hours a day with graduation in May. The training would be provided by union iron workers, pile drivers, carpenters, masons, etc. He stated that the application deadline for this training was the following Friday and that the phone number was 415 701-4848. They would provide an application to anyone who called and the training was free. Mr. Nim explained that this would be the type of work they would need for the Warriors Arena and that hopefully this training would help boost the percentages for local residents. He stated he would send the flyer to Mr. Lee who could distribute it to Commissioners. Mr. Nim reiterated that their main goal was to assist contractors. He reported that OCII was the highest entity in placements in the City with an average of 250 placements per year, which included people getting into the trades for the first time who had never been placed in that trade before. Mr. Nim described the Mayor's IPO program which stood for Interrupt, Predict and Organize. He explained that this program targeted individuals for violence prevention and worked with the area of concern and if there were challenges where residents could not work, they moved them to another area.

Vice-Chair Mondejar inquired about what the qualifications were for the CityBuild Academy.

Mr. Nim responded that an applicant had to have a high school degree or GED, a driver's license and be able to pass a drug test. He reiterated that the goal of the program was not just to train people, but to get them jobs right away. This was a free program paid for by the City.

Chair Rosales inquired how someone could get into the Chase CityBuild program coming up.

Mr. Nim responded that the training was for anyone who was interested but they were looking for people who were committed because it was eight-hours/day every weekend for nine weeks.

Chair Rosales referred to the lack of local skilled workers in certain trades and inquired about how the unions recruited people to get them into the trades.

Mr. Nim responded that they worked with the unions and they were a part of the recruiting program. He reported that SF/San Mateo had a 3% unemployment rate which meant that it was very difficult to find people to get training in these trades. They had contractors calling them every day for journeymen level iron workers which were scarce because everyone with that skill was already working in SF. Mr. Nim explained that the state had standards for certain ratios of journeymen and apprentices. They had enough carpenters and laborers but other trades required special testing like electrical and plumbing. Their classes provided those special trainings so that if trainees passed the tests, they could start working right away. Mr. Nim reported that they had a special deal with the electrical union so that if the trainee simply graduated their program, they could start working right away to become an electrician, which, he added, was a great career and the trainee would be set for life.

Vice-Chair Mondejar inquired about how many had graduates they had; inquired about how long a cycle was.

Mr. Nim responded that out of 11 cycles, they had 1400 graduates. He responded that a long cycle was 18 weeks, similar to a college semester. Their winter cycle ran from October to December, right before the rain, so that graduates could start working in the spring.

Chair Rosales inquired about what the zip code was for the Western Addition.

Mr. Washington responded that the zip codes for the Western Addition were 94117 and 94115.

Chair Rosales noted that looking at the presentation, the areas of South of Market, North of Market, and Dogpatch was where professional services consultants would have their businesses. She noted that on the construction side BVHP and Visitation Valley was more prevalent.

Vice-Chair Mondejar requested a map for next time.

Chair Rosales inquired about how many residents they were picking up on their contracts, in terms of residents available pulling from the LBE certified pool of firms. She noted that on the labor side numbers were off the charts and that Latinos and African Americans combined were building the City of San Francisco. However, Asians were not represented as workers as much, even though they made up 30% of the population. Ms. Rosales inquired about where the OCII contractors find workers and about where these workers come from and whether they were being broad enough in their searches for employees.

Mr. Lee responded that he would provide the information distribution of firms relative to the database in the City. He stated that he had done of those statistics for the BV area, but not for the entire City.

Chair Rosales stated that they should let their contractors and developers know how much they appreciate \$1 billion worth of work.

6. Public Comment on Non-Agenda Items

Speakers: Ace Washington, community activist; Oscar James, BVHP native resident

Mr. Washington requested that they allow him to do a presentation before OCII regarding the Western Addition and also requested that OCII provide more information about the City's determination regarding the Western Addition. He also asked OCII to come to the Western Addition for a meeting and discuss the future of the Fillmore.

Mr. James thanked OCII for coming to BVHP for their last meeting. He reported that many residents regretted not being able to attend and those that did attend were very happy about that.

7. Report of the Chair

Chair Rosales stated that she had no report.

8. Report of the Interim Executive Director

Interim Executive Director Sesay stated that she had no report.

9. Commissioners' Questions and Matters

Vice-Chair Mondejar inquired about whether they could consider Mr. Washington's request to convene in the Western Addition, which he had been requesting for five years.

Interim Executive Director Sesay responded that she would work with staff in consideration of that request.

10. Closed Session - None

11. Adjournment

The meeting was adjourned by Chair Rosales at 4:30 p.m.

Respectfully submitted,



Interim Commission Secretary