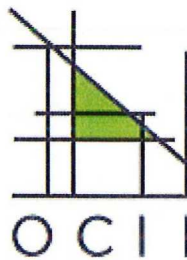


Edwin M. Lee
MAYOR



Mara Rosales
CHAIR
Marilyn Mondejar
VICE-CHAIR
Miguel Bustos
Leah Pimentel
Darshan Singh
COMMISSIONERS

Tiffany Bohee
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
6th DAY OF DECEMBER 2016**

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 6th day of December 2016, 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 1:12 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, December 20, 2016 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: October 4, 2016

Public Comment – None

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

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

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 FOR MINUTES OF THE MEETING OF OCTOBER 4, 2016, BE ADOPTED.

REGULAR AGENDA

b) Authorizing an Exclusive Negotiations Agreement with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, and Young Community Developers, a California nonprofit public benefit corporation, and a Predevelopment Loan Agreement with Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, in an amount not to exceed \$3,500,000, for the development of 140 affordable rental units (including one manager's unit) for low-income families and formerly homeless households at Candlestick Point North Block 10a (bounded by Ingerson Avenue, M Street, Earl Street and a mid-block break); and providing notice that this action is within the scope of the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (“DDA”) and that the Program Environmental Impact Report for the DDA adequately describes this action for the purpose of the California Environmental Quality Act; Bayview Hunters Point Redevelopment Project Area (Discussion and Action) (Resolution No. 52-2016)

Presenters: Tiffany Bohee, Executive Director, OCII; Gretchen Heckman, Development Specialist, Housing Division, OCII; Pamela Sims, Development Specialist, Housing Division, OCII

Public Comment

Speaker: Oscar James, native resident, Bayview Hunters Point (BVHP)

Mr. James stated that he had served on the commission to bring Young Community Developers (YCD) and other organizations in the BVHP and the Mission into existence. He stated that he had submitted a paper for Commissioners' packets that he had written in 1973 to Hon. Mayor Alioto asking for community participation on different items that were transpiring in the Hunters Point Shipyard. Some of those things were actually realized such as the creation of YCD and the Mission Housing Development Corp. Mr. James wanted to make sure that the things that they had asked for in 1973 would come to fruition, such as an African marketplace, a theater, an officer's club and community programs for youth in high school and for those headed to college to prepare them for business life and how to become entrepreneurs and business owners. Mr. James asked OCII to approve this program and in addition to try to get funds together to help the youth in BVHP.

Commissioner Pimentel referred to slide 12, which stated that 60% of the households will receive parking. She inquired about how it would be determined which residents would get parking spaces.

Ms. Heckman responded that the developer would set up a lottery process for that.

Commissioner Pimentel clarified that this meant that it would be possible that a family with children might not get a parking space if not selected in the lottery.

Ms. Heckman responded in the affirmative.

Commissioner Pimentel stated that this would make it very difficult for families with children to return home in the dark if they had to park blocks away at night and she wanted to see priority parking created for families.

Ms. Heckman responded that she was not sure if Tenderloin Neighborhood Development Corporation (TNDC) had done that with other properties but they could try to replicate a parking preference program similar to the ones OCII used for the rental housing units.

Chair Rosales stated that it should be based on high need such as families with children, seniors, disabled individuals, etc.

Executive Director Bohee added that this issue had been raised on a number of projects and they would raise it with this development partner as well.

Commissioner Singh inquired about the length of the loan and when it was payable; inquired about whether they had a list of the Certificate of Preference (COP) holders; inquired about how many COP holders there were on the list; inquired about whether the COP could be passed on to the children of the holder, if the original holder were to die.

Ms. Heckman responded that the maturity of the loan would be at the earlier of a three-year period or at the time of the close of the construction financing and that the maximum term for the predevelopment loan is 3 years. In response to the COP question, she responded in the affirmative and added that MOHCD marketing staff and Pam Sims, OCII in-house marketing person, maintained the list of COP holders and ran the outreach program. She added that every project they funded was included in the outreach program and was provided with technical assistance.

Ms. Sims responded that they currently had 900 active COP holders, of which 112 were active last year, but they mailed out to 900 holders. To the last question, she responded in the affirmative, and added that due to changes made by OCII in 2009, the COP could be passed down to the children of the original holder.

Executive Director Bohee added that children could receive the certificate as long as they were part of the displaced household and not just the site occupancy records.

Commissioner Singh stated that there were so many COP holders, it would take 50 years for all of them to get housing; inquired about whether they could offer additional lotteries to expedite this process; inquired about what GAP financing meant and whether they had a length of time in mind.

Ms. Sims responded that they were trying to be more proactive and were conducting additional outreach and had solicited for firms to complete a COP survey to be conducted in 2017. She stated that hopefully this might speed up the process.

To respond to the question on GAP financing, Ms. Heckman responded that GAP financing provided funds to be utilized during the construction period and that the GAP loan's maturity is 55 years.

Vice-Chair Mondejar referred to slide 5, which stated that OCII lot 10A had two family childcare units and 11A had two family childcare units, for a total of four childcare units. She inquired about how many children would be accommodated in each.

Ms. Heckman responded that on both sites the two child care units were 3-bedroom units and so they could accommodate approximately 15 children per unit, so across OCII sites in Candlestick Point, a total of 60 slots would be created for the neighborhood.

Executive Director Bohee clarified that Fran Delja was currently operating at the base of True Hope Church and they were looking to expand that childcare facility in coordination with the Haas Foundation. Therefore, OCII's sites did not represent the entirety of childcare slots in the community. The family childcare units on 10a and 11a are simply adding and augmenting the existing childcare resources because childcare will be a continuing need in the community.

Vice-Chair Mondejar inquired about whether the same organization would be responsible for child care management.

Ms. Heckman responded in the affirmative. She explained that the development team would lease those units as part of the leasing process for all housing units and they would be managed by the property manager. The 60 slots would be provided on OCII sites, 10A and 11A, in addition to the FranDelja site.

Vice-Chair Mondejar commented that this was still not a lot of slots. She referred to Slides 10 & 11 concerning the transit map and inquired about whether these connections were in operation yet.

Ms. Heckman responded that the 29 Sunset ran about a quarter mile away from the planned 10A site, which would be extended to run in front of the site once the units were built in 2021. She explained that the 56 and 29 lines were the existing MUNI routes, which would be extended to serve the neighborhood and all the others would be built to coordinate with the construction of the entire development planned in the first major phase.

Chair Rosales referred to slide 15, which discussed the identification of a General Contractor (GC) and slide 19, which discussed the development team exploring joint venture or partnership opportunities. She inquired about how those two things might come together. Ms. Rosales referred to slide 16 and inquired about what AMI tiering meant, where it stated "to maximize opportunities for lower income COP holders".

Ms. Heckman responded that the development team would issue an RFP for a GC firm and within that RFP they could specify that the GC firm must be willing to and would undergo a joint venture/partnership agreement with a smaller firm. She responded that AMI tiering meant that the unit rents would be set to meet household income needs at different levels, such as 60%, 50%, 40% and even under 40%. She added that the developer was working on the AMI tiering right now.

Chair Rosales asked if this was something new.

Executive Director Bohee responded that they had seen this at 280 Beale and at Pacific Point. In their experience, they understood that people who had certificates usually had had them for a long time, were older and also likely to be lower income. She explained that the San Francisco AIDS Alliance, also known as the Q Foundation, had provided matching subsidies but that was on an as-available basis. OCII had been aware of the current need for housing for COP holders at lower income, meaning lower than 50% of AMI and instead of waiting for matching funds from the Q Foundation, they had decided to simply set up their financial feasibility now because they knew the need was there.

Ms. Sims responded that they had found that some of the applicant COP holders were lower income, some with credit issues and so they were working with MOHCD to try to find subsidies for them. In addition, Ms. Sims described the District 10 (D10) program, which worked with COP holders and D10 residents to help them with down payment assistance, credit history, etc. and be

more successful in getting into affordable housing. Ms. Sims stated that they were working on different program and strategies to help COP holders at all income levels.

Chair Rosales referred to the schedule and stated that 2021 seemed like a long time off to have these projects finished.

Ms. Heckman responded that one of the pieces of uncertainty in that schedule was the availability of state funding and they were still waiting to hear from the California Department of Housing and Community Development to see when they would release their next application for funding. If released sooner, the schedule might speed up.

Chair Rosales inquired about whether that was the only impediment. Ms. Rosales asked for clarification that the costs per unit could be as high as \$800,000. She recalled that when they started, it was about \$250,000.

Ms. Heckman responded in the affirmative. She responded that currently the project costs per unit were about \$740,000.

Executive Director Bohee responded that the \$250,000 that Chair Rosales was referring to was the OCII-funded portion of the costs. One of the loan conditions was that OCII try to contain those costs and deepen the subsidy as much as possible in order to keep the high quality of design but keep costs contained. Otherwise the project could not move forward.

Chair Rosales inquired about whether that phenomenon was being seen in San Francisco because of the construction everywhere.

Executive Director Bohee responded in the affirmative.

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

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

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. 52-2016, AUTHORIZING AN EXCLUSIVE NEGOTIATIONS AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND YOUNG COMMUNITY DEVELOPERS, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, AND A PREDEVELOPMENT LOAN AGREEMENT WITH TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$3,500,000, FOR THE DEVELOPMENT OF 140 AFFORDABLE RENTAL UNITS (INCLUDING ONE MANAGER'S UNIT) FOR LOW-INCOME FAMILIES AND FORMERLY HOMELESS HOUSEHOLDS AT CANDLESTICK POINT NORTH BLOCK 10A (BOUNDED BY INGERSON AVENUE, M STREET, EARL STREET AND A MID-BLOCK BREAK); AND PROVIDING NOTICE THAT THIS ACTION IS WITHIN THE SCOPE OF THE CANDLESTICK POINT AND HUNTERS POINT SHIPYARD PHASE 2 DISPOSITION AND DEVELOPMENT AGREEMENT ("DDA") AND THAT THE PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE DDA ADEQUATELY DESCRIBES THIS ACTION FOR THE PURPOSE OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- c) Authorizing the Issuance of New Money Tax Allocation Bonds, as permitted in Section 34177.7(a)(1)(A) and (B) of the California Health and Safety Code, to Finance (I) Affordable Housing Obligations in an aggregate principal amount not to exceed \$112,000,000 and (II) Infrastructure in the Transbay Project Area in an aggregate principal amount not to exceed \$50,000,000, approving and directing the execution of an Indenture of Trust and Bond Purchase Contracts, and approving other related documents and actions; Affordable Housing Obligations, Transbay Infrastructure Obligations (Discussion and Action) (Resolution No. 53-2016)

Chair Rosales announced that she would need to recuse herself from this item because her law firm had received income over the last 12 months from one of the consultants included. She handed the chair over to Vice-Chair Mondejar and left the room.

Presenters: Tiffany Bohee, Executive Director, OCII; Bree Mawhorter, Deputy Director, Finance & Administration, OCII

PUBLIC COMMENT

Speaker: Oscar James, native resident BVHP; Ace Washington, community activist and supporter

Mr. James was in support of this item but had concerns over some of the firms involved in this project. He requested that Commissioners ask those firms to offer some scholarships or training programs to help prepare neighborhood youth for college and create some summer jobs and internships where they might get experience and get trained in finance and business. Mr. James recalled that OCII had dealt with many of these companies before and had been successful in completing what OCII had wanted them to do, especially in BVHP, the Mission and SOMA. Mr. James recalled that Model Cities had started 21 programs at BVHP and the Mission as well as Mission Housing Development Corp in the 70's, but wondered about the status of those programs now. He requested that OCII make sure that some of those programs started in the 70's continue with their mission in helping youth in the affected communities.

Mr. Washington spoke about Mission Bay and the other OCII developments and about the out-migration from San Francisco. He asked that OCII put something together to honor Jim Jones who started the Mission Bay renewal as well as Jim Jefferson in order to exhibit the history of Black-Americans in Mission Bay.

Commissioner Singh inquired about the length of the bonds; inquired about why 2017A for \$112 million was taxable and the \$50 million was tax-exempt; inquired about the total amount of money that OCII owed.

Ms. Mawhorter responded that they anticipated the term of 2017A to be 28 years and 2017B to be 30 years. She responded 2017A is taxable because affordable housing bonds are always taxable and 2017B in tax-exempt because infrastructure bonds are always tax exempt. Ms. Mawhorter responded that OCII's outstanding bond amount is always changing. For example, just last year OCII issued \$135 million in new debt and this year OCII will issue \$185 million in new debt. She asked for clarification as far as time period and whether Commissioner Singh was referring to debt since the beginning of the Redevelopment Agency.

Commissioner Singh clarified that he meant the total amount after this bond was approved.

Ms. Mawhorter responded that she did not know the answer but would get back to him.

Executive Director Bohee responded that OCII had approximately \$100 million of debt service each year.

Ms. Mawhorter added that OCII's total outstanding portfolio was \$950 million.

Commissioner Singh referred to the market rate of 5% and inquired about why they were paying 7%.

Ms. Mawhorter responded that OCII would not know the interest rate until the bonds are issued in February 2017. She explained the market rate is about 5% and the true interest cost is about 7%. She further explained that the difference between the market interest rate and the true interest cost is that the true interest cost includes financing costs and therefore shows the total amount OCII is paying to borrow the money, not just the debt service costs. She explained that because the true interest cost includes staff time and financing costs, the true interest costs would always be higher than the market interest rate. Ms. Mawhorter reported that for the last few years the economy had been in a very low interest rate environment and that the current massive political shift at the federal level is causing a lot of uncertainty. She explained that if OCII uses an interest rate that is too low then OCII could end up with a project fund that is too small and not able to meet funding needs. She added that the financing team had included a high a Not-to-Exceed interest rate in the resolution and so that if the market moves the actual interest rate would be less than the Not-to-Exceed interest rate. Ms. Mawhorter indicated that the financing team anticipates paying less than the Not-to-Exceed interest rate but had built in this buffer to give a wide barrier within which they could work because the market is so unstable.

Vice-Chair Mondejar inquired about what would happen if the actual interest rate at the time of issuance exceeds the Not-to-Exceed interest rate.

Ms. Mawhorter responded that, in that case, they would have to revise the resolution with a higher Not-to-Exceed true market interest rate and return to the OCII Commission for a revised approval, then go back to the Oversight Board as well as to the Department of Finance for revised approvals. However, she explained, that they had selected the rate in consultation with their financial advisor, PFM. Ms. Mawhorter explained that PFM was the largest financial advisor in the country and were constantly watching interest rates and contemplating what might happen in the future. She also reported that their underwriters, Stefel, Stinson & Baxstrom, watched the market daily and OCII counted on their expertise to set that number which they believed was appropriate, so that they would not have to come back to OCII in February.

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

Secretary Nguyen called for a voice vote on Item 5(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 RESOLUTION No. 53-2016, AUTHORIZING THE ISSUANCE OF NEW MONEY TAX ALLOCATION BONDS, AS PERMITTED IN SECTION 34177.7(A)(1)(A) AND (B) OF THE CALIFORNIA HEALTH AND SAFETY CODE, TO FINANCE (I) AFFORDABLE HOUSING OBLIGATIONS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$112,000,000 AND (II) INFRASTRUCTURE IN THE TRANSBAY PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000, APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST AND BOND PURCHASE CONTRACTS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS; AFFORDABLE HOUSING OBLIGATIONS, TRANSBAY INFRASTRUCTURE OBLIGATIONS, BE ADOPTED.

Chair Rosales returned to the room.

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

- d) Authorizing the Issuance of New Money and Refunding Tax Allocation Bonds in an aggregate principal amount not to exceed \$55,000,000, approving and directing the execution of an Indenture of Trust, a Bond Purchase Contract and Redemption Agreements, and approving other related documents and actions, Mission Bay North and Mission Bay South Affordable Housing Obligations (Discussion and Action) (Resolution No. 54-2016)
- e) Authorizing a First Amendment to the Personal Services Contract with Urban Analytics, a California limited liability company, for fiscal consultant services to increase the Contract amount by \$27,500 for an aggregate amount not to exceed \$197,500, to facilitate bond issuances (Discussion and Action) (Resolution No. 55-2016)

Presenters: Tiffany Bohee, Executive Director, OCII; Bree Mawhorter, Deputy Director, Finance & Administration, OCII

PUBLIC COMMENT

Speaker: Ace Washington, community activist

Mr. Washington pointed out that the city government worked with the developers but community reform was greatly needed because of the out-migration of Black-Americans from San Francisco. He stated that redevelopment had turned against the community and everything done in the past must be reorganized, especially what had happened to the black community in the Fillmore. He stated that blacks in San Francisco were in a state of emergency.

Commissioner Singh inquired about the financing team.

Ms. Mawhorter asked that all the PFM advisors stand up and introduced them to Commissioners.

Commissioner Singh motioned to move Item 5(d) and Commissioner Pimentel 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. 54-2016, AUTHORIZING THE ISSUANCE OF NEW MONEY AND REFUNDING TAX ALLOCATION BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000, APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS, MISSION BAY NORTH AND MISSION BAY SOUTH AFFORDABLE HOUSING OBLIGATIONS, BE ADOPTED.

Commissioner Singh motioned to move Item 5(e) and Commissioner Pimentel 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. 55-2016, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH URBAN ANALYTICS, A CALIFORNIA LIMITED LIABILITY COMPANY, FOR FISCAL CONSULTANT SERVICES TO INCREASE THE CONTRACT AMOUNT BY \$27,500 FOR AN AGGREGATE AMOUNT NOT TO EXCEED \$197,500, TO FACILITATE BOND ISSUANCES, BE ADOPTED.

6. Public Comment on Non-Agenda Items

Speaker: Oscar James, BVHP native resident; Ace Washington, community supporter

Mr. James wished everyone a happy belated Thanksgiving. He announced that 440 homeless people had been served dinner on Thanksgiving Day with the help of Commissioner Bustos' group. Mr. James stated that he had committed himself to working with his community and the City to try to improve things. He recalled that there had been many programs coming out of Model Cities and at that time, a representative from each program attended Agency meetings. Mr. James wanted to make sure that young people start participating and coming to the meetings, because he stressed, things got changed by participating. Mr. James felt strongly that meetings affecting the community needed to be announced so that the residents of the community could attend and he requested that more information about the meetings be dispersed throughout the community. He stated that without these announcements, only Commissioners and presenters would be present and no one from the public would be there.

Mr. Washington expressed his appreciation for OCII and thought that this Commission had more respect and input than any other, because Commissioners asked questions and the staff tried to find answers and that was a good thing. He stated that he was still hoping and praying that OCII would come to the Western Addition and that it was overtime for OCII to go to the Fillmore. He knew this had been planned a long time ago, but Supervisor London Breed had pulled the plug on this. Mr. Washington stated that he would be concentrating on the out-migration of blacks from San Francisco in the future.

7. Report of the Chair

Chair Rosales stated that she did not have a report.

8. Report of the Executive Director

Executive Director Bohee announced that on November 29, 2016, the Court of Appeals upheld the lower court's decision to uphold the Environmental Impact Report and related approvals for the Golden State Warriors Event Center and office project. She commended OCII, guidance from the Mayor and sister agencies in this effort, their general counsel and outside counsel and help from the City Attorney's Office for this affirmation and dismissal of plaintiff's lawsuit. Ms. Bohee stated that she looked forward to groundbreaking of this center in the Mission Bay community.

Chair Rosales inquired about whether the petitioners would appeal to the California Supreme Court.

