

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
15TH DAY OF APRIL 2014**

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 15th day of April 2014, 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 1:10 p.m. Roll call was taken.

Commissioner Ellington – absent
Commissioner Mondejar – present
Vice-Chair Rosales – present
Commissioner Singh – present
Chair Johnson – present

Commissioner Ellington was absent; Vice-Chair Rosales arrived at 1:53 p.m. as she recused herself from items 5(b) and 5(c). All other Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a special meeting held on Tuesday, April 29, 2014 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 that 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: Regular Meeting of March 18, 2014

PUBLIC COMMENT – None

Commissioner Mondejar motioned to move Item 5(a) and Commissioner Singh seconded that motion.

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

Commissioner Ellington – absent

Commissioner Mondejar – yes

Vice-Chair Rosales – absent

Commissioner Singh – yes

Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 3 COMMISSIONERS WITH TWO ABSENCES THAT THE MINUTES OF THE REGULAR MEETING OF MARCH 18, 2014 BE ADOPTED.

REGULAR AGENDA

- b) Authorizing a First Amendment to the Garage Management Agreement with Pacific Park Management Inc., a California corporation, to extend the term for 14 months to June 30, 2015, with one 12-month extension, for a base management fee of \$12,000 a year plus reimbursement for reasonable garage operating expenses, to operate and manage the Successor Agency's public parking garage at the Fillmore Heritage Center at 1310 Fillmore Street, consistent with the Successor Agency's May 18, 2004 Disposition and Development Agreement for the site. (Action) (Resolution No. 26-2014)

Presenters: Sally Oerth, Acting Executive Director; Tracie Reynolds, Manager, Real Estate & Development Services; Sam Tadesse, Founder & Managing Director, Pacific Park Management, Inc.

PUBLIC COMMENT

Speaker: Ace Washington, San Francisco resident

Mr. Washington stated that he was appalled that staff had made a recommendation to hire someone for this item who was not part of the Fillmore community. He asked that this item be pulled from the agenda so that OCII staff could speak to people of the Western Addition community.

Chair Johnson announced that this item was before Commissioners because redevelopment had been dissolved and all assets were to be moved as part of the long-term property management plan including this garage and any management agreements associated with it under the Fillmore Heritage Center. Staff recommendation for this item was to extend the current contract until notification from the Department of Finance (DOF) with respect to whether the OCII can dispose of the garage, which would include contemplation of a sale.

Commissioner Singh inquired about how long Pacific Park Management had been managing this garage; inquired about whether any comparisons had been made with other garages to find out what they were making; inquired about how much they were charging per hour; inquired about bids for this management company. Mr. Singh pointed out that he drove in that area quite often and the street meter parking spaces were always full and inquired about why people were not parking in the garage.

Ms. Reynolds responded that Pacific Park had been managing the garage for three years and they were losing less money than the previous owner. She explained that one of the problems was that there was no office activity in that part of town during the day and subsequently, the garage was almost empty all day. She added that Pacific Park was trying to get a lease with California Pacific Medical Center (CPMC) with a shuttle to get employees of CPMC to use the garage during the day. Also, Yoshi's, the anchor tenant, had not been doing very well recently and the garage was very dependent on Yoshi's performance. Ms. Reynolds replied that in 2011 they had about 7 bid submittals and that the intent was to sell it. She deferred to Mr. Tadesse to answer additional questions.

Mr. Tadesse responded that they charged \$2.00 for two hours. He added that part of the problem was that they were competing with the meters in that area and as a result, they were working with CPMC to bring 75-100 cars to fill the garage during the day.

Commissioner Mondejar inquired how long Mr. Tadesse had had this contract; inquired whether he wanted to continue managing this garage even though they had not made any money during all that time; inquired whether he thought the CPMC deal was going to go through.

Mr. Tadesse responded that they had had the garage for three years and were losing less money than the previous operators. He added that they had reduced many expenses to decrease garage losses. Mr. Tadesse stated that he hoped the CPMC deal would make them profitable and thought the deal would be successful.

Chair Johnson stated that in general this garage had been losing money, had been closely tied to the success of the Heritage Center tenants, which is basically Yoshi's, and that also currently there was a huge open parking lot located right next to it for shoppers. Even though there were signs indicating no parking if people were not shopping in the area, people still parked there, which constituted more competition for the garage. Ms. Johnson indicated that future success of the garage would be part of the negotiations in terms of the potential sale as part of the long-term property management plan so there would be more opportunity to discuss with the new owners about what their plans might be. She concluded that this extension made sense in light of the current situation.

Commissioner Singh suggested that they amend the motion from three years to one year.

Chair Johnson stated that this extension was for one year.

Commissioner Mondejar inquired as to whether they were selling this garage to the City or turning it over to the City; inquired as to whether this garage could be converted to a building.

Ms. Reynolds responded that they were not selling the garage to the City and that they could possibly turn it over to the City but then the City would have to sell it. She explained that under redevelopment dissolution law, since the property had no governmental purpose, it could not be transferred to the City for the City to run, so it had to either be sold to the highest bidder either by OCII or the City. Ms. Reynolds replied that the property would most likely remain an underground garage but would not necessarily remain a public garage. She clarified that this was a one-year extension on the contract and then another one-year extension at the discretion of the Executive Director, so that it could potentially be two years because of the uncertainty with DOF and how long it might take to transfer the garage.

Chair Johnson suggested that they amend the motion so that at the end of the one-year extension, this item would have to come back to the Commission for another one-year extension in 2015.

Acting Executive Director Oerth added that the change would need to be made to the resolution to add the wording “to be approved by the Commission” after “...with one 12-month extension”.

Commissioner Singh motioned to move Item 5(b) with the amended language and Commissioner Mondejar seconded that motion.

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

Commissioner Ellington – absent

Commissioner Mondejar – yes

Vice-Chair Rosales – recused herself from this item

Commissioner Singh – yes

Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 3 COMMISSIONERS WITH TWO ABSENCES THAT RESOLUTION NO.26-2014, AUTHORIZING A FIRST AMENDMENT TO THE GARAGE MANAGEMENT AGREEMENT WITH PACIFIC PARK MANAGEMENT INC., A CALIFORNIA CORPORATION, TO EXTEND THE TERM FOR 14 MONTHS TO JUNE 30, 2015, WITH ONE 12-MONTH EXTENSION WITH THE COMMISSION’S APPROVAL, FOR A BASE MANAGEMENT FEE OF \$12,000 A YEAR PLUS REIMBURSEMENT FOR REASONABLE GARAGE OPERATING EXPENSES, TO OPERATE AND MANAGE THE SUCCESSOR AGENCY’S PUBLIC PARKING GARAGE AT THE FILLMORE HERITAGE CENTER AT 1310 FILLMORE STREET, CONSISTENT WITH THE SUCCESSOR AGENCY’S MAY 18, 2004 DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE SITE, BE ADOPTED.

- c) Approving a Resolution Authorizing the Issuance of Special Tax Refunding bonds for the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) in an Amount Not to Exceed \$40,000,000, approving and directing the execution of a Fiscal Agent Agreement, an Escrow Deposit and Trust Agreement and a Bond Purchase Agreement, and Approving Other Documents and Actions Properly Relating thereto; Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 27-2014)

Presenters: Sally Oerth, Acting Executive Director; Thor Kaslofsky, Project Manager, Hunters Point Shipyard; John Daigle, Senior Finance Analyst; Anna Van Degna, underwriter, Stifel Nicolaus

PUBLIC COMMENT - None

Speaker: Ace Washington, San Francisco resident

Mr. Washington stated that he had attended the CAC meeting the day before in the Southeast, had met the new staffers from Lennar and was very pleased with the results. He stated that he endorsed this item. He stated that he had a concern about changing the name from Hunters Point Shipyard to San Francisco Shipyard. Mr. Washington stated that he was celebrating 25 years of service to the black community of San Francisco. He invited the Commission to come to the Fillmore for one of their meetings.

Chair Johnson disclosed that she had been an employee with the Bank of New York Mellon up until last August and that her job while she was there was not connected with procuring new business and currently had no real or perceived connection to the Bank.

Chair Johnson had questions about the overall slate of professional services related to this item and inquired as to whether they were using a financial advisor.

Mr. Daigle responded in the affirmative, that OCCI is using Scott Smith from CSG Advisors and that this decision had been approved under the Executive Director's authority. He explained that they issued an RFP after screening for CFD experience among the entire pool of the City's approved FA's, selected a subset of that group and offered them an RFP. There were four responses and they chose CSG as the best choice.

Commissioner Singh inquired as to whether the underwriter, Stifel Nicolaus & Co., was present at the meeting; inquired about the interest on the Muni bond and its duration.

Mr. Daigle responded in the affirmative and introduced Ms. Van Degna from Stifel Nicolaus, the lead underwriter.

Ms. Van Degna responded that the estimated interest rate as of that day was somewhere between 5.5% – 6% for a 30-year non-rated tax exempt financing such as this one, a special tax bond. This would change based on market conditions. Ms. Van Degna stated that she had not come before the Commission previously but was at the last meeting and had been working with various entities of the City and County of San Francisco for several years. She stated that her former colleague, Tom Lockard, had spoken before the Commission and indicated that her co-managing underwriter, Irwin Tam, from Backstrom McCarley Berry was also present at the meeting.

Commissioner Mondejar inquired about the selection of the underwriters and requested clarification that they were the same team who had done this in 2005; inquired as to whether the OCII was continuing the same process in the selection of all of their consultants and vendors.

Mr. Kaslofsky responded to Commissioner Singh that it had been stated at the April 1 meeting that Stifel Nicolaus had acquired Stone & Youngberg, who were the original underwriters for the 2005 deal, and so this was essentially the same team. He explained that Ms. Van Degna had replaced Mr. Lockard, who was a lead underwriter at Stone & Youngberg and at Stifel Nicolaus, but was no longer working there.

Mr. Kaslofsky confirmed Ms. Van Degna's statements. He deferred to Mr. Daigle to talk about the RFP process but stated that generally speaking, they issued an RFP to the City's pool of underwriters and that this was the successful team out of four teams that submitted proposals. To Commissioner Mondejar's second question, Mr. Kaslofsky responded in the affirmative and added that under the former Redevelopment Agency, they would often maintain pools of these kinds of consultants themselves, but now, in their leaner form, staff relied on the City's panels and pools.

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

Secretary Jones called for a voice vote on Items 5(c).

Commissioner Ellington – absent
Commissioner Mondejar – yes
Vice-Chair Rosales – recused herself from this item
Commissioner Singh – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS WITH TWO ABSENCES THAT RESOLUTION NO.27-2014, APPROVING A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS FOR THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS) IN AN AMOUNT NOT TO EXCEED \$40,000,000, APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, AN ESCROW DEPOSIT AND TRUST AGREEMENT AND A BOND PURCHASE AGREEMENT, AND APPROVING OTHER DOCUMENTS AND ACTIONS PROPERLY RELATING THERETO; HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

- d) Adopting environmental review findings pursuant to the California Environmental Quality Act, and conditionally approving a Schematic Designs for a Commercial Kitchen Replacement Building as part of the Hunters Point Shipyard redevelopment; Hunters Point Shipyard Redevelopment Project Area. (Discussion and Action) (Resolution No. 28-2014)

Presenters: Sally Oerth, Acting Executive Director; Amabel Akwa-Asare, Assistant Project Manager, Hunters Point Shipyard; Scott Madison, Owner, Eclectic Cookery; Jack Robertson, Vice President, Lennar Urban; Ralph LeRoux, MADI Architects

PUBLIC COMMENT

Chair Johnson announced that because of the high number of speakers for this item, she was decreasing speaking time to two minutes per person.

Speakers: Michelle St. John LaPalme, Eclectic Cookery tenant; William O’Laughlin, Eclectic Cookery tenant; Yvonne Hines, Bayview resident and owner, Yvonne’s Southern Sweets; Karen Slater, Star Shipyard artist; Marcus Tartt, Renaissance Entrepreneurship Center, Bayview; Marti McKee, Star Shipyard Trust for the Arts; Jane Hammond, Jane Hammond Events; Ernest East, owner, Ms. Lynn’s Pies; Kate Kuckro, co-owner, Sweet Constructions; Kaz Matsume, Breakthrough Sushi; Dr. Veronica Hunnicutt, Chair, Shipyard CAC; Ace Washington, San Francisco resident

Ms. LaPalme came to Eclectic 30 years ago and over time stated that she had left Eclectic three times because business was good and she wanted to try to get a kitchen of her own, but after 3 attempts, with rents going up to \$12,000, she came back to Eclectic Cookery. Ms. LaPalme stated that there are many people cooking and catering out of their own homes illegally and the greatest benefit of the common kitchen was that it was legal and healthy.

Mr. O’Laughlin has been a tenant of Eclectic for 12 years. He stated that he had been working out of the back of a restaurant with only 3 hours of access time but now that he was with Eclectic, he felt he could move forward and create a successful business and hoped to be able to stay with Eclectic for the remainder of his career.

Ms. Hines stated that she started her business at Eclectic in 2002. She believed Eclectic was beneficial for existing as well as new businesses and endorsed this item.

Ms. Slater endorsed the kitchen and was an advocate of the community arts center located in that area right next to the kitchen. Ms. Slater believed that this would be beneficial for the arts center and hoped that with the existence of the kitchen, they would be able to create a culinary arts training program for the arts center.

Mr. Tartt stated that the kitchen was a tremendous benefit to the community because it gave local residents an opportunity to create food businesses. He indicated that the operators of Eclectic were very involved in the success of the businesses there and are also excellent community partners because they understand the interdependency within that community and understand that working together was essential to growth.

Ms. McKee stated she was there to speak in support of this project and on behalf of the 300 artists that had studios at the Shipyard. She thanked Ms. Akwa-Asare for keeping members involved in the discussion and plans so they could express their concerns, all of which had been resolved except for the parking issue, which would be discussed further at the time of construction of the artist replacement studio. Ms. McKee stated that the artist colony would not even be in existence if not for the actions of Mr. Madison and they urged the Commission to pass this item.

Ms. Hammond first came to the Shipyard kitchen in 1988 and stated she had seen many businesses start there and move on but she decided to stay there because of the phenomenal community it comprised. She stated that within the past 28 years, the kitchen has employed 500-600 people and several of those employees have remained with her for many years. Ms. Hammond added that she was very excited to move into a new kitchen with new sanitation and improvements.

Mr. East stated that one of the great benefits of the kitchen was that it managed a wide variety of small businesses. His small baking company has been with the kitchen since the year 2000 and during that time, he has received several awards from Nancy Pelosi, Carole Migden and Mark Leno in special recognition for his contribution to San Francisco business, for hiring people from the community and for providing great southern desserts (specialty sweet potato pie). Mr. East added that they needed a dumbwaiter and more storage space.

Ms. Kuckro owned a bakery at Eclectic for wholesale to cafes in San Francisco and corporate catering. She stated that she started with the kitchen because that was the only way to stay in the City, start on an hourly basis and slowly advance to a monthly basis, eventually working up to renting freezer and storage space, all of which made it financially feasible and not have to have a huge capital investment upfront. Ms. Kuckro stated that she had been baking on an informal basis out of her house but moving to the kitchen made it possible to be legal, have insurance, and work out of an inspected kitchen. She added that Eclectic was the only kitchen that had a bakery separate from the other types of foods, which allowed them to focus on their specialties.

Mr. Matsume has been a client of Eclectic for the past three years and was in support of new commercial kitchen. He stated that he was excited about the new kitchen because the facilities really needed a facelift.

Dr. Hunnicutt stated that on behalf of the Shipyard CAC, she expressed their support for the Eclectic Cookery business who has a large record of providing services in the community, Eclectic has provided opportunities for individuals to become vendors and business owners. Dr. Hunnicutt stated that they expected the new facility to become an icon of hope for economic equity in the southeast sector of San Francisco. She thanked Scott Madison as well as Lennar for their work at the Shipyard, in providing jobs and creating business opportunities.

Mr. Washington commended Mr. Madison for his integrity and honesty in being able to bring together people of all races working together collectively with no problems and hoped that a community-driven project such as this one should serve as a role model all over the City and country. He endorsed this item.

Commissioner Mondejar inquired about the automated waste collection system in the new building.

Ms. Akwa-Asare responded that there would be a modern waste collection system with underground tubes for waste removal so there would be no trash cans. She added that even though schematic designs were being presented at this meeting and ahead of Phase 2 development, she wanted to make sure that the design was set up so that all the buildings could be tied into this future waste collection system.

Chair Johnson inquired about when lease discussions and their structure would ensue; whether Eclectic Cookery, as a current tenant, would be impacted by this relocation and would there need to be any adjustments to the lease; whether they were using modular construction because it was the fastest way to build the building; whether the space represented simply a replacement or whether there would be more capacity in the new kitchen for new services.

Ms. Akwa-Asare responded that there was a scope of work coming later which would define how ownership and management for those buildings would be structured. She stated that one part had been determined via the property management plan, which was that OCII would own the buildings and they would remain in public hands and then be transferred to the San Francisco Department of Real Estate. Ms. Akwa-Asare explained that under dissolution the OCII was not able to keep any assets. But as a secondary step, they were looking for a competent management entity with suitable background and history to manage all the artist-related assets. She added that research still needed to be conducted regarding potential scenarios and when this was concluded, it would be presented to both the Commission and the City Department of Real Estate. Ms. Akwa-Asare responded that currently Eclectic Cookery had a lease with the Point, which was the entity managing Buildings 101, 110 and other buildings on Parcel B, and that, specifically for Eclectic Cookery, they were looking at transferring their lease for the new building to the Point on a temporary basis. She stated that they would revisit the lease situation when they made a decision on management of all the artist assets. Ms. Akwa-Asare deferred to Mr. Robertson regarding construction but basically stated that timing was one of the factors.

Mr. Robertson stated that timing definitely played into the decision to use modular. They had originally planned to put the kitchen in the new artist building but when they got into the details of designing the new artist building and started considering the pathways of food trucks entering and exiting onto the site, it became apparent that this would not work. Mr. Robertson stated that they had even suggested some off-site locations but that Eclectic strongly preferred to stay at the Shipyard. Then they considered placing Eclectic in Building 101 since there was already a catering kitchen there, but that did not work out either. He explained that ultimately they decided on the current site but all that took some time and then they started work on designing a ground-up building, getting permits from the City, getting it built and occupied to meet the overall schedule related to getting the artists building built. He explained that they could not start the artists building until they had demoed Building 110, which they could not do until the kitchen was moved to its new location. Mr. Robertson stated that they had been working on a modular building at their Welcome Center on Hilltop that the OCII had previously approved and have started conversations with the builder, who has done kitchens in the past and this will allow them to finish everything up on time. Mr. Robertson responded that the new kitchen represented a replacement.

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

Secretary Jones called for a voice vote on Items 5(d).

Commissioner Ellington – absent
Commissioner Mondejar – yes
Vice-Chair Rosales – yes
Commissioner Singh – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 4 COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO.28-2014, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND CONDITIONALLY APPROVING A SCHEMATIC DESIGNS FOR A COMMERCIAL KITCHEN REPLACEMENT BUILDING AS PART OF THE HUNTERS POINT SHIPYARD REDEVELOPMENT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- e) Authorizing a Loan Agreement with Mercy Housing California 62, L.P., a California Limited Partnership, in the amount of \$14,000,000, for activities related to the construction of 69 affordable housing units plus one manager's unit at 280 Beale Street on Transbay Block 6, approval of an Air Rights Lease for Transbay Block 6 Affordable Housing and adopting environmental findings pursuant to the California Environmental Quality Act; Transbay Redevelopment Project Area. (Discussion and Action) (Resolution No. 29-2014)

Presenters: Sally Oerth, Acting Executive Director; Elizabeth Colomello, Development Specialist; George Bridges, Contract Compliance Specialist; Mike Grisso, Senior Project Manager, Transbay; Sheela Jivan, Senior Real Estate Developer, Mercy Housing

PUBLIC COMMENT - None

Commissioner Singh inquired about how many projects Mercy Housing had worked on for the OCII; inquired about how much money in loans they had received from the OCII.

Ms. Colomello responded that she did not have that information but could make it available for Commissioner Singh.

Vice-Chair Rosales requested further clarification regarding the parking situation because she understood that the parking spaces for the affordable complexes were proposed to be reduced but not the ones for the market rate and inquired why public transportation would not be applicable to everyone. Ms. Rosales stated that she understood the financial reasoning behind this but was inquiring about the public convenience perspective because everyone would have use for parking spots and transportation and it seemed in this situation that more personal convenience as being afforded to the market rate side because the developer was willing to invest in that area.

Ms. Colomello responded that the reason they were able to do this on the affordable side was because the market rate developer was willing to pay for those spaces which would reduce OCII costs. She explained that analysis revealed that this was appropriate because they were still within development controls and design guidelines which had a maximum of one parking space per unit and this was still below that.

Acting Executive Director Oerth responded that part of the issue was that there was a share of costs between the market rate developer and the affordable developer and if all the parking was reduced, the share to affordable would not go down. She explained that part of the solution was to reduce the

actual percentage that the affordable would have to cover which helped with the funding gap which resulted from reduction in AMI. Ms. Oerth deferred to Mr. Grisso for further explanation.

Mr. Grisso stated that there was a set of controls that specified the maximum of one parking space per unit for all development in the project area and that this project was by far the lowest at 30% for the market rate project. He explained that the expectation was that the market rate tenants would rely on car-sharing, public transit and bike parking, etc., because for a market rate project like this, with some fairly expensive units, there were some marketing benefits to having parking spaces. When they discovered that the affordable project needed a break financially, it was proposed that the market rate developer build the parking spaces that the affordable developer was otherwise going to have to pay for and they decided to do that. Mr. Grisso explained that originally they had planned and had been approved to do less parking; however, this decision did not change the parking for the overall project and was consistent with the controls because they were still way below what was typically seen in a market rate project like this one, which was close to one parking space per unit, but they voluntarily have created less parking than that. He added that one of the reasons they chose this particular developer was because the developer seemed to appreciate the transit benefits of the location and embraced the goal for low parking ratios and were still an extra 25 spaces below what they were before.

Vice-Chair Rosales inquired about the retail space on the corner of Folsom and Beale, which was expected to service a restaurant.

Ms. Colomello responded that they had not yet started marketing and do not have that information as of yet.

Commissioner Mondejar inquired about whether this would all be rental.

Ms. Colomello responded in the affirmative.

Chair Johnson inquired about what AHP funds were; inquired about what the other options would be in that area for parking rental spaces or public parking because she was aware of other lots in that area and that the area in question was particularly tight with regard to street parking and other options. Ms. Johnson stated that she understood the financial reasoning for this, that the market rate developer was lowering the cost share for the affordable developer and taking the money that they would have put into a cost share for the affordable parking spots and adding a few more market rate parking spots, but wanted to find out what the other options were. She stated that if they were going down to 8 spots for all the affordable units, it would be very possible to find tenants that have a car, only drive it a few times a month, and who would still need a parking space for it.

Ms. Colomello responded that these were affordable housing program funds through the Federal Home Loan Bank. She responded that she was not sure what options there were for other rental spaces were but that they were not expecting residents to be renting other spaces but rather that they would be using mass transit options or different car-share types of services.

Mr. Grisso responded that the OCII owned a parking lot in that area and had done some market studies around it. He added that there were several lots in the area offering monthly parking, which was not cheap at \$200+/month rent. He added that they would not expect many residents from the affordable or the market rate project to take that option. Mr. Grisso pointed out other options, such as onsite car-sharing, public transit, bike parking, etc. He responded that the options for tenants who owned a car and needed a parking space for it would be to rent a space in a private parking lot. He

stressed that car-sharing options were excellent, particularly in that neighborhood, not only in the building, but at many locations close by in the area.

Vice-Chair Rosales inquired about the SBE participation because she noted the SBE and the San Francisco SBE in Attachment 3 on the construction side of things, but did not see any information on the MBE or WBE, although she stated that she did note those on the professional consultant list. Ms. Rosales inquired about how well the minority and women-owned businesses were doing.

Ms. Colomello responded that she did not have the numbers for this and deferred to Mr. Bridges to answer.

Mr. Bridges responded that currently about 30% of the \$17 million in contracting dollars was still available. He explained that they were looking for second and third tier opportunities and that the contractor, Cahill, had agreed to work closely with staff to identify those opportunities. Mr. Bridges stated that currently there were three MBE and one WBE firms listed, so they were at 49.8% SBE and were looking to increase the MBE & WBE numbers.

Ms. Jivan stated that Mercy was very committed to the SBE program in both the consultant RFP's and procurement as well as the contractor contract and procurement requirements for meeting the SBE goals. She stated that currently the contractor was doing a phenomenal job of getting to the 50% SBE mark. She explained that they had a GM contract, which they would be signing with contractor, Balfour Beatty Cahill Construction in three weeks and were hoping to reach the 50% goal. On the consultant side she stated that they were at 43.3% for SBE which was what she predicted they would be for Block 6. Ms. Jivan added that they had done some procurement for Block 7 and were slightly higher on that side. On the construction side, 30% of the 50% had already been confirmed for local San Francisco SBE's.

Vice-Chair Rosales stated that she would like to hear that the reasons behind so few MWBE's that could be identified after \$17 million in scope. She inquired as to whether that was because people were not available or did not have the bandwidth or whether it was because people were not being solicited.

Ms. Jivan responded that Cahill happened to be one of the better contractors in the City for knowing how to solicit the under-represented groups and companies. She explained that one of the things about this job that differentiated it was that it was part of a very large project; the market rate side was over \$100 million construction. She stated that they were trying to create efficiencies for cost reasons and they were using shared consultants and contractors. They had tried to make a huge effort on the market rate side to meet the SBE goals as well and were trying to find consultants that had the capacity. Ms. Jivan explained that in some cases they had a sub-contractor bid off some of the work to a smaller contractor or joint venture with a smaller sub-contractor and likewise with the consultants. She stated that in this particular case, they had had to be very creative in trying to meet the goals and reach out to minority and women businesses. She concluded that they have had some success but capacity has been an issue and also, people in the construction community have been very busy.

Commissioner Mondejar requested clarification about Mr. Grisso's statement that the OCII owned a parking garage and inquired where it was located; how many cars did it accommodate; whether it was profitable.

Mr. Grisso responded that the OCII owned a parking lot on Spear Street and Folsom, which was one of the former freeway parcels and purchased with affordable housing funds a long time ago and that

they were currently trying to negotiate a deal to get it developed. He pointed out that it was called Block One on the Transbay maps. Mr. Grisso responded that he was not sure of the exact amount but stated that they fit hundreds of cars in there because it was a surface parking lot, not a garage, and has valet parking. Mr. Grisso responded that it was very profitable.

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

Secretary Jones called for a voice vote on Items 5(e).

Commissioner Ellington – absent

Commissioner Mondejar – yes

Vice-Chair Rosales – yes

Commissioner Singh – yes

Chair Johnson – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 4 COMMISSIONERS WITH ONE ABSENCE THAT RESOLUTION NO.29-2014, AUTHORIZING A LOAN AGREEMENT WITH MERCY HOUSING CALIFORNIA 62, L.P., A CALIFORNIA LIMITED PARTNERSHIP, IN THE AMOUNT OF \$14,000,000, FOR ACTIVITIES RELATED TO THE CONSTRUCTION OF 69 AFFORDABLE HOUSING UNITS PLUS ONE MANAGER'S UNIT AT 280 BEALE STREET ON TRANSBAY BLOCK 6, APPROVAL OF AN AIR RIGHTS LEASE FOR TRANSBAY BLOCK 6 AFFORDABLE HOUSING AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- f) Workshop #2 on OCII's Fiscal Year 2014-2015 Budget, Including Administration, Debt Service, and Asset Management Obligations outside Major Approved Development Project Areas: Yerba Buena Center, Rincon Point – South Beach, Western Addition A-2, South of Market, Hunters Point, and Bayview Industrial Triangle. (Discussion)

Presenters: Sally Oerth, Acting Executive Director; Leo Levenson, Deputy Director, Finance & Administration; Tracie Reynolds, Manager, Real Estate & Development Services

PUBLIC COMMENT

Speaker: Ace Washington, San Francisco resident

Mr. Washington respectfully requested that the OCII hold a meeting in the Western Addition. He handed out a copy of a letter he had received from the State after he made a presentation before the State in 2008. He spoke about a book he was writing about the Fillmore, the Oversight Board and about the transfer of property to the State.

Commissioner Singh inquired about why disposition costs amounted to \$80,000 and whether this was a reserve; inquired about the \$25,000 in legal fees.

Ms. Reynolds responded that they owned three properties in the Western Addition and that they had to dispose of the garage, the commercial parcel and the L Street driveway right next to the Fillmore Heritage Center. She responded that this also included staff costs for Western Addition time because there was no revenue source to pay for staff for the Western Addition. Ms. Reynolds explained that they were budgeting these items as disposition costs in the event that the OCII would be able to transfer these properties over the next fiscal year. To the question about legal fees, Ms. Reynolds

responded that they had bankruptcy counsel for the bankruptcy issues with Carmen's, Rosales and now Yoshi's. She added that when they were part of the City in June 2012, the City had hired the firm, Carr McClellan, which specialized in bankruptcy law and they were still using their services for the Yoshi's bankruptcy. The legal fees were to pay for that.

Commissioner Mondejar inquired about whether the revenues of \$415,000 were from the garage they had just approved.

Ms. Reynolds responded that those revenues were how much the garage generated; however, they had \$439,000 in expenses, which included their management fee.

Chair Johnson announced that they were discussing staffing costs at this workshop and inquired about whether there were any funds for the general counsel position; inquired about whether this salary covered the interim general counsel because the interim general counsel also had another job.

Mr. Levenson responded in the affirmative, that they have an interim general counsel and it was anticipated that the general counsel position would be filled. Mr. Levenson responded that in the current budget, they originally had positions for three deputy directors and the general counsel position had been added in the previous year's budget. This budget anticipated only two deputy director positions and one general counsel position.

Vice-Chair Rosales referred to the \$1 million project specific budget but inquired whether the budget for the City Attorney's office was only for the City Attorney or included outside counsel as well.

Mr. Levenson responded that most of that would be anticipated to be for the City Attorney and there were additional outside counsel costs. He referred to the cover page of Attachment A where it listed Legal Services spread around the project areas and the total to date was \$1,395,000 for the budget. He added there were also some minor cases where they might use specialized outside counsel on the projects. He added they did have flexibility. Mr. Levenson explained that, regarding the \$75,000 amount, they billed out based on the actual services and the OCII would direct them as to how much services they wanted and they could adjust that amount during the course of the situation. He added that the City attorneys themselves could also recommend outside counsel if they felt it was necessary for certain situations.

Vice-Chair Rosales added that it was also in the event they needed extension, such that if the City Attorney's office was handling a matter and they needed more bodies because the OCII demanded more bodies; inquired about whether they would be seeing the MOU from the Mayor's Office of Housing & Community Development (MOHCD).

Mr. Levenson responded that this year, like last year, they had \$240,000 under professional services as contingency that was not specifically budgeted for a particular project and could be for an unforeseen legal expense or for other unforeseen expenses.

Acting Executive Director Oerth responded that this was scheduled to come with the final approval of the budget at the May 6 OCII meeting.

Commissioner Singh inquired about health insurance for the Commissioners. He stated that every other Commissioner that works for the City gets compensation and that they should receive some as well.

Acting Executive Director Oerth responded that her understanding was that the Board of Supervisors Ordinance 215-12, which created the OCII, had set it up in this way and stated that they would go back and discuss this item with Executive Director Bohee and get back to Commissioner Singh.

Chair Johnson stated that this was a discussion that they needed to have with the Mayor's Office and with the Board of Supervisors because it was stated in the resolution that created the OCII that there would be no compensation, including insurance.

Vice-Chair Rosales inquired as to whether other Commissioners get benefits.

Commissioner Mondejar responded in the affirmative, that chartered Commissions get compensation and can opt to join a health benefits plan. She stated that it was interesting that the OCII did not.

Chair Johnson stated that she would take up the charge with the Board of Supervisors and find out if the resolution/ordinance could be amended.

Vice-Chair Rosales referred to Counsel Bryan and inquired whether the Board of Supervisors adopted the budget as part of an ordinance.

Counsel Bryan responded that he had not followed the budget process for the OCII. He clarified that for the rest of the City, it would be adopted by ordinance and so it might be a similar process for the OCII budget.

Mr. Levenson added that from his experience, the OCII budget, like the SFRA budget, was adopted by resolution and not by ordinance.

Chair Johnson stated that the budget would be an action item for the May 6 meeting where it would be passed on to the Board of Supervisors.

6. Public Comment on Non-agenda Items

Speaker: Ace Washington, San Francisco resident

Mr. Washington requested that the Commission consider allowing him to make a 10-15 minute presentation regarding the Fillmore at a future meeting or that the OCII hold a meeting in the Fillmore.

7. Report of the Chair

Chair Johnson announced that the April 29 meeting would be a special meeting dealing with the transaction related to UCSF's acquisition of a part of Mission Bay South Block 33 and 34. She added that the next opportunity to discuss the budget would be May 6.

8. Report of the Executive Director

a) Report on Status of DOF Review of ROPS 14-15A

Acting Executive Director Oerth updated the status of the ROPS 14-15A review with the Department of Finance (DOF). She stated that earlier this month they had received a letter of initial review, which contained many adjustments regarding expenditures that might have been

made from a different funding source in prior periods, and which the DOF wanted to retroactively create authority for. She explained that this would not impact their actual spending authority but rather served as more of an accounting function that the DOF wanted to undertake. There were two items of significance that staff wanted to appeal and had requested a meet and confer which would take place the next day in Sacramento. The DOF had objected to item #140, which was the Yerba Buena Gardens capital line, for which staff had requested \$400,000 in other funds, the Yerba Buena Gardens restricted lease revenue, to do some capital work. Ms. Oerth explained that the DOF mistakenly thought that this was a deposit into a reserve account, replied that there already was a reserve account, that an additional deposit was not needed and then denied that item. Then they stated that OCII had \$400,000 in other funds coming in, and suggested they apply that to another area where staff was requesting tax increments. They selected Line 9, which was the Retiree/Medical Payment line, because staff had requested over \$500,000 in RPTF for that line. DOF instructed OCII to take the \$400,000 from that line and apply it and then only \$100,000 would be needed in the RPTF. Ms. Oerth stated that staff had submitted an appeal correcting DOF's misunderstanding and clarifying that this was for capital work and was restricted funds for Yerba Buena Gardens and therefore both Line 40 and Line 9 should be as originally submitted. She stated that they expected final determination from the DOF by mid-May because it would have to be made two weeks prior to the June 1 distribution date.

Acting Executive Director Oerth announced upcoming events: 1) the grand opening for Hunters View Phase I on the following Thursday at 10:00 a.m. Ms. Oerth stated that she hoped all Commissioners could attend and that Nancy Pelosi and the Mayor would also be there; 2) the grand opening of the Leroy King Carousel dedication at Yerba Buena Gardens, which was rescheduled to May 17 at 11 a.m.

Acting Executive Director Oerth pointed out an informational memo in the Commissioners packets regarding Senate Bill 1404, introduced the previous week by Senator Mark Leno, which would authorize the OCII to use tax increment financing or bonding for the development of affordable housing, based on the SB2113 requirement for their replacement housing obligation. She stated that a copy of the bill was also included in the packets along with a fact sheet that Senator Leno's office had provided as well as an outline prepared by OCII Staff. Ms. Oerth stated that they expected this to be heard by a committee either the end of April or early May.

Acting Executive Director Oerth announced that they had two new staff starting in the coming week: Raymond Lee as the new contract compliance supervisor and Jeff White, a former SFRA employee in the Housing Division, who was returning to the OCII as Housing Program Manager. She added that they would both be introduced at future meetings.

Commissioner Mondejar inquired about Senate Bill 1404.

Acting Executive Director Oerth responded that the bill would be beneficial because it would provide the OCII with a financing mechanism to be able to build the replacement housing obligation and would make things much clearer. She explained that staff had submitted a request for a final and conclusive determination with the DOF about their replacement finance obligation, which was still pending. She added that the DOF had been asking questions about this and that having state legislation put this into state law would be very helpful to the OCII.

9. Commissioners' Questions and Matters

Chair Johnson hoped that everyone could make it out to the Hunters View grand opening at 10:00 am at 1101 Fairfax Avenue.

Vice-Chair Rosales explained that she had arrived late because she would have had to recuse herself from Item 5(b) because her business company, Rosales Business, received a source of income from Pacific Park Management. She also would have had to recuse herself from Item 5 (c), in which Backstrom was being awarded a contract, because Backstrom was a source of income for her law firm. Ms. Rosales stated that she wanted the record to reflect that.

10. Closed Session - None

11. Adjournment

The meeting was adjourned by Chair Johnson at 4:23 p.m.

Respectfully submitted,

Natasha Jones

Natasha Jones, Interim Commission Secretary