

**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 MAY 2014**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a special 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 May 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 1:15 p.m. Roll call was taken.

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

All Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, May 20, 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: Special Meeting of April 1, 2014

PUBLIC COMMENT – None.

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

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

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

ADOPTION: IT WAS VOTED BY 4 COMMISSIONERS WITH ONE RECUSAL THAT THE MINUTES OF THE SPECIAL MEETING OF APRIL 1, 2014 BE ADOPTED.

REGULAR AGENDA

- b) Authorizing the transfer of ownership and assignment of the Predevelopment Loan, for 200 6th Street (Assessor's Parcel Number 3731, Lot 001) to the Mayor's Office of Housing and Community Development as Successor Housing Agency. (Action) (Resolution No. 31-2014)

Presenters: Tiffany Bohee, Executive Director; Kevin Kitchingham, Mayor's Office of Housing and Community Development

PUBLIC COMMENT – None.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY THAT RESOLUTION NO.31-2014, AUTHORIZING THE TRANSFER OF OWNERSHIP AND ASSIGNMENT OF THE PREDEVELOPMENT LOAN, FOR 200 6TH STREET (ASSESSOR'S PARCEL NUMBER 3731, LOT 001) TO THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT AS SUCCESSOR HOUSING AGENCY, BE ADOPTED.

- c) Approving a Budget for the period of July 1, 2014 through June 30, 2015 and authorizing the Executive Director to submit the Budget to the Mayor's Office and the Board of Supervisors. (Discussion and Action) (Resolution No. 32-2014)

Presenters: Tiffany Bohee, Executive Director; Leo Levenson, Deputy Director, Finance & Administration; Sally Oerth, Deputy Director

PUBLIC COMMENT – None.

Commissioner Singh inquired about salary range in the budget and asked for clarification as to the exact salary amounts in this budget.

Mr. Levenson responded that OCII had authority for the budgeted positions and they were not yet ready to have a separate salary ordinance which would set new salaries but this was intended to provide disclosure as to what the budgeted positions were and what the range of pay was in current salary ranges associated with those positions. However, if there were any changes in those salary ranges as a result of labor negotiations, this would not prevent the OCII from changing those rates of pay. He explained that there may be cases where, in allowance with policy, someone might be paid outside that range as long as that was consistent with a labor memorandum agreement. Mr. Levenson added that they budgeted enough to cover what they could afford and the budget was built at the top of the range for the positions they expected to be filled but there was allowance for the fact that not all positions were filled for part of the year. He explained that there may be some vacant positions and this was called the vacancy factor. There was also a factor considered as steps since not everyone was at the top of the range as well as the possibility of cost of living increases occurring via labor negotiations but they tried to make sure there would be enough total salary budget to afford the positions that were authorized and that they expected to have filled during the course of the year. Mr. Levenson added that new hires could be brought in at the lower or the upper end of the salary range but that was unforeseeable so estimates needed to be made. Mr. Levenson indicated that they could make the actual salary figures available to Commissioner Singh for his review.

Chair Johnson inquired about whether the "SERAF" (Supplementary Educational Revenue Augmentation Fund) payments were different from the payment that would have been required if AB 27 had not been unconstitutional. She stated she was aware of an increase in developer fees but also a shortfall from some fees that they were supposed to get from different revenue sources and inquired as to whether there were any changes from the previous review of the budget and the allocation of sources to uses in any major way; on the budgeted positions, Ms. Johnson inquired about whether they had approved the transfer of South Beach Harbor to the Port and whether South Beach Harbor positions were still on the budget; inquired whether the budget that was in the Mayor's Office of Housing and Community Development (MOHCD) MOU for purchase of services for various categories was reflected in the budget.

Mr. Levenson responded in the affirmative and that there was a one-time payment under a certain formula, which was a different formula under AB27. Mr. Levenson responded that other than the changes that he had mentioned, he did not recall any significant changes in sources and uses. He added that there were reserves listed in the budget and they were anticipating bringing in more housing fees in the next year than they could spend in this next year, which was why the budget anticipated about \$70 million in affordable housing reserves from the extra fees received and which would be available to spend for the following year. However, he added, that did not mean that they would be spending every dollar that came in but rather that they were trying to project what they expected to come in during the next year.

Executive Director Bohee added that last year's budget 13/14 was approved at a very high level and pointed out that Table 2 in the budget showed about 1/3 of their dollars were going to debt service, 1/3 for affordable housing, 1/3 for infrastructure and other. She explained that this has shifted due to dollars coming in and that they were not anticipating going out for infrastructure bonds this year, in particular for Mission Bay, and now as shown in Table 2, affordable housing was increased to about 50% of the overall budget, debt service has dropped to 30%; and infrastructure to 11%. Ms. Bohee explained that this was because they were not issuing debt necessarily this year, but the rules could change which would affect significant asset management and other expenses.

Regarding the South Beach Harbor question, Mr. Levenson responded that the Harbor had not yet transferred to the Port and that OCII was still the owner of the Harbor and still had a lease with the Port. He explained that they were working on this issue with the Port but that they would probably not have documents ready prior to the fiscal year. He indicated that the goal was to bring forward lease termination documents in September with the intent of them being retroactive to July 1. In terms of the positions, Mr. Levenson responded that people were still working there and were expected to continue with the Port buying their services from the OCII, so that the positions would remain in the budget. He indicated that if there were to be a change in that process, they would adapt at that point to that change. But for now, the Port would pay the OCII to continue using those people even after the transfer. Mr. Levenson added that the budget allowed the OCII to continue to cover all the Harbor operations for another full year. To the MOHCD MOU question, Mr. Levenson replied in the affirmative.

Commissioner Ellington inquired about whether the 2011 excess bond balances were restricted funds and inquired about what the project areas were.

Mr. Levenson responded that they were pre-2011 and subject to the indentures or bond covenants. He explained that when they sold the bonds, they promised they would be used for broad purposes in those project areas and, as a result, they were anticipating that they would be used in those areas for the broad purposes stated in the original bonds. To the extent that they were tax exempt, there were both taxable and tax exempt bonds, so the tax exempt bonds also had IRS restrictions on what they could be spent on in order to preserve their tax exempt status. Mr. Levenson responded that the project areas were South of Market, Bayview Hunters Point (BVHP) and the Western Addition, as indicated on page 40 of the budget narrative for the tax exempt portion, which was \$1.1 million broken down as: \$591,000 for South of Market, \$434,000 for BVHP and \$83,000 for the Western Addition Area 2. He explained that the housing bond proceeds of \$8.1 million were also tax exempt for housing, which was part of the problem in spending them because of the restrictions around tax exempt bond proceeds. They could not be used for loans but could be used in other ways.

Vice-Chair Rosales followed up on the \$8.1 million issue and inquired about whether the utilization of those bond proceeds was restricted to project areas; if there were savings in the budget part for administration, inquired whether those savings could be used for more temporary staffing if needed beyond the temporary staffing line items in the budget and inquired about how much flexibility there was in the budget in the event that there were savings.

Deputy Director Oerth responded that the project area restriction for housing was relaxed and they could spend those proceeds citywide. She explained that the majority of those funds originated in South of Market bonds and there were some Hunters Point but more details could be provided when those actual bond proceeds came up for transfer.

Regarding the savings question, Mr. Levenson responded in the affirmative, that if there were savings within administration, this would provide the flexibility to spend that money elsewhere in administration, like benefits or other professional services, because administration included regular and temporary salaries.

Vice-Chair Rosales inquired whether that was possible in other parts of the budget.

Mr. Levenson responded that if there were, for example, extra Yerba Buena lease revenues coming in, they could not use that money to hire extra staff and have them work somewhere else.

He added that they would have to make sure they were within the ROPS constraints but for administration, the ROPS lines were very general.

Executive Director Bohee added that that action would be prohibited pursuant to the underlying enforceable obligations but they could be more flexible with administration dollars.

Commissioner Ellington referred to several different references within the budget narrative to the Mayor's plan to build 10,000 affordable housing units and inquired about whether that correlated with the SB2113 at all or whether those were two separate distinct policies; inquired as to whether those others were separate.

Deputy Director Oerth responded that the pipeline that they had for meeting the Mayor's pledge for 10,000 affordable units by 2020 was currently focused on the OCII major approved development projects and that they would present that in more detail when they reviewed the MOU with the MOHCD. She explained that since they were in a pending status on their replacement housing funds, they did not know how that would work but if additional funding became available, they could fund additional units. Ms. Oerth indicated that right now they were focusing on the obligations of their major approved development projects with the remainder; the exception being the funding already provided for the Hugo, which was being transferred and the Hunters View Hope San Francisco project for which they had provided funding outside the major approved project areas. Ms. Oerth added that part of the pipeline included the inclusionary units, a majority of which are in the major approved development projects with a few that would be finishing up in other areas. Ms. Oerth responded that the other policies were the OCII's contribution toward the 10,000 units so that over ¼ of that goal was coming from OCII projects.

Executive Director Bohee added that the \$22,750 in capital plus inclusionary was totally separate except for what Deputy Director Oerth had described. She explained that this did not represent any new 2113 money but rather that they were drawing down and expending down on balances of 2113 bonds, whether the remainder was in Hunters View or elsewhere for site acquisition for the Hugo. Ms. Bohee added that this money was not relying on any new 2113 funding, but for within balances, for developer fees, tax increment, and the like.

Commissioner Mondejar inquired as to where the OCII stood in terms of the Mayor's pledge for 10,000 affordable units by 2020 and inquired as to how many units they had built so far.

Executive Director Bohee referred to Page 1 of the budget narrative and responded at least 253 units, all of which were OCII former agency funded units. She explained that the City Planning Department's 2013 annual report included progress on the pledge to date on a quarterly basis.

Deputy Director Oerth added that they had built 253 units that were ready in early 2014 and that an additional 341 units were currently under construction on the stand alone affordable in terms of the capital projects funded by the OCII. She explained that there were also another 20 that were under construction and soon to be completed on the inclusionary pipeline.

Chair Johnson announced that it would be preferable to keep questions for this item on the budget and that questions on 2113 could be asked later.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY THAT RESOLUTION NO.32-2014, APPROVING A BUDGET FOR THE PERIOD OF JULY 1, 2014 THROUGH JUNE 30, 2015 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS, BE ADOPTED.

- d) Authorizing a Memorandum of Understanding with the Mayor's Office of Housing and Community Development for the implementation of the Retained Housing Obligations. (Discussion and Action) (Resolution No. 33-2014)

Presenters: Tiffany Bohee, Executive Director; Sally Oerth, Deputy Director; Marie Benjamin, MOHCD

PUBLIC COMMENT

Speakers: Peter Cohen, Council of Community Housing Organizations; Dr. Espinola Jackson, BVHP resident; Robert Woods, Black Human Rights Leadership Council of San Francisco

Mr. Cohen stated that he and his organization were happy to see this MOU taking shape since it had been a year and a half since the ordinance had set up the OCII and authorized the agency to start taking on functions. He explained that when they were engaged in the process of getting the ordinance passed, they pressed for this to be inserted, which was a requirement for the two agencies to figure out how they would work together so that there would be synchronization of bureaucracy. Mr. Cohen stated that this MOU represented a closure on that issue and they looked forward to OCII and the MOHCD working together efficiently going forward. He indicated that the issue of staffing configurations had settled down nicely. Mr. Cohen stated that OCII now having an in-house housing manager, will help a great deal even though there would still be reliance on the MOHCD expertise and staff. He felt there was a good balance between the expertise and shared responsibility between the two agencies which would be helpful for the outside housing organizations. He commended staff on their hard work.

Dr. Jackson stated that she was confused about the MOU and didn't understand the discussion about the Shipyard because work was going on at the Shipyard and she had a court order dated 2011, which stated that no work was supposed to be done. Dr. Jackson stated that the court order had been issued because they had found out that the Health Department, the Board of Supervisors and other City departments had stated that the Shipyard was a healthy area, but then all the problems surfaced later. Dr. Jackson stated that all work was supposed to be stopped until CERCLA was certified, which has not been done. Dr. Jackson added that all Certificate of Preference holders had received a letter from Olson Lee stating that as of 2016, the certificates would no longer be honored. She indicated that there was no hearing or community meeting about these items going on in BVHP. Dr. Jackson spoke about a new CAC being set up but at the last meeting there was no quorum. She concluded by stating that a lawsuit would have to be filed to stop the City from building on toxic land in the BVHP.

Mr. Woods stated that he had been in the community for a long time, was one of the housing coordinators that developed the 833 units on top of the hill in BVHP and was a design officer for the California Housing Finance Agency that spent \$150 million every year and met their schedule

and budget every year. He stated that he found that the community had no position in these issues and that the OCII had given away eight projects a month ago and not one black person had received a single contract from the eight projects. Mr. Woods stated that the OCII was perceived as a “gentrifier” agency because they were not making anything available to blacks who were the impacted ones in the community. He added that there was no sympathy for people who needed help and the OCII needed to be concerned.

Commissioner Ellington inquired about the day-to-day operations and whether people would be reporting to MOHCD or OCII.

Deputy Director Oerth responded that they currently had two development specialists and one assistant reporting to Jeff White, the OCII Housing Program Manager, working on the capital projects. On the inclusionary side, she explained that project management staff would also be working on capital projects and then would coordinate with MOHCD staff. For example, Ms. Oerth stated that OCII staff had been working with MOHCD staff to review and prepare the recent RFP’s for Mission Bay South Block 6 East. She added that the MOHCD staff had two roles: one for designated services such as fiscal and accounting or construction management and the other for housing successor, which was to respond to and review OCII documents in preparation for the asset eventually being transferred to them.

Chair Johnson inquired as to why the actual MOU she did not contain the information regarding Certificate of Preference holders getting access to units as an explicit piece of the marketing outcome report. Ms. Johnson stated that the wording in the MOU was unclear and she envisioned something much lighter in the report that would still meet the obligation to report out on preferences as part of an enforceable obligation. Ms. Johnson indicated that she appreciated changes to the budget that clarified how the resources would be enumerated and paid for. Ms. Johnson inquired about, when there was an affordable housing or inclusionary development that included a lottery, whether that would be outlined in a marketing plan or would it be part of MOHCD’s policies regarding their inclusionary housing program, or would it be both. Ms. Johnson stated that she had noticed in the past that the lottery process was vague in the marketing plans and in the MOU it required OCII approval of the marketing plans from the developer. If in the future they were to make those more explicit or clearer, Ms. Johnson inquired about whether that would overrule different or more vague policies from MOHCD.

Deputy Director Oerth responded that this was intended to be included in the marketing outcome report section on page 12 of the MOU, where it referenced all applicable occupancy preferences required by the enforceable obligation documents, which was meant to include Certificate of Preference plus others. She explained that this was intended to be a catch-all but that they could pull out the Certificate of Preference information specifically. To the lottery question, Ms. Oerth responded both and stated that it would be in the marketing plan, which was consistent with MOHCD’s policies as well. She explained that the marketing plan spelled out exactly how the project would be marketed and leased up and included the lottery process. Ms. Oerth responded that nothing would preclude the OCII from having more specifics because the idea was that consistent lotteries be held and that the marketing plans be consistent. She added that MOHCD had developed a good way of managing the lottery process and that OCII staff would be looking to their expertise as they held lotteries on their inclusionary units. She stated they would be able to incorporate details into the marketing plan that described exactly how the lottery would be conducted.

Chair Johnson inquired about whether, if OCII were to make changes as part of their document approval, including the marketing plan, in order to be clear on how the lottery would run, MOHCD would be able to sign off on those clarifications beforehand and make them line up with

MOHCD policies, since OCII's collaboration with MOHCD included adding input to all the documents relating to affordable housing developments. Ms. Johnson pointed out that the document attached to the MOU still referred to it as the "Agency's Certificate of Preference program" and there was a line stating that changes could be made at the discretion of the Agency Executive Director", so it was still the OCII's program but MOHCD was going to be managing it. However, Ms. Johnson indicated, looking at the marketing outcome report, there were certain reasons why preference holders did or did not get into apartments that made sense for them and that this would not be an issue if there were some improvements to the program. Ms. Johnson inquired about who would be responsible now for making any changes to the Certificate of Preference program based on this MOU.

Deputy Director Oerth deferred to Marie Benjamin to reply.

Ms. Benjamin responded in the affirmative, that it was already in progress to make the lottery procedures and requirements more uniform and to provide more clarity to developers as to exactly how the lotteries were supposed to be held. She stated that to the community it is all the same affordable housing lottery, so they all needed to be run more uniformly. Ms. Benjamin indicated that they had outlined a more detailed lottery procedure which would be attached to the development agreements.

Deputy Director Oerth responded that one issue was how the OCII could ensure that the Certificate of Preference holders were successful in the application and leasing process so they could actually get a unit, which had to do with barrier removal to make sure they could meet the criteria of the specific project and not run into credit or down payment issues. In terms of MOHCD making changes to the affordable housing program, OCII's understanding was that the OCII had the ability to make certain changes that were called out in the program rules, such as the extension provision, where the OCII would have the ability to approve up to two five-year extensions of the program. Ms. Oerth explained that this was as far as they had gotten in understanding OCII's ability to make changes to the program. She added that getting Certificate of Preference holders into projects had a lot to do with the effectiveness of early outreach and getting people into other programs to help them with credit or application issues.

Chair Johnson stated that the extension provision was clear and that would be coming back to the OCII. However, other issues related to Certificate of Preference holders were really more a question of collaborating with MOHCD on their affordable housing, inclusionary programs and eligibility criteria.

Deputy Director Oerth responded that this would involve leveraging MOHCD's outreach programs such as financial assistance or rental readiness and making sure that people were aware of the opportunity. She explained that they were adding language to the RFP's which specifically stated that the development teams would be expected to provide a plan on how they would be reaching out to the targeted community for this housing and that the developer would also be expected to dedicate staffing resources to assist certificate holders through the application process. Ms. Oerth stressed that the developer would need to play a role in this. They had seen some very successful lease-ups, for example, at the Mary Helen Rogers Senior Community, where there were successful outcomes in terms of certificate holders because the development team had utilized a community-based organization to conduct outreach to certificate holders. Using that as a model, Ms. Oerth indicated that there was no reason they could not replicate those results in other projects. Ms. Oerth stated that, in discussion with MOHCD, they had also added language to the proposed RFP to make sure outreach was started at the very beginning of the project instead of waiting until when the marketing plan came out.

Vice-Chair Rosales inquired about whether the Certificate of Preference program had ever undergone a management audit; stated that she would like to see the literature about it because she was still confused about the end goal and whether they were anywhere near reaching it. Ms. Rosales stated that what she had learned so far demonstrated that the end result relating to the Certificate of Preference program was very disappointing and inquired why they were still having these conversations this late in the program.

Deputy Director Oerth responded that there were a number of public hearings held by the Board of Supervisors in the mid-2000's to review how many certificate holders were still outstanding and informational memos were distributed about the issue at that time. Ms. Oerth was not sure if an audit had ever been conducted prior to that time. She agreed with Vice-Chair Rosales that the end result for the Certificate of Preference program was a topic for conversation amongst OCII and MOHCD staff to review in terms of improvement and comparing activities to projects that were more successful.

Commissioner Singh inquired about the minority contacts, especially with the black community in particular. He referred to Mr. Woods' comment about blacks not being contacted at all relating to this project and stated that he wanted to make sure that the black community was included in the outreach.

Deputy Director Oerth responded that all OCII funded projects complied with the OCII SBE programs for the specific project area. She explained that contract compliance staff was working closely with the development teams to ensure that there was broad outreach and stated that later in the summer there was a plan to hold a workshop for Commissioners on the various contracting policies. Ms. Oerth added that the affordable housing projects are just like any other projects in the Shipyard or Mission Bay and would follow the same agency policies.

Chair Johnson commented on Vice-Chair Rosales' question about the Certificate of Preference program and stated that there was not necessarily an audit or review or commentary on the program itself but rather about the inclusionary housing program in general and how the eligibility criteria was carried out. She stated that the reason there were no numbers was due to issues such as rental eligibility in terms of renters making too much or too little, having a former eviction proceedings against them and those types of issues.

Vice-Chair Rosales inquired about whether the marketing outcome report was annual, monthly or something else.

Deputy Director Oerth responded that this was left vague because it depended on the timing of the project pipeline because the pipeline could get lumpy due to more than one project being finished at once and then six months could go by without any activity. She stated they could look at semi-annually or quarterly issuances to catch recent activities. The idea was that they be issued not too far after the project had leased up.

Chair Johnson inquired whether they could require that it be at least annually and put that in the document.

Vice-Chair Rosales stated that she would prefer two reports: one perhaps 45 to 60 days after project completion and then an annual report in order to avoid too much time going by before reviewing the rights and wrongs of the projects.

Chair Johnson added that perhaps this could be stated as a "reasonable" amount of time after the project was finished rather than indicate an exact amount of time.

Deputy Director Oerth responded that they would need to confer with MOHCD staff to get an idea on the amount of time.

Chair Johnson directed the adjustment to the MOU to read “blank” days after project completion and an annual report, which might be the same report and that staff could fill in the blank after consultation with MOHCD.

Commissioner Mondejar inquired about whether the Certificate of Preference program was for those who were displaced; asked for confirmation that the program was ending in 2016; inquired about what would happen if the certificates expired; wanted confirmation that the certificates would expire regardless of whether the OCII was able to provide holders with opportunities to apply to utilize the certificates. Ms. Mondejar asked for confirmation that the affordable housing, below market rate units would be turned over to the MOHCD once the project was completed; inquired about whether the OCII would have a say in the beginning about the marketing piece and the outreach, etc.; inquired about rental units; inquired about whether the OCII agreements could be modified by the MOHCD when the projects were turned over to them.

Deputy Director Oerth responded in the affirmative, that the certificates were distributed to households that were displaced by redevelopment and members of that household were eligible to receive the certificate. She confirmed that there were a large number of certificates still pending and pointed out on page 8 of the Certificate of Preference program, which was the attachment to the MOU, where it stated that the majority of certificates, known as residential A or C, were valid for seven years after the completion of the project area. Ms. Oerth indicated that this would allow the OCII to approve five-year extensions for that particular project area but stated that no extensions had been given yet because nothing had expired yet. She added that if no extensions were given, then the program would expire. Ms. Oerth confirmed the expiration reality.

To the affordable housing question, she responded in the affirmative and added that if there were a for-sale market rate project Phase I in the Shipyard and there were for-sale inclusionary units that would be utilizing the limited equity program, the affordability restrictions that controlled that unit would become the asset that would be transferred to the MOHCD to manage. She explained that MOHCD would have to manage resales or other issues once the project was completed. Ms. Oerth responded that in Phase I of the Shipyard, the DDA itself called out a process for dealing with the inclusionary units, which was already be in place and therefore, those projects would comply with that process. Once the project was fully occupied, the marketing plan would be concluded and then if there was a resale, the MOHCD would manage that. To the rental question, Ms. Oerth responded that it would be the same in that the affordability restriction would be the asset that would be transferred over. To the turn over question, Ms. Oerth responded that once an asset was transferred, the MOHCD would have the ability to amend the document, with the exception of some continuing provisions relating to the OCII enforceable obligations, like the redevelopment plan or other requirements, to which the MOHCD could not do anything which would be in conflict with those requirements. She added that MOHCD could amend the documents; however both OCII and MOHCD programs were very consistent in dealing with the inclusionary below market rate units, so they could make technical changes, etc.

Commissioner Mondejar inquired whether there was a way they could add the minority contracting piece so they could track how they were complying with the requirements; stated that it would be useful to have a spreadsheet covering the different projects to keep track of all the workforce goals.

Deputy Director Oerth responded that most of the projects were pipeline perspective and they had not reached that stage. She clarified that OCII had the SBE program and as each project comes up, they had been providing additional info about the SBE contractors as far as whether they were local, from San Francisco, minority or women-owned businesses. As they have been able to collect that data, which has not always been available, they would be able to incorporate it into those reports. Ms. Oerth explained that they had been including those reports at each OCII funding approval but as they gathered that information, it could be turned into a recap as part of the annual production. She suggested that they separate these out as contracting goal reports because otherwise the annual production report might become unwieldy. Ms. Oerth responded that they could include the SBE percentages, depending on the stage of progress of the project and they might not have that information until the project was completed. She added that the majority of that pipeline would not have any information on it except for the projects that had gotten to the point of issuing all its contracts. Ms. Oerth concluded that they would continue to try to incorporate the SBE percentage data.

Commissioner Mondejar stated that incorporating the SBE percentage data would be helpful before the project was completed.

Chair Johnson stated that she was not sure that the contracting piece was part of the MOU, except in cases where they would be transferring the asset before its completion. She added that it would be helpful to include a workforce summary which encompassed all the projects as part of the annual report, because she agreed with Commissioner Mondejar that it would be helpful to see this information overall. Ms. Johnson stated that they see pieces of this information for projects in different phases of construction but some kind of overall general tracking report would be helpful.

Commissioner Ellington added that what he thought Commissioner Mondejar was referring to was a mid-construction or mid-project activities report relating to workforce goals.

Vice-Chair Rosales indicated that a comprehensive type of report had already been requested before (by her) by project area on the contracting picture by contractor, ethnicity and gender and she thought they would be receiving that at the time they were approving the budget.

Executive Director Bohee responded that this was on their forward calendar for June 17, when contracting as well as workforce local hiring would be presented. She added that their contract compliance supervisor, Ray Lee, had just started on April 16 and stated that this was all helpful information on how they should present the data.

Commissioner Mondejar asked for clarification between affordable and inclusionary because those terms were being used interchangeably.

Deputy Director Oerth responded that affordable referred to any housing that was restricted to household earnings below 120% of medium income for BMR and that inclusionary referred to either rental or home ownership units included in a larger market-rate project. She explained that funded projects were referred to as stand-alone affordable which were 100% affordable altogether, so they were all affordable but were referred to as either stand-alone or inclusionary.

Commissioner Ellington motioned to move Item 5(d) and Commissioner Singh seconded that motion.

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY THAT RESOLUTION NO.33-2014, AUTHORIZING A MEMORANDUM OF UNDERSTANDING WITH THE MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE IMPLEMENTATION OF THE RETAINED HOUSING OBLIGATIONS, BE ADOPTED.

Chair Johnson requested that the MOU be distributed later with the changes discussed.

- e) Authorizing the Executive Director to consent to amendment of the lease between Third and Mission Associates LLC, a California limited liability company, and The California Historical Society, a California nonprofit public benefit corporation, consistent with the terms of a 1990 Agreement for Disposition of Land for Private Development for property at 680 Mission Street; Former Yerba Buena Center Redevelopment Project Area D-1. (Discussion and Action) (Resolution No. 34-2014)

Presenters: Tiffany Bohee, Executive Director; Tracie Reynolds, Manager, Real Estate & Development Services

PUBLIC COMMENT

Speakers: Robert Chattel, President Board of Trustees, California Historical Society (CHS); Rick Smith, Yerba Buena resident

Mr. Chattel stated that the CHS was a 143-year old non-profit organization established in San Francisco, which had occupied space at 678 Mission Street since 1996. He explained that when they bought the building, immediately adjacent to the development site at 680 Mission, they felt challenged by their space because it was too small and welcomed the opportunity to lease space in the adjacent property which happened in 2003. This leased space was subpar on many levels and included basement space and space at the third level but was not contiguous with floor levels at their existing facility and was never designed to serve the CHS purposes in that way. They purchased an elevator and tried to make the space work but determined in 2009 that this space was not going to work for them and started discussions with Related Companies at that time. Mr. Chattel added that he was an architect and has chaired the CHS Facilities Committee throughout this time. He stated that the action before Commissioners that day was to consent to a lease amendment and that they had negotiated a rate. Mr. Chattel pointed out that the OCII has been a participant in these discussions since 2009 and this has taken a long time to bring it before the Commission. He stated that this consent would represent an important part of CHS planning for future facility needs.

Mr. Smith stated that he was a member of CHS and was speaking that day as a member of the Yerba Buena neighborhood. He was in support of the lease amendment to bring out the public benefit both through support of CHS and their programs and for the support of the community development block grant in San Francisco and as thanks to the MOHCD for their current survey on how federal money should be spent. He stated that he had served on the Board of the Yerba Buena Community Benefit District and was a founding member of Friends of Annie Alley, the alley right next to CHS. He thanked the OCII staff and parties from Related and CHS for all their hard work on this agreement.

Commissioner Mondejar inquired as to why they were amending the agreement, since they had initially leased the space because they needed more space and if the amendment was approved, they would revert to not having enough space

Mr. Chattel responded that when they first purchased the building next door with 15,000 sq. ft. of space, they conducted a facilities needs assessment and determined that they needed approximately 40,000 sq. ft. and welcomed the opportunity to lease space in the adjacent building. They were not involved in the planning of the adjacent building and the space was not at the same level. They purchased and put in an elevator which required that they open up the elevator to their space and they had to remove part of their galleries which were currently where they had exhibits and public programs, which meant that they lost critically important space. He explained that the elevator did not have direct access to the street and went up three floors to access the third floor space in the adjacent building. Mr. Chattel stated that they still had need for expanded facilities; however, the bifurcation of space was not tolerable in terms of daily operations. He added that they maintained extensive archives on the history of California in the basement and one of the problems was that there was no direct access to the archives for the reading room on the third floor of the adjacent building but required transferring through the adjacent building.

Commissioner Ellington inquired about what the moving situation was exactly at the CHS.

Chair Johnson restated the issue as the fact that the CHS needed 40,000 sq. ft.; however, the 680 Mission Street space was not working out because the layout was not amenable to their activities. Ms. Johnson inquired as to what they were going to do now.

Mr. Chattel responded that for the foreseeable future they planned on staying at the current facility. He added that they rent space in Oakland and share collections with organizations in Los Angeles and at the University of Southern California. Mr. Chattel stressed that they would rather have those materials on site at their facility but to do that, they would still need more space.

Chair Johnson restated the issue as the fact that they would still need to figure something else out in terms of long-range planning. Ms. Johnson inquired about how this had happened in the first place because she understood that non-profits were challenged for space in San Francisco; inquired whether they considered CHS to not be the name non-profit for the space at the side and whether other options had been considered.

Ms. Reynolds responded that with OCII's restricted role in dissolution, they had had to review the language of the original enforceable obligation, which, as it turned out, did not allow the OCII to do what was suggested. She explained that the language was very specific to the CHS lease and consented to changes in CHS tenancy but did not allow for any subsequent approval rights on what the user would be upon lease termination or any other kind of land use authority over that space. Ms. Reynolds stated that, looking at it through the dissolution lens, they were required to consent to a change and also, given that in the past under the LDA, the Agency had given this discount, there was a connection between the money OCII would be receiving to the original enforceable obligation. So they could justify that as acting per the enforceable obligation, but anything in addition would represent an extension of authority.

Commissioner Ellington inquired as to what would happen if they did not consent; inquired about whether the original intent of the space was to be affordable space for a non-profit or for CHS; clarified that what they would be consenting to would be instead of that space being affordable, it would revert to the developer, who would make it market rate.

Ms. Reynolds responded that nothing would happen. She explained that because of dissolution they had been in limbo for several years and it had taken a long time to get to this point. She stated that the CHS needed to get the money to use for their operations and continue with their programming in the remaining space. In the meantime, the developer was charging fees on the lease in place which they needed to get out of. So, the current situation was not a sustainable one. Ms. Reynolds responded that the original intent of the space was specifically for CHS. Ms. Reynolds explained that the LDA had a requirement and the developer was given a discount to provide space in the Paramount to CHS. The agreement was very specific: the developer would get the \$1 million discount in exchange for providing the long-term space to CHS. The OCII must consent to changes in the lease pursuant to the LDA. So because CHS did not want all of that space any longer, OCII would consent to the change but only if they get the money back for the discount given to the developer.

Commissioner Ellington stated that he was considering the need for affordability in office space in San Francisco.

Vice-Chair Rosales inquired about who the originator of the non-profit idea was, because if it was the Agency, it might then be consistent with Agency action to not consent to it reverting to commercial space.

Ms. Reynolds was not able to answer that question and added that staff involved in the original transaction was no longer at the Agency. She knew that it was not in the original LDA but it was an amendment and it was done at a time when non-profit space was at a premium in San Francisco. Ms. Reynolds explained that the agreement did not provide for on-going oversight of the tenancy in that space either due to a drafting error or something else or perhaps the Agency was trying to wind down operations and not prolong involvement in the project.

Vice-Chair Rosales inquired about whether the developer wanted the space developed as commercial space.

Ms. Reynolds said that the space was not very desirable from a market perspective and that the CHS had been the driving force behind this change. She did not believe that Related was anxious to lease it out.

Commissioner Ellington suggested they receive more background information regarding the amendment and the process before they voted on this item.

Chair Johnson reminded Commissioners that this was an action item so rather than postpone it, they needed to take an action on it and then if voted down, it would come back to the OCII.

Commissioner Mondejar summarized the situation as the fact that CHS wanted to get out of this lease so that they could move on with their plans; however, this space was going to revert back to the developer, who would pay back both the CHS and the OCII for it, but at the same time, the space would revert back to market so the developer would be able to profit from this. She felt that they should continue this item and look into other possibilities.

Ms. Reynolds responded that they could look at putting a further restriction on the space to keep it as non-profit space, as an enforceable obligation under dissolution law.

Chair Johnson added further that this sounded like the result of negotiations and that the Commission was hearing just one particular outcome which did not meet their goals. She pointed

out that it was not up to staff to make decisions about what OCII could do in terms of increasing or improving land use authority to do something active, and she was not sure that the Commission was in favor of the results of the negotiations between CHS and the developer.

Ms. Reynolds responded that she only meant that the OCII was in a restricted role of implementing an enforceable obligation as opposed to changing it and that they would have to go back and check the language in the LDA to find out if they could do what was being suggested.

Vice-Chair Rosales inquired whether the developer would be open to another non-profit use if consent was granted.

Commissioner Ellington suggested another option: to install another non-profit in the space or have the developer give back more than \$2.5 million.

Chair Johnson stated that they could make up a negotiation assignment after they considered all options, but there might be other ways of reaching the goals of the OCII.

Vice-Chair Rosales stated that what she was suggesting was rather than have the OCII impose their will, that they have a discussion with the developer.

Commissioner Mondejar inquired as to who the developer was; inquired from CHS whether this would be a major imposition and whether there were financial implications for the CHS.

Ms. Reynolds responded that the developer was Related.

Mr. Chattel responded that they had been in discussion with Related on this topic for five years and he did not believe that there would be any resolution of this matter with Related that would yield a new non-profit use of this space. He explained that from the CHS perspective, they had a lease agreement between the CHS and the Related affiliate and the way they read the agreement was that the consent of the OCII should not be unreasonably withheld. Mr. Chattel responded that this decision would greatly impact their budget and this was critically important to the financial solvency of the CHS, so it was very important that they be allowed to move forward. He did not believe that the agreement could be opened up because it was very much in the past. Mr. Chattel assured the Commission that the CHS would continue to be a San Francisco-based statewide non-profit and they would continue to operate at their facility next door for the foreseeable future and do important work. He added that the funds derived from the lease amendment would assist the CHS in reaching their goals.

Chair Johnson stated that even though negotiations on this topic had been ongoing for five years, the OCII had first become aware of this situation three days earlier.

General Counsel Bryan stated that this item could be continued through the call of the Chair until some future meeting.

Vice-Chair Rosales pointed out that Related was a business partner of the OCII unrelated to their participation in this transaction.

Commissioner Mondejar stated that it must be considered that this was the first time they had heard of this situation.

Executive Director Bohee pointed out that Ms. Reynolds described and tried to articulate post-dissolution authority of the OCII and that staff's options were limited. She stated that this was a

consent item and that staff believed wholly within the construct of the agreement that consent should not be unreasonably withheld. She explained that this was one of the last projects that got caught up in dissolution and that staff had been in discussions with the CHS for two years, waiting for the new Commission to be formed. She stated that the CHS had been earnest and acting in good faith for many years with regard to this situation. Ms. Bohee reminded Commissioners that what they were considering would be an amendment to an existing obligation and that the standard for that was extremely high and must benefit the taxing entities. She stated that no one has looked at it from that perspective yet. She reminded Commissioners that the State had just pulled the trigger on its 40 day review regarding the recent action taken to amend the Mission Bay documents and typically the State did not approve amendments to agreements. Ms. Bohee asked Commissioners to be mindful of that.

Chair Johnson agreed that it would be difficult to get a read out on all the negotiations across five years. However, she felt that it was not plausible that there could not be any outcome that did not have some benefit for the taxing entity as this would still allow for some non-profit use of that space without reverting it to open market space. She stated that more conversations were needed in order to understand this situation. Ms. Johnson announced that this item would be continued to the next meeting in May.

Items 5 (f) through 5 (j) which will be called together with a single staff presentation and which will also include Items 5 (k) through 5 (o), but will be acted on separately

- f) Public Hearing on the question of approving the amendment and restatement of the current rate and method of apportionment of special tax for the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion)
- g) Adopting a Resolution Calling a Special Election to Amend and Restate the Amended and Restated Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 35-2014)
- h) Adopting a Resolution Declaring Results of Special Election to Change the Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 36-2014)
- i) Adopting a Resolution Declaring Completion of Change Proceedings for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 37-2014)
- j) Introduction of Ordinance Levying Special Taxes Within the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) and Rescinding Ordinance No. 1-2008; Hunters Point Shipyard Project Area. (Discussion and Action) (Ordinance No. 1-2014)
- k) Public Hearing on the question of approving the amendment and restatement of the current rate and method of apportionment of special tax for the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion)

- l) Adopting a Resolution Calling a Special Election to Amend and Restate the Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 38-2014)
- m) Adopting a Resolution Declaring Results of Special Election to Change the Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 39-2014)
- n) Adopting a Resolution Declaring Completion of Change Proceedings for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 40-2014)
- o) Introduction of Ordinance Levying Special Taxes within the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) and Rescinding Ordinance No. 2-2008; Hunters Point Shipyard Project Area (Discussion and Action) (Ordinance No. 2-2014)

Presenters: Tiffany Bohee, Executive Director; Thor Kaslofsky, Project Manager, Hunters Point Shipyard

Chair Johnson announced they would move to the Public Hearing part of the change proceedings, starting with public comment.

PUBLIC COMMENT

Robert Woods, Black Human Rights Leadership Council of San Francisco

Mr. Woods stated that the community would be impacted by these decisions and the community needed to be involved. He stated that there needed to be more sensitivity on the part of the MOHCD and it sounded as if the staff was dictating to the Commissioners rather than the other way around. He spoke about the Western Addition and felt that now the same thing was happening in BVHP. Mr. Woods added that there was no place for blacks and they were being eliminated from the process.

Commissioner Singh inquired who the bond underwriters were; inquired what the interest rate was on a tax-free bond; inquired what the term of the bond was.

Mr. Kaslofsky responded that Stifel was the underwriter but that they had not been asked to be present at the meeting because the bond issuance meeting was on April 15. He responded that the interest rate was approximately 5 1/2%, but they would know more what the market was yielding in July when they actually did the bond issuance. He responded that the bond was for a term of 30 years.

Chair Johnson closed Public Hearing.

Secretary Jones announced that the next action would be consideration of the following resolution which would call for the property owner vote to consider the proposed changes.

g) Adopting a Resolution Calling a Special Election to Amend and Restate the Amended and Restated Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 35-2014)

For the purposes of saving time, instead of roll call for the votes, Chair Johnson announced that there would be a simple voice vote of Ayes, Nays or Abstention for the action.

Commissioner Singh motioned to move Item 5(g) and Commissioner Ellington seconded that motion.

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 35-2014, ADOPTING A RESOLUTION CALLING A SPECIAL ELECTION TO AMEND AND RESTATE THE AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

Secretary Jones opened the ballots and announced that 33 votes were cast in favor of the proposed changes. No votes were cast against the proposed measure.

Chair Johnson announced that the record showed that 2/3 of the property owners voted in favor of the proposed changes for CFD No. 7.

h) Adopting a Resolution Declaring Results of Special Election to Change the Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 36-2014)

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

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 36-2014, ADOPTING A RESOLUTION DECLARING RESULTS OF SPECIAL ELECTION TO CHANGE THE SPECIAL TAX FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

i) Adopting a Resolution Declaring Completion of Change Proceedings for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 37-2014)

Commissioner Ellington motioned to move Item 5(i) and Commissioner Singh seconded that motion.

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 37-2014, ADOPTING A RESOLUTION DECLARING COMPLETION OF CHANGE PROCEEDINGS FOR REDEVELOPMENT AGENCY OF THE CITY AND

COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

Secretary Jones announced that the next item would be introduction of the following ordinance which would levy the special tax in the Community Facilities District according to the Second Amended and Restated Rated Method of Apportionment of Special Tax. The second reading of such ordinance would occur on May 20, 2014.

j) Introduction of Ordinance Levying Special Taxes Within the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) and Rescinding Ordinance No. 1-2008; Hunters Point Shipyard Project Area. (Discussion and Action) (Ordinance No. 1-2014)

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

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT ORDINANCE NUMBER 1-2014, INTRODUCTION OF ORDINANCE LEVYING SPECIAL TAXES WITHIN THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS) AND RESCINDING ORDINANCE NO. 1-2008; HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

Chair Johnson announced that the change proceedings related to CFD No. 7 were completed.

Secretary Jones announced that Items 5(k) through 5(o) would be called together.

k) Public Hearing on the question of approving the amendment and restatement of the current rate and method of apportionment of special tax for the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion)

l) Adopting a Resolution Calling a Special Election to Amend and Restate the Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 38-2014)

m) Adopting a Resolution Declaring Results of Special Election to Change the Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 39-2014)

n) Adopting a Resolution Declaring Completion of Change Proceedings for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 40-2014)

o) Introduction of Ordinance Levying Special Taxes within the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) and Rescinding Ordinance No. 2-2008; Hunters Point Shipyard Project Area (Discussion and Action) (Ordinance No. 2-2014)

Chair Johnson announced that they were now in the Public Hearing section of the change proceedings related to Redevelopment Agency CFD No. 8. Chair Johnson inquired if there were any written protests from property owners or registered voters on CFD No. 8. There were none.

PUBLIC COMMENT – None.

Chair Johnson announced that Public Hearing was now closed.

Secretary Jones announced that the next action would be consideration of the following resolution which would call for the property owner vote to consider the proposed changes.

l) Adopting a Resolution Calling a Special Election to Amend and Restate the Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 38-2014)

Commissioner Singh motioned to move Item 5(l) and Commissioner Ellington seconded that motion.

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 38-2014, ADOPTING A RESOLUTION CALLING A SPECIAL ELECTION TO AMEND AND RESTATE THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 8 (HUNTERS POINT SHIPYARD PHASE ONE MAINTENANCE); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

Secretary Jones opened the ballots and announced that 36 votes were cast in favor of the proposed changes. No votes were cast against the measure.

Chair Johnson announced that the record showed that at least 2/3 of the property owners voted in favor of the proposed changes for CFD No. 8.

m) Adopting a Resolution Declaring Results of Special Election to Change the Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 39-2014)

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

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 39-2014, ADOPTING A RESOLUTION DECLARING RESULTS OF SPECIAL ELECTION TO CHANGE THE SPECIAL TAX FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 8 (HUNTERS POINT SHIPYARD PHASE ONE MAINTENANCE); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

n) Adopting a Resolution Declaring Completion of Change Proceedings for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters

Point Shipyard Phase One Maintenance); Hunters Point Shipyard Project Area. (Discussion and Action) (Resolution No. 40-2014)

Commissioner Ellington motioned to move Item 5(n) and Commissioner Singh seconded that motion.

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT RESOLUTION NUMBER 40-2014, ADOPTING A RESOLUTION DECLARING COMPLETION OF CHANGE PROCEEDINGS FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 8 (HUNTERS POINT SHIPYARD PHASE ONE MAINTENANCE); HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

o) Introduction of Ordinance Levying Special Taxes within the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) and Rescinding Ordinance No. 2-2008; Hunters Point Shipyard Project Area (Discussion and Action) (Ordinance No. 2-2014)

Chair Johnson announced that they would be passing the ordinance on the first reading. There would be a second reading on May 20, 2014.

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

ADOPTION: IT WAS VOTED UNANIMOUSLY WITH 5 AYES THAT ORDINANCE NO. 2-2014, INTRODUCTION OF ORDINANCE LEVYING SPECIAL TAXES WITHIN THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 8 (HUNTERS POINT SHIPYARD PHASE ONE MAINTENANCE) AND RESCINDING ORDINANCE NO. 2-2008; HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

Chair Johnson announced that the change proceedings relating to CFD No. 8 were complete.

6. **Public Comment on Non-agenda Items** – None.
7. **Report of the Chair** – None.
8. **Report of the Executive Director**

Executive Director Bohee announced that the Children's Creativity Museum was holding a community celebration for the reopening of the carousel. As a key funder of the Museum and as part of the Yerba Buena improvements, the OCII had adopted a resolution the previous year naming the carousel in honor of former Commissioner, Leroy King. Ms. Bohee stated that Supervisors Breed and Kim would be in attendance and all Commissioners were invited. The event was free and open to the public.

Executive Director Bohee announced that the State Department of Finance (DOF) had considered two Oversight Board resolutions for its review, which the OCII had already considered in its capacity. The first related to the Hunters Point bond issuance, which triggered a 60-day review and notice had been received on May 5, 2014. The other item related to the Owner Participation Agreement (OPA) change for Mission Bay North to allow the change in income levels and tenure for Mission Bay Block N4P3, developed by Integral. She explained that the master developer was donating the land and Integral was putting in equity for a middle income housing site there. Ms. Bohee stated that, as typical, the

DOF was exercising its authority and reviewing the actions by the Oversight Board as well as the OCII as a part of that. She announced that they would find out sixty days from May 5 for the bonds and 40 days from May 5 on the Integral item. Ms. Bohee announced that staff would keep Commissioners informed about any final determinations on the ROPS and that staff expected the DOF to concur with the OCII meet and confer.

9. Commissioners' Questions and Matters

Commissioner Singh stated that he had seen a newspaper article about the fact that one of the Board of Supervisors had called Executive Director Bohee regarding UCSF.

Executive Director Bohee responded that this was in response to the OCII action to approve an OPA change MOU with UCSF and related agreements for the proposed sale of the Salesforce property on planning blocks 33 and 34 to UCSF. She explained that those parcels have a payment in lieu of taxes agreement where any tax exempt entity would have to pay OCII the full amount of property tax that otherwise would have been due. There was an agreement negotiated and approved by OCII which would provide for UCSF to purchase the property, lift off this tax payment agreement, pay the master developer, FOSIL, \$21.9 million, which was all that was owed and due under the OPA and pay OCII more than its share that a normal taxing entity would receive. Therefore the OCII would be receiving \$10.2 million, which was 25% or 5.6% more than they would otherwise receive from a tax-paying entity. Ms. Bohee pointed out that the Board of Supervisors was wearing two hats in this case. The OCII gave its consent under the OPA and the Budget and Finance Committee had considered giving its consent the previous Wednesday and it was within the Committee's sole and absolute discretion whether to lift the tax payment agreement. Ms. Bohee indicated that Budget and Finance had decided to continue that item until the following day. The article that Commissioner Singh was referring to was in the Examiner and reported that OCII staff, including the Executive Director, Christine Maher and Ken Rick from the MOHCD, had answered questions from the Budget and Finance Committee about what runs with the land, what was the structure of the agreements and what were the benefits to OCII and the City overall. Ms. Bohee explained that this payment would allow the OCII to accelerate its affordable housing development to the tune of 235 units, which OCII could build collectively with non-profit partners in four years. The \$10.2 million would help the OCII to complete the enforceable obligation, which was the framework that OCII was obligated to live by in terms of implementing agreements. She added that the Board had its own separate authority as the legislative body of the City which was why it had to consider both whether the affordable housing payment was a good deal and whether consent should be given to lift off the PILOT.

Chair Johnson stated that her questions were related to budget discussions but were not directly related to improving the budget. She inquired about whether the 200 6th Street units would still be considered SB 2113 even though they would be transferred before they were actually completed. Ms. Johnson clarified that because they were missing \$1 million due to the DOF action, they were losing that proportionate share of units going toward SB 2113 even though they would be built because the financing would come from somewhere else.

Executive Director Bohee responded that the OCII had provided at least \$7 million in funding as part of the acquisition through an eminent domain proceeding where there was fair market value, so there would be a proportionate share. She explained that the total development cost would be approximately \$39 million; of which to date \$7.8 million was from the former Agency and the permanent loan that MOHCD expected to enter into would be about \$15 million. Ms. Bohee confirmed the clarification.

Deputy Director Oerth added that the \$7.8 million in funds that the Agency provided prior to dissolution were not all 2113. She explained that the acquisition funds were actually tax exempt bond proceeds and the pre-development loan, which was about \$3 million.

Executive Director Bohee explained that this was the numerator and that the denominator was the rest of the local or city funding, not including the tax credit funding.

Chair Johnson clarified that the numerator would have been \$4 million but now it was \$3 million and OCII was passing it on to MOHCD.

Executive Director Bohee confirmed that clarification.

Chair Johnson pointed out that since Cheryl Smith had left Lennar, she had not seen an update to the Community Benefits Report on Phase I and II of the Hunters Point Shipyard and inquired as to whether they were still receiving that report in general regarding the progress of all of the items from the Community Benefits Agreement from the Phase I and II DDA's.

Deputy Director Oerth responded that she would have to check with the Shipyard staff to respond to that question.

Mr. Levenson pointed out that in the budget on Table 3 under the Shipyard grants to community based organizations, which was its own line on the Shipyard budget, it showed \$850,000 budgeted during the year and then an additional \$500,000, which they expected to have in hand but was not able to be programmed next year but would be in a community benefits reserve, likely to be programmed by the following year.

Chair Johnson inquired if that \$500,000 was the Legacy Fund. She stated that what she would like to see was an overall read-out on the Community Benefits Agreement because there were some things funded by Lennar and other things coming from the OCII and she wanted to know how all of it was progressing.

Executive Director Bohee responded that an informational memo could be provided. She added that any funds required under the Phase I and II DDA had taken a lot of action related to Hunters Point Shipyard in the last six months and that those were triggers of approval of major phase. She indicated that in association with Block 49, there was \$1 million payment that would be required, which was reflected in the budget. She confirmed that those amounts could be broken out and shown.

Chair Johnson stated as an example that Lennar was supposed to fund a scholarship program and that the funding was linked to the completion of a certain numbers of units. Ms. Johnson stated that she was sure they had reached the first milestone on that particular goal and wanted confirmation that it had happened.

Executive Director Bohee responded that through the budget process, they would have seen all of the required milestones, the receipt of those dollars, some of which might be coming in at the end of the fiscal year, but that OCII had no proposed expenditure authority until approval of the budget. She added that Lennar was required to pay those dollar amounts pursuant to the agreements of Phase I and II DDA either to OCII or others and then through a community process as typical the finite expenditure would be paid through the Legacy Foundation or elsewhere.

Commissioner Mondejar stated that she would like to propose that the OCII be more proactive about making information available to the public regarding affordable housing. Ms. Mondejar inquired

whether there was a way they could hold workshops or seminars for the public to explain the difference between affordable and inclusionary housing, how to qualify for it, etc.; inquired whether outreach was conducted via the CAC's; inquired as to whether there was a list of the CAC events available for her to hand out and to be able to respond to questions that she received and whether the OCII could hold informational workshops for the public.

Executive Director Bohee responded that there were regular meetings of the Community Advisory bodies in each of the three major approved projects. She added that there was also expanded outreach in association with each of the proposed development projects and they also work in concert with MOHCD related to the MOU. Ms. Bohee explained that the other resources that the City would bring as part of the work order agreement for the \$610,000 would include rental assistance, etc. She stated that staff would be open to her suggestions and direction on expanded outreach above and beyond those existing sources. To the CAC question, Ms. Bohee responded in the affirmative and added that the CAC's were the designated advisory body as recommended under CRL and also that many of them were appointed by the Mayor as the body repository where OCII sought their advice and counsel and they made recommendations back. Ms. Bohee responded that they could explore Commissioner Mondejar's suggestion.

Chair Johnson stated that MOHCD did some of their own outreach; for example, their rental readiness and home ownership buyer presentations were open to the public and included descriptions of not only the City programs but also OCII's. She suggested talking to the CAC's to find out if they could hold a workshop such as suggested by Commissioner Mondejar.

Commissioner Mondejar announced that there would be a tea and conversation with young girls 9-12 years old hosted by Anita Lee and sponsored by Friends of the Commission Status of Women. She announced that Chair Johnson would be speaking about engineering and sharing her expertise. Commissioner Mondejar commended Chair Johnson for this action.

10. Closed Session – None.

11. Adjournment

The meeting was adjourned by Chair Johnson at 4:15 p.m.

Respectfully submitted,

Natasha Jones

Natasha Jones, Interim Commission Secretary