

**MINUTES OF A REGULAR MEETING OF THE
REDEVELOPMENT AGENCY OF THE CITY AND
COUNTY OF SAN FRANCISCO HELD ON THE
1ST DAY MARCH OF 2011**

The Commissioners of the Redevelopment Agency of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 4:00 p.m. on the 1ST day of March 2011, at the place and date duly established for holding of such a meeting.

President Swig called the meeting to order at 4:00 p.m.

Mr. Swig welcomed members of the public and radio listening audience and asked that all electronic devices including pagers and cellular telephones be turned off during the meeting. Mr. Swig asked members of the public who wished to address the Commission to fill out speaker cards, and to state their names for the record, and to limit their remarks to three minutes. Mr. Swig stated that the appropriate time for members of the public to address the Commission on matters not on the current Agenda, but related to general Agency business, would be Item 6 on the agenda. This portion of the Agenda is not intended for debate or discussion with the Commission or staff, and members of the public should simply state their business or matter they wish the Commission or staff to be aware of, and if they had questions, to follow-up with staff or Commissioners during a break or after adjournment. It is not appropriate for Commissioners to engage in a debate or respond on issues not properly set in a publicly-noticed meeting agenda.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Rick Swig, President
Darshan Singh, Vice President
Rosario M. Anaya
Miguel M. Bustos
Francee Covington
Leroy King

And the following were absent:

Agnes Briones Ubalde

Fred Blackwell, Executive Director, and staff members were also present.

- 2. REPORT ON ACTIONS TAKEN AT PREVIOUS CLOSED SESSION MEETING, IF ANY.** No Reportable Action.
- 3. MATTERS OF UNFINISHED BUSINESS.** None.

4. MATTERS OF NEW BUSINESS:

President Swig requested to change the order of the agenda to accommodate one of the issues with one of the presenters, and move Agenda Item 4(k) to be the first item heard after the Financing Authority meeting.

Vice President Singh put forth a motion to move Item 4(k) as requested by President Swig.

Commissioner Covington stated that she had requested the item be on the agenda due to numerous emails and calls she received regarding the item, and does not believe the people directly impacted by this item were present. Ms. Covington suggested the item be continued in order to be fair to the public since no one was given advance warning that the item would be moved.

Director Blackwell recommended the item be continued if the item could not be moved up due to the fact that the presenter from the Mayor's Office has a family emergency and needs to leave the meeting by 5:30. Mr. Blackwell indicated if the item cannot be moved up that it be continued.

Commissioner Singh withdrew his motion.

Commissioner Covington made a motion to move Item 4(k) as the first item on the next regularly scheduled Commission meeting.

Commissioner Bustos seconded Ms. Covington's motion. Commissioner Bustos stated to those present, and to the listening audience, that staff make it a practice should something like this happen again, that they be notified ahead of time since, when possible. He stated there are a lot of people who have an interest in this item from the community, and it would not be fair that they now will have to rearrange their schedules as well make adjustments. Mr. Bustos stated that it was important to consider the community on matters appearing on the agenda and should be notified in advance, not at the meeting, since they plan their arrival time according to when the item will be heard.

President Swig indicated that unfortunately family emergencies happen and are sorry to those who have scheduled their time, but family emergencies do happen. For the radio listening audience, Mr. Swig indicated that Item 4(k) is the Workshop update on the implementation phase of a Letter Agreement with the Office of Economic and Workforce Development to administer marketing and economic development programs on the Fillmore Commercial corridor between Post and McAllister Streets for a period of 2 – 3 years for an amount

not to exceed \$800,000. Mr. Swig apologized to those who may be coming and now have to wait two weeks, and understands this is a very important item.

Speakers: None

MOTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED THAT THE WORKSHOP/UPDATE ON THE IMPLEMENTATION PHASE OF THE LETTER AGREEMENT WITH THE OFFICE OF ECONOMIC & WORKFORCE DEVELOPMENT TO ADMINISTER MARKETING AND ECONOMIC DEVELOPMENT PROGRAMS ON THE FILLMORE COMMERCIAL CORRIDOR (BETWEEN POST AND MCALLISTER STREETS) FOR A PERIOD OF TWO – THREE YEARS; FOR AN AMOUNT NOT TO EXCEED \$800,000, BE CONTINUED TO THE NEXT REGULARLY SCHEDULED MEETING AS THE FIRST ITEM.

CONSENT AGENDA

- (a) Authorizing the Executive Director to submit a Transportation Infrastructure Finance and Innovation Act loan application to the United States Department of Transportation for transportation improvements associated with the Hunters Point Shipyard Phase 2/Candlestick Point Project in the amount of approximately \$120,000,000 to be repaid as a reimbursable cost of the project, and adopting environmental findings pursuant to the California Environmental Quality Act; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas. (Resolution No. 13-2011)
- (b) Authorizing a Second Amendment to the Ground Lease with MHRSC, L.P., a California Limited Partnership, to modify the schedule of performance, and to modify the distribution of surplus cash, for the development of Mary Helen Rogers Senior Community, 100 units of very low-income senior rental housing on Central Freeway Parcel C, Southwest corner of Golden Gate Avenue and Franklin Street; Citywide Tax Increment Housing Program. (Resolution No. 14-2011)

ADOPTION: IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER COVINGTON, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 13-2011, AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT A TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT LOAN APPLICATION TO THE UNITED STATES DEPARTMENT OF TRANSPORTATION FOR TRANSPORTATION IMPROVEMENTS ASSOCIATED WITH THE HUNTERS POINT SHIPYARD PHASE 2/CANDLESTICK POINT PROJECT IN THE AMOUNT OF

APPROXIMATELY \$120,000,000 TO BE REPAID AS A REIMBURSABLE COST OF THE PROJECT, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS, AND RESOLUTION NO. 14-2011, AUTHORIZING A SECOND AMENDMENT TO THE GROUND LEASE WITH MHRSC, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO MODIFY THE SCHEDULE OF PERFORMANCE, AND TO MODIFY THE DISTRIBUTION OF SURPLUS CASH, FOR THE DEVELOPMENT OF MARY HELEN ROGERS SENIOR COMMUNITY, 100 UNITS OF VERY LOW-INCOME SENIOR RENTAL HOUSING ON CENTRAL FREEWAY PARCEL C, SOUTHWEST CORNER OF GOLDEN GATE AVENUE AND FRANKLIN STREET; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

REGULAR AGENDA

Before the regular agenda items were considered, the Redevelopment Agency Commission recessed to consider items on the Financing Authority Agenda, after which the Redevelopment Agency Commission reconvened to consider the remaining agenda.

Vice President Singh put forth a motion to recess the Agency Commission meeting and call to order the Financing Authority Meeting.

Commissioner Bustos seconded Mr. Singh's motion.

Financing Authority Chair Swig called the meeting to order.

1. RECOGNITION OF A QUORUM

The Commission Secretary announced the presence of a quorum with the following Commissioners present:

Rick Swig, President
Darshan Singh, Vice President
Rosario M. Anaya
Miguel M. Bustos
Francee Covington
Leroy King

And the following were absent:

Agnes Briones Ubalde

Fred Blackwell, Executive Director, and staff members were also present.

- (2) Approval of Minutes - None
- (3) Reports - None
- (4) Unfinished business
- (5) New business:

Agenda items 5(a) – (d) were presented together, but acted on separately

Presenters: Amy Lee, John Daigle, Agency Staff

- (a) Authorizing the issuance of 2011 Series A taxable tax allocation revenue bonds (San Francisco Redevelopment Projects) in an initial aggregate principal amount not to exceed \$44,000,000; approving forms of an indenture of trust, loan agreements, official statement and bond purchase contract; authorizing the negotiated sale of the bonds, and authorizing and approving other matters properly relating thereto (Bayview Hunters Point Redevelopment Project Area – Project Area B, Mission Bay North Project Area, Mission Bay South Project Area, South Of Market Redevelopment Project Area, and Transbay Redevelopment Project Area, and the former Embarcadero-Lower Market (Golden Gateway) Approved Redevelopment Project Area E-1, the former Hunters Point Redevelopment Project Area, the former India Basin and the former Western Addition Redevelopment Project Area A-2). (Resolution No. 1-2011)
- (b) Authorizing the issuance of the 2011 Series B tax allocation revenue bonds (San Francisco Redevelopment Projects) in an initial aggregate principal amount not to exceed \$19,000,000; approving forms of an indenture of trust, loan agreements, official statement and bond purchase contract; authorizing the negotiated sale of the bonds, and authorizing and approving other matters properly relating thereto (Bayview Hunters Point Redevelopment Project Area – Project Area B, South Of Market Redevelopment Project Area, and Transbay Redevelopment Project Area). (Resolution No. 2-2011)
- (c) Authorizing the issuance of the 2011 Series C tax allocation revenue bonds (Mission Bay North Redevelopment Project) in an initial aggregate principal amount not to exceed \$10,000,000; approving forms of indenture of trust, loan agreement, official statement and bond purchase contract, authorizing the negotiated sale of the bonds, and authorizing and approving other matters properly relating thereto (Mission Bay North Project Area). (Resolution No. 3-2011)
- (d) Authorizing the issuance of the 2011 Series D tax allocation revenue bonds (Mission Bay South Redevelopment Project) in an initial aggregate principal

amount not to exceed \$45,000,000; approving forms of indenture of trust, loan agreement, official statement and bond purchase contract, authorizing the negotiated sale of the bonds, and authorizing and approving other matters properly relating thereto (Mission Bay South Project Area). (Resolution No. 4-2011)

Speakers: None

Commissioner Bustos put forth a motion to move items 5(a) – (d).

Vice President Singh seconded Mr. Bustos' motion.

Vice President Singh asked if the Commission is able to purchase these bonds.

General Counsel Morales stated it would create a potential for a conflict and stated he would look into it more carefully as they go forward in the transaction, but advised against it at this point.

President Swig stated he read the commentary that the interest rates have gone up slightly versus what was in the documents stating 100-150 base points higher than what is represented in the document.

Mr. Daigle stated that was correct.

President Swig stated that it sends a message of high risk because the interest base is higher. He asked what the market reality is on a 9-10% interest rate on the taxable, and also the tax free which he indicated was still too high. Mr. Swig asked what are the risks and rewards.

Mr. McCarley stated there are very few other types of transactions in the market and a number of Redevelopment specific transactions that are coming to the market, therefore, investors are going to request a higher yield because of that as well and with a limited buyer base, that is what pushes up the respective yields on the transaction.

President Swig asked if these were additional loans; the loans might be at least 300-400 bases points lower than a bond.

Mr. McCarley stated that was correct; if you were looking at a more traditional propagation, such as a PUC transaction, they would be talking about less than 6%.

Ms. Lee stated the items before the Commission has a “do not exceed 11% authority”, so should the market be higher than 11%, the Commission is not granting the authority for staff to do so. In talking to the Director, given what is happening with the State and the proposals and spend downs restrictions on the money, she indicated that they will not likely go to market if the rates are higher since they will not have the time and will not go to the market to go before the Commission for additional authority for anything higher than 11%. Ms. Lee indicated that at that point the money will be extremely expensive for the agency given the uncertainty the agency faces now.

President Swig asked if these were all supported by increment.

Ms. Lee stated yes.

President Swig stated that the track record of the San Francisco Redevelopment Agency as he recalls, and the way the business is run, is one of the more conservative ones when it comes to coverage ratio on increment as well as reserves.

Ms. Lee indicated that was correct; there was a 6% increase in overall assess values in San Francisco and in all the debt cover ratios, they required a minimum of 1.25%. The older project area is above 1.25% in some areas such as Transbay, they see a full 300% coverage. Ms. Lee indicated that they present detailed information to credit rating agencies since they know the Agency has solid reserves and the project areas are able to fund the different reserves. The project areas that has the most tax increment can fund the reserves if necessary. Given the economy and what is happening in the market, if it goes higher than 11%, they will not likely issue.

Commissioner Covington asked how the bonding will affect the expired project areas since she sees the Golden Gateway, a sunset of the Yerba Buena, and a sunset in the Western Addition are all mentioned

Ms. Lee stated with the expired project areas they are not able to issue bonds except for what is allowed under the SB2113 amendment which is particular to the San Francisco, where they are able to receive tax increment and incur additional debt for the purposes of housing only. Ms. Lee indicated what is shown in the bond documents related to expired project areas are for housing dollars, just for SB2113 purposes only.

Commissioner Covington asked on what page where it tells us how much money might be used in those areas.

General Counsel Morales asked for clarification of Ms. Covington's question, if she was asking as to where the money might be used or just the money that was coming from the former project area.

Commissioner Covington clarified she was asking for the money since she understands it's only for housing and cannot be used unless there's a parcel available.

Ms. Lee stated she would get back to Ms. Covington with the information.

Commissioner Anaya asked for information about the California Environmental Quality Act. She understands there will be no impact.

General Counsel Morales stated that the Agency considers, as well as the law, considers these actions not to be a project for purposes of environmental review. The use of the money will be considered at a later date after they have received the proceeds, and then obligate the funds for a particular project. At that point they will have CEQA review for the particular project to which the money is going to. Mr. Morales indicated, at this point, this is considered not to be a project but a financing type of activity. The bond documents themselves do not specify particular projects that the money will go to; it's more related to the receipt of the funds and the general purposes for those funds.

Ms. Lee, in answer to Ms. Covington's earlier question of how much money will be used for the expired project areas, in the front section of bonds documents under the preliminary statement on page 6, the list of Series A loan agreement shows the loan amounts; Western Addition, Golden Gateway of 5.265, those are all bonds they will be issuing for expired project areas but will be used for the purpose of housing under SB2113.

Commissioner Covington stated Golden Gateway and the Western Addition are almost 40%.

Ms. Lee stated that is only for the purpose of housing under SB2113 when a project area is expired, they still have additional ability to raise additional bond proceeds to spend for affordable housing only.

Commissioner Covington asked how it shows up in the budgets from year to year during the life of the bond.

Ms. Lee stated it would show in the debt service under each series. Payments are made in the budget and are required to make those debt service payments. It will show in terms expenditure under citywide housing.

Commissioner Covington asked if the \$11M is set aside for those areas or can the money be moved around.

Ms. Lee stated it is used for citywide housing, however, it is her understanding that the Commission has made a commitment to spend Western Addition monies in the Western Addition.

Commissioner Covington stated that was her understanding as well. Ms. Covington indicated if the Western Addition is to get 18.9%, she wants to make sure that happens and wants to be able to look at it as they go through the budgeting process as the bond funds come in to make sure they keep their promises.

Ms. Lee stated that would be highlighted in the Housing portion of the budget presentation.

ADOPTION: RESOLUTION NO. 1-2011, AUTHORIZING THE ISSUANCE OF 2011 SERIES A TAXABLE TAX ALLOCATION REVENUE BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS) IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$44,000,000; APPROVING FORMS OF AN INDENTURE OF TRUST, LOAN AGREEMENTS, OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA – PROJECT AREA B, MISSION BAY NORTH PROJECT AREA, MISSION BAY SOUTH PROJECT AREA, SOUTH OF MARKET REDEVELOPMENT PROJECT AREA, AND TRANSBAY REDEVELOPMENT PROJECT

AREA, AND THE FORMER EMBARCADERO-LOWER MARKET (GOLDEN GATEWAY) APPROVED REDEVELOPMENT PROJECT AREA E-1, THE FORMER HUNTERS POINT REDEVELOPMENT PROJECT AREA, THE FORMER INDIA BASIN AND THE FORMER WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2), RESOLUTION NO. 2, 2011, AUTHORIZING THE ISSUANCE OF THE 2011 SERIES B TAX ALLOCATION REVENUE BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS) IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$19,000,000; APPROVING FORMS OF AN INDENTURE OF TRUST, LOAN AGREEMENTS, OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA – PROJECT AREA B, SOUTH OF MARKET REDEVELOPMENT PROJECT AREA, AND TRANSBAY REDEVELOPMENT PROJECT AREA), RESOLUTION NO. 3-2011, AUTHORIZING THE ISSUANCE OF THE 2011 SERIES C TAX ALLOCATION REVENUE BONDS (MISSION BAY NORTH REDEVELOPMENT PROJECT) IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000; APPROVING FORMS OF INDENTURE OF TRUST, LOAN AGREEMENT, OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT, AUTHORIZING THE NEGOTIATED SALE OF THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (MISSION BAY NORTH PROJECT AREA), AND RESOLUTION NO. 4-2011, AUTHORIZING THE ISSUANCE OF THE 2011 SERIES D TAX ALLOCATION REVENUE BONDS (MISSION BAY SOUTH REDEVELOPMENT PROJECT) IN AN INITIAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$45,000,000; APPROVING FORMS OF INDENTURE OF TRUST, LOAN AGREEMENT, OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT, AUTHORIZING THE NEGOTIATED SALE OF THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (MISSION BAY SOUTH PROJECT AREA), BE ADOPTED.

- (6) Persons wishing to address the Authority on non-agenda but authority related matters:
None

(7) Closed session matters - None

(8) Adjournment

Commissioner Covington put forth a motion to adjourn the Financing Authority meeting.

Vice Chair Singh seconded Ms. Covington's motion.

President Swig called the Redevelopment Agency Commission meeting to order

Agenda items 4(c) – 4(g) were presented together, but acted on separately

4(c) Approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for Fiscal Year 2010-2011 to increase the Agency's receipt of revenue, including additional bond proceeds, and to increase its expenditure authority in an additional aggregate amount not to exceed \$75.44 million; and to amend the Agency's Fiscal Year 2010-2011 statement of indebtedness to conform to the changes in the budget. (Resolution No. 15-2011)

4(d) Authorizing the execution of Loan Agreements in an aggregate principal amount of not to exceed \$44,000,000 relating to the issuance of 2011 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) by the City and County of San Francisco Redevelopment Financing Authority; approving the final official statement and bond purchase contract relating to the bonds, and authorizing and approving other matters properly relating thereto (Bayview Hunters Point Redevelopment Project Area – Project Area B, Mission Bay North Redevelopment Project Area, Mission Bay South Redevelopment Project Area, South of Market Redevelopment Project Area and Transbay Redevelopment Project Area, and the former Embarcadero-Lower Market (Golden Gateway) Approved Redevelopment Project Area E-1, the former Hunters Point Redevelopment Project Area, the former India Basin Industrial Park Redevelopment Project Area and the former Western Addition Redevelopment Project Area A-2). (Resolution No. 16-2011)

4(e) Authorizing the execution of Loan Agreements in an aggregate principal amount of not to exceed \$19,000,000 relating to the issuance of the 2011 Series B Tax allocation revenue bonds (San Francisco Redevelopment Projects) by the City and County of San Francisco Redevelopment Financing Authority; approving the final official statement and bond purchase contract relating to the bonds, and authorizing and approving other matters properly relating thereto (Bayview Hunters Point Redevelopment Project Area – Project Area B, South of Market Redevelopment Project Area and Transbay Redevelopment Project Area). (Resolution No. 17-2011)

- 4(f)** Authorizing the Execution of a loan agreement in an aggregate principal amount of not to exceed \$35,000,000 relating to the issuance of 2011 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project) by the City and County of San Francisco Redevelopment Financing Authority; approving the final official statement and bond purchase contract relating to the bonds, and authorizing and approving other matters properly relating thereto (Mission Bay North Redevelopment Project Area). (Resolution No. 18-2011)
- 4(g)** Authorizing the execution of a loan agreement in an aggregate principal amount of not to exceed \$45,000,000 relating to the issuance of 2011 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project) by the City and County of San Francisco Redevelopment Financing Authority; approving the final official statement and bond purchase contract relating to the bonds, and authorizing and approving other matters properly relating thereto (Mission Bay South Redevelopment Project Area). (Resolution No. 19-2011)

Presenters: Amy Lee, John Daigle, Agency Staff

Speakers: None

Amy Lee clarified the correct amount of \$75.44 million; the resolution states \$81.44 million which double counted the \$6 million CRAF payment that needs to be paid which previously received authority in the budget approved for fiscal year 10/11.

ADOPTION: IT WAS MOVED BY COMMISSIONER SINGH, SECONDED BY COMMISSIONER ANAYA, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 15-2011, APPROVING AN AMENDMENT TO THE BUDGET OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO FOR FISCAL YEAR 2010-2011 TO INCREASE THE AGENCY'S RECEIPT OF REVENUE, INCLUDING ADDITIONAL BOND PROCEEDS, AND TO INCREASE ITS EXPENDITURE AUTHORITY IN AN ADDITIONAL AGGREGATE AMOUNT NOT TO EXCEED \$75.44 MILLION; AND TO AMEND THE AGENCY'S FISCAL YEAR 2010-2011 STATEMENT OF INDEBTEDNESS TO CONFORM TO THE CHANGES IN THE BUDGET, RESOLUTION NO. 16-2011, AUTHORIZING THE EXECUTION OF LOAN AGREEMENTS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$44,000,000 RELATING TO THE ISSUANCE OF 2011 SERIES A TAXABLE TAX ALLOCATION REVENUE BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS) BY THE CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY; APPROVING THE FINAL OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT RELATING TO THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY

RELATING THERETO (BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA – PROJECT AREA B, MISSION BAY NORTH REDEVELOPMENT PROJECT AREA, MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, SOUTH OF MARKET REDEVELOPMENT PROJECT AREA AND TRANSBAY REDEVELOPMENT PROJECT AREA, AND THE FORMER EMBARCADERO-LOWER MARKET (GOLDEN GATEWAY) APPROVED REDEVELOPMENT PROJECT AREA E-1, THE FORMER HUNTERS POINT REDEVELOPMENT PROJECT AREA, THE FORMER INDIA BASIN INDUSTRIAL PARK REDEVELOPMENT PROJECT AREA AND THE FORMER WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2), RESOLUTION NO. 17-2011, AUTHORIZING THE EXECUTION OF LOAN AGREEMENTS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$19,000,000 RELATING TO THE ISSUANCE OF THE 2011 SERIES B TAX ALLOCATION REVENUE BONDS (SAN FRANCISCO REDEVELOPMENT PROJECTS) BY THE CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY; APPROVING THE FINAL OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT RELATING TO THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA – PROJECT AREA B, SOUTH OF MARKET REDEVELOPMENT PROJECT AREA AND TRANSBAY REDEVELOPMENT PROJECT AREA), RESOLUTION NO. 18-2011, AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$35,000,000 RELATING TO THE ISSUANCE OF 2011 SERIES C TAX ALLOCATION REVENUE BONDS (MISSION BAY NORTH REDEVELOPMENT PROJECT) BY THE CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY; APPROVING THE FINAL OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT RELATING TO THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS PROPERLY RELATING THERETO (MISSION BAY NORTH REDEVELOPMENT PROJECT AREA), RESOLUTION NO. 19-2011, AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$45,000,000 RELATING TO THE ISSUANCE OF 2011 SERIES D TAX ALLOCATION REVENUE BONDS (MISSION BAY SOUTH REDEVELOPMENT PROJECT) BY THE CITY AND COUNTY OF SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY; APPROVING THE FINAL OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT RELATING TO THE BONDS, AND AUTHORIZING AND APPROVING OTHER MATTERS

PROPERLY RELATING THERETO (MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA), BE ADOPTED.

- (h) Authorizing A Letter Agreement with the Office Of Economic and Workforce Development, in an Amount not to Exceed \$500,000, for providing grants and the Administration of a Façade and Tenant Improvement Program for the Third Street Commercial Corridor as part of the larger Citywide SF Shines Façade Improvement Program, from March 1, 2011 to March 1, 2012; Bayview Hunters Point Redevelopment Project Area. (Resolution No. 20-2011)

Presenter: Licinia McMorrow, Assistant Project Manager

Speakers: Oscar James, LaShon Walker, Angelo King, Al Norman

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

Commissioner Bustos stated he was in support of the project and asked that they take note of Mr. James' comments in terms of local residents getting the opportunity of being able to bid for the work. Mr. Bustos stated there are so many businesses in the Bayview that have been there for quite some time and have had to put up with a lot. He stated that there have been long time businesses that are barely making it, but giving them an opportunity whether it be vendors or contractors. In terms of the facades, Mr. Bustos asked they be given an opportunity and requested staff to make sure they outreach to the old businesses that have been there for quite some time, and help them understand that these programs are there to help them, that their businesses are needed, and they should reap the benefits of having survived so much construction, as well as the downturn of the economy. Mr. Bustos asked that the Agency try to do their best to help them out as much as possible since they deserve it; they are the fabric of the neighborhood. Commissioner Bustos seconded Ms. Covington's motion.

Commissioner Anaya requested staff for more information on the program guidelines, what are the plans for employment and contracting, and to reinforce what Mr. Bustos suggested, make sure the residents from the area get the opportunities for both.

Ms. McMorrow stated the program guidelines originated from the Office of Economic and Workforce development working together with Agency staff in developing the program. Ms. McMorrow indicated that the original iteration of the SFShines program guidelines came out of the larger citywide program and was adopted for Third Street. In that adaptation, there was discussion of what the contracting requirements would be for the particular program, and to ensure

local residents and businesses were involved, and that the grant recipients are local. The program is funded with Bayview tax increment and specifically for the Bayview Redevelopment area. Any business in the project area seeking a façade improvement is eligible to apply. The grant recipient themselves does the bids, and while the bids are not required to be given to a 94124 contractor, one of the bid that is solicited by each of the grant recipients must be a 94124 contractor and required to receive at least three bids. The intent is to maximize the opportunity that 94124 businesses are able to be involved in the bid process, but they understand some businesses have existing relationships with contractors who may not be 94124 businesses; they ask they solicit at least one. The other component is the main reason Renaissance Bayview is funded, as well as the Bayview Merchants Association, is for outreach staff to do outreach for SFShines since they are connected with both the business community and the small business commercial community and the contracting community in the Bayview, and serve as a liaison between the projects and the work that might be available because of those projects.

Commissioner Anaya asked if there was an analysis of the number of contracts as a result of these projects of what the community will get as far as employment and projects.

Ms. McMorrow stated she did not have the analysis at hand but believes when the contracts do go out, they maintain a record of who the contracts go to. Staff will provide an informational memorandum with the data.

President Swig stated that he appreciates the example being set with the PAC and how they reached consensus in the community, how they have worked over many iterations, and how much it has assisted the Commission in understanding that the community is very much behind this. Mr. Swig stated he appreciated the community's efforts, time, and energy to make their job easier in making their decisions with their commitment to the activities. Mr. Swig thanked the PAC for setting such a great example for the rest of the City as well.

ADOPTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED, THAT RESOLUTION NO. 20-2011, AUTHORIZING A LETTER AGREEMENT WITH THE OFFICE OF ECONOMIC AND WORKFORCE DEVELOPMENT, IN AN AMOUNT NOT TO EXCEED \$500,000, FOR PROVIDING GRANTS AND THE ADMINISTRATION OF A FAÇADE AND TENANT IMPROVEMENT PROGRAM FOR THE THIRD STREET COMMERCIAL CORRIDOR AS PART OF THE LARGER CITYWIDE SF SHINES FAÇADE IMPROVEMENT PROGRAM, FROM MARCH 1, 2011

TO MARCH 1, 2012; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- (i) Workshop on the creation of a Bayview Hunters Point Revolving Loan Program to provide loans to business and property owners on Third Street; Bayview Hunters Point Redevelopment Project Area.

Presenter: Stephen Maduli-Williams

Speakers: Angelo King, Al Norman, Lashon Walker

Commissioner Bustos expressed his concern on the \$300,000 high threshold for businesses that are mom and pop shops. He stated there is an economic recession, and before that streets were torn up all up and down Third Street which resulted in a loss of businesses. Mr. Bustos suggested, since it indicated “proof of an existing business with three years’ operating experience”, if it can say at least \$300,000 in annual sales. If there are businesses that are there with at least three years of experience, then it gives an opportunity for the long time businesses to have an opportunity that may not have \$300,000 in annual sales, but gives some of the larger businesses that have \$300,000 of annual sales opportunities as well.

Mr. Maduli-Williams agreed with Commissioner Bustos suggestion which would be a perfectly reasonable solution and will do so.

Commissioner Covington concurred with comments made by Commissioner Bustos. Ms. Covington asked how much the loan fund was for Sixth Street.

Mr. Maduli-Williams indicated, \$1.5M for Sixth Street, and \$1M for Bayview.

Commissioner Covington stated the commitment to Sixth Street is a short commitment in terms of length of street, and Third Street is a long vibrant street. Ms. Covington asked how they can get more funds for Third Street which is very much needed.

Mr. Maduli-Williams stated there are many existing businesses that have needs and underutilized storefronts, and ultimately, it will take \$30M to invest in Third Street to start to make the difference, but felt this is good start. Mr. Maduli-Williams believes if they can have a few successful projects, it is their hope it will attract additional investors.

Director Blackwell stated the budget is reflective in that they are very early in the redevelopment process in Bayview than they are in the South of Market;

they don't have as much tax increment to draw on. Bayview Hunters Point project area is the only project area that has lost assessed value over the last few years. Mr. Blackwell indicated that they are working with a budget in the Bayview project area that is severely constrained by where they are in the life cycle as well as the amount of tax increment that is available to them. The issues in terms of development of relationships with Bank of America, Wells Fargo, and Chase will be very important. Mr. Blackwell stated that the Agency has been successful in receiving a \$35M allocation from the Federal Government for new markets tax credit program which was one of their strategies when they looked at the budget in Bayview to make sure they had more resources beyond those that are currently at their disposal to deploy in the Bayview.

Commissioner Covington asked for clarification that part of the \$35M can bolster the funding source.

Director Blackwell stated he views it as a compliment to the source, not necessarily a source of funds they would put into the pool.

Mr. Maduli-Williams indicated that the monies are generally earmarked for medium sized commercial projects, particularly on Third Street. They are currently in the process of trying to close their agreement with the US Treasury Dept. and will then look at particular projects and sites. They are looking at Third Street in terms of what type of projects they can start off using new markets.

Commissioner Covington stated she would like an additional workshop on how the team proposes to expend those funds as they come in. Commissioner Covington stated the matrix did not specify that the loan committee will visit the businesses and see what they're like.

Mr. Maduli-Williams stated the other option was to have the business owner present to the loan committee, as well as staff visiting the businesses which will be part of the underwriting analysis.

Commissioner Covington stated it was essential that as many loan committee members visit the businesses in deciding the viability of the businesses. Ms. Covington asked if there was going to be a Bayview merchant who is familiar with the business community on the committee.

Mr. Maduli-Williams indicated they will include a Bayview merchant which adds value to the evaluation process.

President Swig indicated that the power point business evaluation matrix mentions a 10% weight of local hire by the number of jobs created. Mr. Swig asked how you affirm that those are real jobs that are going to be done by real people

Mr. Maduli-Williams stated they will be using the same type of process they use on their investments in the restaurants on the Fillmore. They made an analysis of what the projected job hiring was and then after the first six months of operating, they receive an update from the employers on who they're hiring, where they're from, the zip codes which is policed from a permanent stand point. Staff will have a report that uses the same process that shows the short term construction hiring, as well as the permanent hiring, and after either six months or a year. They are looking at creative ways outside of the policing approach to incentivize the businesses to make sure they hire locally and keep local people.

President Swig stated there have been some businesses in the Western Addition where hires were made and the commentary back from the community was yes, they hired them but state that you go there now and you won't see anyone from the community. Mr. Swig believes those controls are important. Mr. Swig asked where the emphasis are in getting businesses that have been long term businesses that are needy of re-nourishment, the opportunity of Redevelopment, or reinvention. Mr. Swig asked what is the criteria and balance and the ability for them to participate.

Mr. Maduli-Williams stated it was open to those businesses to participate in the metric. One of the pending businesses is a local business that has been in the neighborhood for 8 years and would like to use the funds to refurbish their business to make it more attractive and generate higher revenues. Mr. Maduli-Williams indicated the only businesses that will have trouble are start-ups unless they have significant amount of experience and capital and have another operation at another location where they can transfer the experience of that business over into a satellite operation along Third Street. Mr. Maduli-Williams expressed his concern over someone who has never operated a business.

President Swig suggested, if there is a local business practitioner who ventures with a more experienced practitioner who has a track record, such as some of the housing projects where there is an inexperienced developer teaming with an experienced developer, the more experienced developer mentors the less experienced one. Mr. Swig stated that would be something that can be emphasize as this evolves so it shows how an inexperienced business

practitioner who wishes to get experience doesn't suffer from a catch 22 where they need the money but don't have the experience. Mr. Swig's recommendation is identifying that opportunity as you go through the process of planning, and create the opportunity for mentorship, an opportunity for new businesses, inspiring entrepreneurs to get into business, and give them the prescription on how they might start a business.

- (j) Workshop and Update on Agency's Operating Agreement with Museum of the African Diaspora (MOAD)

Presenter: Stephen Maduli-Williams

Speakers: None.

Commissioner Covington stated that MoAD has become one of the jewels in the crown of San Francisco and a wonderful addition to the Yerba Buena area. She also indicated that the mission of the cultural entity is very good just looking at how Africans and diaspora has impacted the daily lives of people all over the world. Ms. Covington indicated that the success of MoAD has a lot to do with a newly invigorated board and with a new Executive Director, Ms. Grace Stanislaus, who is well known and well respected by other cultural institutions in the country. Ms. Stanislaus is a Romare Bearden scholar and Ms. Covington understands there will be a Romare Bearden exhibit coming to MoAD very soon which will be immensely popular. Mr. Covington indicated that MoAD is now open on Sundays and stated there were people lined up for hours on Martin Luther King's birthday to get inside to see the exhibit. Ms. Covington asked in terms of the capital improvement project, if there was enough in the budget as to do what MoAD has to do in terms of reconfiguring the space and sprucing up the permanent exhibits.

Mr. Maduli-Williams stated the Yerba Buena Center project area has expired and there currently are no other available funds other than what he mentioned for MoAD and was not certain how much it will cost to implement the vision, which is why \$50,000 was provided in capital to hire an architect to see what it would cost to reinvigorate MoAD from a physical standpoint; the \$500,000 was a down payment on getting the work done and to leverage other funds from other foundations.

Commissioner Covington asked if there would be other funds forthcoming.

Mr. Maduli-Williams stated there are funds from other sources that will be forthcoming, but not from the Agency.

Commissioner Covington stated they have begun a \$5M endowment fund from an anonymous grant of \$1M. Ms. Covington stated that the capital improvement project is very important to the extent that the Agency can support them, and should support them. Ms. Covington expressed that the idea of the BVHP oral history project is brilliant since there is a need to capture the stories of who worked in the shipyard, and who have been in a community which has the highest percentage of homeownership out of any community in San Francisco.

Commissioner Bustos expressed his appreciation to Mr. Maduli-Williams for all the work on the museum. In talking earlier about partnerships, he believes, as he's mentioned before, that the St. Regis utilizes the Yerba Buena area in its marketing of its condos for millions of dollars. Mr. Bustos suggested that the St. Regis, as a good corporate citizen, should be helpful in this capital improvement campaign and asked if there has been any effort in discussing this with the St. Regis since he is aware the St. Regis charge for the common space.

Mr. Maduli-Williams stated when Ms. Stanislaus first started, she was adamant at looking at the expenses to see what they were being over charged with, which she immediately addressed. Mr. Maduli-Williams stated that he has had extensive discussions with MoAD's Board chair, Kimberly Brandon, and agreed to convene a meeting to include Ms. Brandon, Ms. Stanislaus, as well as Director Blackwell to discuss what options they had. There was also a question about \$2M that was supposedly available for capital improvements which he has discussed with Ms. Brandon and reviewed past records and budgets. Mr. Maduli-Williams indicated the \$2M was never approved, and has confirmed with Ms. Brandon, that there is \$550,000 but not \$2M.

Commissioner Bustos understands the St. Regis is owned by Starwood, and has had similar conversations with Westfield. Mr. Bustos believes to be a good corporate citizen and neighborhood, similar to what they are trying to ask for the Mexican Museum, the St. Regis should do the same since their residents in the condos are also utilizing the museums.

Mr. Maduli-Williams stated they plan to discuss the various options and different alternatives. Mr. Maduli-Williams expressed his concern in that the Agency also has an investment at Zeum as well, who are also in need of major refurbishing, without any money left in the project area there are a number of issues in terms of parity, equity, who and how they invest, and if they should reinvest.

Commissioner Bustos stated the Yerba Buena area is an international hub with visitors and should be seen as part of the generating of income. He suggested possibly speaking to the Mayor and Board of Supervisors since people will continually visit from all over the world. In terms of the endowment, Mr. Bustos stated there is a \$5M endowment campaign, and based on the operating agreements, monies that have already been set aside, he asked why can't the Museum hold that money so they can generate interest from the \$2.3M that is already set aside for them so they can build their endowment, not to touch it or use it outside of the timeframe, but believes they can earn interest by having the \$2.3M in their bank account than in the Agency's.

Mr. Maduli-William stated he will look into Mr. Bustos' suggestions.

Commissioner Bustos thanked Ms. Stanislaus for successfully turning things around at MoAD and suggested she meet with the new Executive Director of The Mexican Museum. Mr. Bustos and thanked Mr. Maduli-Williams for his work on Museum.

Commissioner Covington asked for clarification on the \$2M. She understands it appeared in the 2009-2010 budget as an earmark for MoAD but the language accompanying it indicates it may have been for the whole area. She indicted that she will be reviewing the documents so everyone will be clear as to what happened to the initial \$2M.

Mr. Maduli-Williams stated he reviewed the budget with Ms. Brandon and explained that the \$2M amount was not only for MoAD, but for other institutions as well. Ultimately what they were doing was setting aside dollars for MoAD in the future, the \$2M was not exclusively for MoAD. Mr. Maduli-Williams indicated prior year budgets referenced an amount for cultural institutions and it is for a variety of different institutions, not just one.

Commissioner Covington asked if all the monies had been expended in previous budgets.

Mr. Maduli-Williams stated if it was related to a grant agreement with MoAD or other institutions, the money has been expended. Mr. Maduli-Williams stated he will research it further and report back.

Commissioner Anaya expressed her appreciation of the presentation which answered all her questions on the matter.

President Swig asked if there was a legal restriction with regard to the funding identified in the information he disclosed. Can any upcoming funding that is scheduled for MoAD be used for capital improvements or is the funding restricted to the operation.

Mr. Maduli-Williams stated the preferred use is for capital improvements.

President Swig expressed his appreciation to Ms. Stanislaus on the spectacular job done; she came into a situation where the mission statement was very foggy, the planning was ambiguous, the business plan may not have been as sturdy as she's made it, and now with her vision, mission, strategic strategy, and tactics the Museum is flourishing. He prefaced his comments by showing his appreciation for the level of professionalism Ms. Stanislaus brought to MoAD very quickly. Mr. Swig stated what the museums in the City have to understand in going forward, which the Jewish Museum recognized very early, you can get it built, but can you afford to live there? They were extremely proactive prior to their development to raising an endowment so once they built it, they could live there and sustain it. Mr. Swig stated, in regards to the Mexican Museum and Zeum, this is something Museums have to understand when it comes to added capital; operations. Mr. Swig stated that it will come to the development effort that will keep MoAD going, get the Mexican Museum up and running and sustained, which he does not believe it necessarily is something that comes back to City Government or sustained by City Government based on the financial conditions the City is currently experiencing on a local, State, Federal level. He would like to support the concept that the city outside of the hotel tax fund and other funding would be able to support the Museums, but reality of the situation is that the cultural institutions will have to understand that development efforts are even more important than ever before. In reference to the St. Regis and their responsibility, he stated he would like to be sympathetic to Mr. Bustos in that area, but would also like to recognize that the building and business as grand as it seems, that investment has lost of tens of millions of dollars for their investment. Mr. Swig stated all of the Museums are an amenity and a sales benefit to all the commercial businesses in the area, and believes the initiative is that the current business improvement district adjust the business improvement district to expand it and gather further funding than they already have, and create a mechanism to expand that further funding which may be escrowed or targeted to go directly into those amenities.

- (k) Workshop/Update on the Implementation Phase of the Letter Agreement with the Office of Economic & Workforce Development to administer marketing and economic development programs on the Fillmore commercial corridor (between

Post and McAllister Streets) for a period of two – three years; for an amount not to exceed \$800,000.

MOTION: IT WAS MOVED BY COMMISSIONER COVINGTON, SECONDED BY COMMISSIONER BUSTOS, AND UNANIMOUSLY CARRIED THAT THE WORKSHOP/UPDATE ON THE IMPLEMENTATION PHASE OF THE LETTER AGREEMENT WITH THE OFFICE OF ECONOMIC & WORKFORCE DEVELOPMENT TO ADMINISTER MARKETING AND ECONOMIC DEVELOPMENT PROGRAMS ON THE FILLMORE COMMERCIAL CORRIDOR (BETWEEN POST AND MCALLISTER STREETS) FOR A PERIOD OF TWO – THREE YEARS; FOR AN AMOUNT NOT TO EXCEED \$800,000, BE CONTINUED TO THE NEXT REGULARLY SCHEDULED MEETING AS THE FIRST ITEM.

Items 4(l) – (n) were presented together, but acted on separately

- (l) Authorizing a Second Amendment to the Acquisition Loan Agreement with Third and Le Conte Associates, L.P., a California limited partnership, to increase the loan amount by \$572,265 for the value of land-related costs associated with the development of 73 units of very low-income, rental supportive housing at 6600 Third Street; Bayview Hunters Point Redevelopment Project Area. (Resolution No. 21-2011)

- (m) Authorizing a Third Amendment to the Predevelopment Loan Agreement with Third and Le Conte Associates, L.P., a California limited partnership, to decrease the loan amount by \$572,265 in connection with the development of 73 units of very low-income, rental supportive housing at 6600 Third Street; Bayview Hunters Point Redevelopment Project Area. (Resolution No. 22-2011)

- (n) Authorizing a Loan Agreement with Third and Le Conte Associates, LP, a California Limited Partnership, in an amount not to exceed \$17,149,956, for the development of 73 units of very low-income rental supportive housing, 6600 Third Street; Bayview Hunters Point Redevelopment Project Area; Citywide Tax Increment Housing Program. (Resolution No. 23-2011)

Presenter: Kate Hartley, Agency staff

Speakers: None

Vice President Singh asked what the interest rate was on the loan, and when are they due.

Ms. Hartley stated the interest rate is 1%; the high level of the permanent loan amount requires a low interest rate so the limited partner's investment does not generate too many losses over the period the investor is involved, which is 15 years. It is a 55 year loan residual receipts, as all housing loans.

Vice President Singh asked what the total development cost is.

Ms. Hartley indicated the total development cost is \$32M, with an expected \$14M in tax credit equity. The units will be rental units for formerly homeless individuals. Rental subsidies will be provided by the Human Services Agency under their local operating support program.

Vice President Singh asked if any of the loans will become grants.

Ms. Hartley stated they do not expect to forgive the loan, it is a 55 year term.

President Swig stated he supports the item. Mr. Swig asked what the risk would be by shifting funds.

Ms. Hartley stated the original acquisition amount was \$3.75M with the sponsor owning the property for two years. During that time, they have incurred the land related expenses which includes the demolition of the old San Franciscan Motel; the land is not incurring expenses. In terms of segregating the land related costs, that work is done. When the construction closing occurs that loan will be fulfilled in terms of the sponsor transferring the land back to the Agency. If they were ever to come back to the Commission for additional funds, it would not be shifting funds from loan to loan since that process will have been completed.

Commissioner Singh asked what the total investment was on the 73 units.

Ms. Hartley stated the total investment is \$32M; \$17M from the Agency, \$14 from the investor, \$1M from the Federal Home Loan Bank.

Vice President Singh asked what size were the units.

Mr. Michael Simmons indicated there are four types of units in the development consisting of 15 - 300 sq.ft. studios, 12 - 425 sq.ft. junior one bedrooms, 15 - 500 sq.ft. one bedrooms, 25 - two bedroom units, 8 - 3 bedroom units.

Vice President Singh asked for the total cost per square foot.

Ms. Hartley stated the construction cost per square foot is \$263; total development cost \$395 per sq.ft. to build.

Vice President Singh asked what the cost was for a 300 sq.ft. studio.

Ms. Hartley indicated an average two bedroom, single family home, the medium sales price is \$400,000. The apartments will be for homeless families who will be paying about 30%-40% of their income which is typically just SSI. These are people who are coming directly from the streets or shelters to live there.

Vice President Singh asked what the market rate was for the area.

Mr. Simmons stated they conducted a market study and found that rental rates for studios run in the area of \$800; 2 bedrooms, \$1,100 - \$1,200.

Mr. Singh indicated he lives in the Sunset area and rentals are much lower in cost.

Mr. Simmons indicated they will be renting the units for \$300 - \$350 a unit.

Commissioner Bustos put forth a motion to move items 4 (l – m).

Commissioner Anaya seconded Mr. Bustos' motion.

ADOPTION: RESOLUTION NO. 21-2011, AUTHORIZING A SECOND AMENDMENT TO THE ACQUISITION LOAN AGREEMENT WITH THIRD AND LE CONTE ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE LOAN AMOUNT BY \$572,265 FOR THE VALUE OF LAND-RELATED COSTS ASSOCIATED WITH THE DEVELOPMENT OF 73 UNITS OF VERY LOW-INCOME, RENTAL SUPPORTIVE HOUSING AT 6600 THIRD STREET; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, RESOLUTION NO. 22-2011, AUTHORIZING A THIRD AMENDMENT TO THE PREDEVELOPMENT LOAN AGREEMENT WITH THIRD AND LE CONTE ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP, TO DECREASE THE LOAN AMOUNT BY \$572,265 IN CONNECTION WITH THE DEVELOPMENT OF 73 UNITS OF VERY LOW-INCOME, RENTAL SUPPORTIVE HOUSING AT 6600 THIRD STREET; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, AND, RESOLUTION NO. 23-2011, AUTHORIZING A LOAN AGREEMENT WITH THIRD AND LE CONTE ASSOCIATES, LP, A CALIFORNIA LIMITED PARTNERSHIP, IN AN

AMOUNT NOT TO EXCEED \$17,149,956, FOR THE DEVELOPMENT OF 73 UNITS OF VERY LOW-INCOME RENTAL SUPPORTIVE HOUSING, 6600 THIRD STREET; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA; CITYWIDE TAX INCREMENT HOUSING PROGRAM, BE ADOPTED.

5. **MATTERS NOT APPEARING ON AGENDA:** None

6. **PERSONS WISHING TO ADDRESS THE MEMBERS ON NON-AGENDA, BUT AGENCY RELATED MATTERS.**

Adrienne Williams, Bobbie Webb, Leo Otis Martin, Tessie Esther, Oscar James, Larry Del Carlo

7. **REPORT OF THE PRESIDENT:**

- Recommended everyone attend the 31st Soul Cuisine at Its Best to be held Saturday, March 5, 2011, between 11am – 6pm at the Dr. Davis Senior Center on Yosemite Avenue, Third Street in San Francisco.
- President Swig asked the Commissioners to make a selection of their availability from the proposed dates for this year's Commission Retreat. Mr. Swig indicated this year's retreat will be very critical in planning the Agency's future given the Governor's proposal, and asked Director Blackwell to advise the Commissioners if they should meet early on April 26th, or move towards the later proposed dates.
 - Director Blackwell advised the earlier date would be the preference.
 - President Swig asked his fellow Commissioners when selecting their date for the retreat to please take the advice and request of Director Blackwell under consideration and submit their recommendations to the Commission Secretary by the end of the week.
- President Swig expressed his appreciation to Mr. James and Ms. Esther for taking their time to attend the Commission meetings and for their advice. In terms of the issue on turf warfare, he stated it is an unfortunate situation but should be addressed. Mr. Swig asked Director Blackwell to continue his focus on the issue, and to continue to work with the Housing Authority to get some type of resolution to the situation.

8. **REPORT OF THE EXECUTIVE DIRECTOR:**

(a) **Update on Governor's proposal to dissolve Redevelopment Agencies**

- The Senate and Assembly Budget Committees have met. The Big Ten City Mayor's submitted an alternative proposal, and the Dept. of Finance released the trailer bill to the Governor's proposal. The Senate Budget Committee voted to accept the Governor's proposal to eliminate Redevelopment and redirect the \$1.7B they think would be available to the State's general fund. The Assembly Budget Committee took a similar but different course. They voted to score the \$1.7B that they think they can get from Redevelopment which means they included in their budget assumptions, but they concluded that they should try to get the \$1.7B through reforms and compromises rather than thru the elimination of Redevelopment. In cases like this where the Senate and Assembly Budget Committees do not come up with the same conclusion, a conference committee is then appointed to reconcile the difference. The Conference Committee is made up of 2 Democrats, 2 Republican 2 Assembly members who have already started to meet and are hoping to end their deliberations by the following week and will be sending their recommendations for full vote at the Assembly and the State. Mr. Blackwell indicated they have been meeting as part of a group of the ten largest cities in the State with the intent of putting an alternative proposal to the Governor that would get a significant amount of money to the State this year, create an additional increased funding stream to the schools, and also propose some programmatic reforms. Statewide, they projected it would create \$200-\$250M annually. The \$200-\$250M per year funding stream, statewide, could be used to finance \$1.7B that the State could use to fill its budget hole this year. The second component of the Big Ten City proposal was an additional 15% pass through that would be assessed on increases in tax increment after the 2008/2009 fiscal year that would go to counties, which was proposed as a remedy to some of the concerns that have been raised about long term funding to counties and schools. The third dimension of the proposal was a set of programmatic reforms. (1) In order to limit the size of Redevelopment, there would be a 20% cap on the amount of total tax revenue that could go to Redevelopment activities in the given jurisdiction. (2) A set of reforms of increasing the effectiveness of low-mod affordable housing pool by making sure that money was spent less on admin, and more on production, and focus on more timely use of the funds that are deposited into the low-mod affordable housing pools. (3) The last reform was increasing transparency and getting more lead time before legislative bodies made decisions on large real estate deals. Those were the core components of the Big Ten proposals. Mr. Blackwell stated it ended up being a Big Eight proposal because the cities of Fresno and Santa Ana ended up not signing onto the proposal due to their opposition to any recommendation that might require amending the State Constitution

allowing the State to take local money to balance the State Budget in the future.

- Second part of the discussion is how the State has reacted to the proposal. Director Blackwell indicated that he was in Sacramento the previous week to walk through the proposals and key components with members of the Senate and the Assembly, as well as the Lt. Governor. The previous Friday he was once again in Sacramento with Mayor Lee to get a response from various people. They meet with the Governor's office, the Dept. of Finance, and a few Assembly members. There was general consensus that what was being proposed was unconstitutional because it violated Prop 22 which was passed by the voters in November which is that the State cannot take local money in order to balance the State budget. A way around that would be to amend the State Constitution; the feedback was that given all the other complicated items that would be on the ballot in June, including the extension of tax increases, there was not receptivity towards putting before voters a constitutional amendment related to this. The proposal was also in violation of Prop. 58 which is that the State cannot issue debt in order to order to close its budget gaps. There was also feedback from the Dept. of Finance and the Governor's office that they were philosophically opposed to the issuing debt in order to balance the State Budget. In conclusion, Director Blackwell stated that it has been difficult to respond to the Governor's proposal since there was no legislation that had yet been introduced. The trailer bill was finally released the week prior. In summary, the trailer bill language uses the approach of freezing existing activities within Redevelopment Agencies, and then abolishing them in July 1, 2011, and appointing successor entities that are designed to wind down the existing commitments that exist. The key components of it is that commencing with the effectiveness of the bill which would be the day the Governor signs it, virtually, all of Redevelopment activity would be suspended except for the paying of existing obligations. Redevelopment Agencies would continue to operate under those restrictions until July 1, 2011 when all Agencies will be abolished, effective July 1, and successor entities would be created and take over the assets and obligations of the former Redevelopment Agencies. Successor Agencies would be charged with rapping up the obligations of former Redevelopment Agencies under the direction of a new oversight board which would be dominated by appointees of educational and county interests. County controllers would be the Treasurers for the new agencies, and the \$1.7B would go into the State's General Fund and pay for trial court and medical costs. In subsequent years, what would formerly be known as tax increment would be redistributed to taxing agencies after paying the amounts due on existing

debt. Director Blackwell stated they continue to push forward alternatives to the Governor's proposal, they continue to argue that the \$1.7B that the State believes it would get through the abolishment of Redevelopment is a fallacious number, it is based on old data that has inflated projections of how much tax increment is available statewide, and does not completely account for all the existing obligations that exist within Redevelopment Agencies at this time. The Big Ten Cities believe the number that would be achieved through the abolishment of the Redevelopment Agencies would be closer to \$900M , than the \$1.7B, which means the Big Ten proposal is probably the only way the State would get \$1.7B to balance their budget. Director Blackwell also expressed his concern over the language that has been released through the trailer bill and believes it is prudent, in the worst case scenario that the language is adopted or the Governor's proposal is adopted, that the language be improved. They are working to make sure the definition of existing obligations is one that would encapsulate everything in its existing obligations in the City and County of San Francisco. They are offering language that would make sure the successor entities would have powers that are robust enough to meet those existing obligations; not just check writing entities. They are emphasizing that the composition of any new oversight board should be a more local decision than a State decision in terms of how those Commissions and Boards are defined in terms of their composition. They are also working on making sure the successor entities have the ability to issue debt in order to meet their existing obligations which will be critical towards implementation of Transbay, Mission Bay, Hunters Point Shipyard, Hunters View, and the revitalization of Alice Griffith; without the ability to issue debt to meet existing obligations, development would essentially stop. Director Blackwell stated the feedback from Sacramento, especially the Governor's office, is they are marching forward with their proposal. To date, the State Senate, part of the legislators seem to be aligned with the Democrats, aligned with the Governor, believes there is much more of a fight ahead within the assembly. They have not indicated that they are yet willing to support the Governor's proposal. The conference committee will be meeting to look at recommendations going to the larger bodies by mid- March. The Governor has imposed a deadline of mid-March to wrap this up so he would have time to get to voters in June.

9. COMMISSIONERS' QUESTIONS AND MATTERS

- President Swig reminded his fellow Commissioners to fill out Form 700, due April 1st.

- Commissioner Anaya thanked members of the public who stay so long to address the Commission, the Commission works very hard but their work would not be possible without the comments from the Community, and especially thanked Mr. Oscar James who attends the meetings. Commissioner Anaya also thanked Commissioner Del Carlo and expressed her appreciation for his progress reports to the Commission about his organization, she believes it gives the Commission energy and motivation . Ms. Anaya stated she believes the Commission will continue to look into supporting partnerships between big developers and small developers so small developers create the portfolio they need to do more work within the communities. Ms. Anaya also thanked Director Blackwell and Agency staff for the workshops, she believes they are very important, but would also like to see more in terms of what is being done with Workforce Development and job creation.
- Vice President Singh thanked Commissioner Del Carlo and asked that his fellow Commissioners consider his recommendations.

10. CLOSED SESSION: None

11. ADJOURNMENT:

It was moved by Commissioner Anaya, seconded by Commissioner Bustos, and unanimously carried that the meeting be adjourned at 7:30 p.m.

Respectfully submitted,

Gina E. Solis
Agency Secretary

ADOPTED: