

**MINUTES OF A SPECIAL MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
12TH DAY OF SEPTEMBER 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 400, in the City of San Francisco, California, at 12:00 p.m. on the 12th day of September 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 12:23 p.m. Roll call was taken.

Commissioner Mondejar – present
Commissioner Singh – present
Chair Rosales – present

All Commission members were present.

2. Announcements

- A. The next scheduled Commission meeting will be a regular meeting held on Tuesday, October 7, 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

Secretary Nguyen announced that Item (d) had been removed from the Consent Agenda and placed on the Regular Agenda. Executive Director Bohee explained that Item (d) had been removed from the Consent Agenda because of a typographical error in the Resolution title and that this would be clarified through a staff presentation.

Commissioner Singh inquired about why there were so many items on the Consent Agenda.

Executive Director Bohee responded that items on the Consent Agenda were typically routine and usually administrative in nature. She added that all of these items were to be reimbursed by others with no use of property tax and that there were a variety of third parties paying for the contracts.

Commissioner Singh asked that representatives from Hawk Engineers stand up and inquired whether Hawk Engineers, Inc. had done work for the OCII before.

Executive Director Bohee responded in the affirmative over the course of the last ten years for the former Redevelopment Agency on the Shipyard Project and provided engineering support services to the San Francisco Department of Public Works and the Mission Bay Task Force.

- a) Approval of Minutes: Regular Meeting of August 5, 2014.
- b) Authorizing a First Amendment to the Personal Services Contract with Hawk Engineers Inc., a California Corporation, to expand the scope of services and to increase the contract amount by \$50,000 to provide infrastructure technical support services for Phase 1 of the Hunters Point Shipyard for a total contract amount not to exceed \$100,000; Hunters Point Shipyard Redevelopment Project Area. (Action) (Resolution No. 75-2014)
- c) Authorizing a First Amendment to the Personal Services Contract with Hawk Engineers, Inc., a California Corporation to expand the scope of services and to increase the contract amount by \$74,000 to provide infrastructure technical support services for Phase 2 of the Hunters Point Shipyard and Candlestick Point for a total contract amount not exceed \$124,000; Hunters Point Shipyard Redevelopment Project Area and Bayview Hunters Point Redevelopment Project Area. (Action) (Resolution No. 76-2014)
- e) Authorizing an Amended and Restated Memorandum of Understanding with the City and County of San Francisco, through its San Francisco Planning Department, to extend the term of the memorandum of understanding from fiscal year 2014-15 to fiscal year 2015-16, to increase the budget by an amount not to exceed \$225,000, for a total aggregate amount not to exceed \$675,000, and to expand the scope of work to provide design and environmental review process for the Golden State Warriors project. (Action) (Resolution No. 78-2014)

PUBLIC COMMENT – None

Commissioner Mondejar motioned to move Items 5(a, b, c & e) and Commissioner Singh seconded that motion.

Secretary Nguyen called for a voice vote on Items 5(a, b, c & e).

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED BY 3 COMMISSIONERS THAT THE MINUTES OF THE REGULAR MEETING OF AUGUST 5, 2014 BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 75-2014, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH HAWK ENGINEERS INC., A CALIFORNIA CORPORATION,

TO EXPAND THE SCOPE OF SERVICES AND TO INCREASE THE CONTRACT AMOUNT BY \$50,000 TO PROVIDE INFRASTRUCTURE TECHNICAL SUPPORT SERVICES FOR PHASE 1 OF THE HUNTERS POINT SHIPYARD FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$100,000; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 76-2014, AUTHORIZING A FIRST AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH HAWK ENGINEERS, INC., A CALIFORNIA CORPORATION TO EXPAND THE SCOPE OF SERVICES AND TO INCREASE THE CONTRACT AMOUNT BY \$74,000 TO PROVIDE INFRASTRUCTURE TECHNICAL SUPPORT SERVICES FOR PHASE 2 OF THE HUNTERS POINT SHIPYARD AND CANDLESTICK POINT FOR A TOTAL CONTRACT AMOUNT NOT EXCEED \$124,000; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA, BE ADOPTED.

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 78-2014, AUTHORIZING AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF SAN FRANCISCO, THROUGH ITS SAN FRANCISCO PLANNING DEPARTMENT, TO EXTEND THE TERM OF THE MEMORANDUM OF UNDERSTANDING FROM FISCAL YEAR 2014-15 TO FISCAL YEAR 2015-16, TO INCREASE THE BUDGET BY AN AMOUNT NOT TO EXCEED \$225,000, FOR A TOTAL AGGREGATE AMOUNT NOT TO EXCEED \$675,000, AND TO EXPAND THE SCOPE OF WORK TO PROVIDE DESIGN AND ENVIRONMENTAL REVIEW PROCESS FOR THE GOLDEN STATE WARRIORS PROJECT, BE ADOPTED.

REGULAR AGENDA

- d) Authorizing the execution of a Modification to the Security Services Cooperative Agreement with the U.S. Department of the Navy (the "Navy") for security services on Navy-owned land at the Hunters Point Shipyard that (1) extends the term until the last Navy-owned parcel is transferred to the Successor Agency or the Conveyance Agreement with the Navy is terminated, whichever is sooner, or the Navy has satisfied the criteria to sell Navy-owned parcels to third parties as set forth in the Conveyance Agreement, and (2) allows Security Services Cooperative Agreement expenditures that are authorized through the annual budget without additional Commission action, paid for by the Navy; Hunters Point Shipyard Project Area. (Action) (Resolution No. 77-2014)

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

PUBLIC COMMENT - None

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

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

Commissioner Mondejar – yes
Commissioner Singh – yes
Chair Rosales – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 77-2014, AUTHORIZING THE EXECUTION OF A MODIFICATION TO THE SECURITY SERVICES COOPERATIVE AGREEMENT WITH THE U.S. DEPARTMENT OF THE NAVY (THE "NAVY") FOR SECURITY SERVICES ON NAVY-OWNED LAND AT THE HUNTERS POINT SHIPYARD THAT (1) EXTENDS THE TERM UNTIL THE LAST NAVY-OWNED PARCEL IS TRANSFERRED TO THE SUCCESSOR AGENCY OR THE CONVEYANCE AGREEMENT WITH THE NAVY IS TERMINATED, WHICHEVER IS SOONER, OR THE NAVY HAS SATISFIED THE CRITERIA TO SELL NAVY-OWNED PARCELS TO THIRD PARTIES AS SET FORTH IN THE CONVEYANCE AGREEMENT, AND (2) ALLOWS SECURITY SERVICES COOPERATIVE AGREEMENT EXPENDITURES THAT ARE AUTHORIZED THROUGH THE ANNUAL BUDGET WITHOUT ADDITIONAL COMMISSION ACTION, PAID FOR BY THE NAVY; HUNTERS POINT SHIPYARD PROJECT AREA, BE ADOPTED.

- f) Authorizing, pursuant to the Transbay Implementation Agreement, the Executive Director to execute an Exclusive Negotiation Agreement with MA West, a joint venture limited liability company between Golub Real Estate Corp., an Illinois corporation, and The John Buck Company, a limited liability company, for a proposed commercial project on Block 5 (Assessor's Block 3718, portion of Lot 025 and portion of Lot 027), located on Howard Street between Beale and Main Streets; Transbay Redevelopment Project Area. (Discussion and Action) (Resolution No. 79-2014)

Presenters: Tiffany Bohee, Executive Director; Courtney Pash, Acting Project Manager, Transbay; George Bridges, Contract Compliance Specialist

PUBLIC COMMENT – None

Commissioner Singh inquired about Golub's experience in San Francisco; inquired about why the deposit was only \$500,000 and not 10% of the sales price.

Ms. Pash responded that the Golub team was under construction on the first market rate project for Transbay Block 6 and were currently completing the 13th floor of that project. To the second question, she responded that the deposit had been based on a realistic estimate to cover expenses of staff and legal costs to cover the period of time from now to DDA execution. Ms. Pash explained that the deposit was the same amount if not more than required on other development parcels. She acknowledged that the sales price had varied but the work required to get the project through the approval process was similar between the blocks.

Commissioner Mondejar inquired about the concern regarding the urban design; inquired about slide 10 and whether that was the new design that was proposed.

Ms. Pash responded that in Attachment 2 of the August 5 memo, there was a detailed analysis of each of the designs done by the San Francisco Planning Department architect. She explained that their main concern was that they wanted the design to be cohesive and be considered holistically. In order to achieve that, they had asked that the ground floor driveway and loading docks be condensed, that they reduce the lobby square footage and increase the retail square footage and to also put more thought into the exterior of the building to differentiate it from other buildings in the area. Ms. Pash stated that all the renderings were from the proposal except for the ground floor design. She added that this was still in the development process and they were working with their team in a direction to be able to bring the fully revised conceptual designs back before the Commission the following month.

Chair Rosales inquired about whether this was the first RFP in which the workforce and contracting action plan was identified in the front end.

Executive Director Bohee responded in the affirmative.

Chair Rosales stated that she was very pleased to see that and wanted it noted that all of the competitors had added a workforce and contracting team member and that the concern about mixing that element with the potential high bid interest did not result as a problem. She commended all the teams for this successful result.

Commissioner Singh asked Mr. Bridges to come to the podium and inquired whether an assurance could be provided that they were complying with all small business requirements.

Mr. Bridges responded in the affirmative and added that the workforce plan identified Butler Enterprises and that they would be working closely with Derf Butler and the Golub team to be able to not only meet but to exceed the expectations of the plan. Mr. Bridges indicated that the developer was committed to working on the early phase of Transbay Block 6 and was looking forward to working with them on this project.

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

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

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 79-2014, AUTHORIZING, PURSUANT TO THE TRANSBAY IMPLEMENTATION AGREEMENT, THE EXECUTIVE DIRECTOR TO EXECUTE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH MA WEST, A JOINT VENTURE LIMITED LIABILITY COMPANY BETWEEN GOLUB REAL ESTATE CORP., AN ILLINOIS CORPORATION, AND THE JOHN BUCK COMPANY, A LIMITED LIABILITY COMPANY, FOR A PROPOSED COMMERCIAL PROJECT ON BLOCK 5 (ASSESSOR'S BLOCK 3718, PORTION OF LOT 025 AND PORTION OF LOT 027), LOCATED ON HOWARD STREET BETWEEN BEALE AND MAIN STREETS; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- g) Conditionally approving a variation to the Transbay Redevelopment Plan's on-site affordable housing requirement as it applies to the mixed-use project at 181 Fremont Street, subject to approval by the Board of Supervisors of the City and County of San Francisco in its capacity as legislative body for the Successor Agency to the San Francisco Redevelopment Agency, and authorizing the acceptance of a future payment of \$13.85 million to the Successor Agency for use in fulfilling its affordable housing obligations in the Project Area; Transbay Redevelopment Project Area. (Discussion and Action) (Resolution No. 80-2014)

Presenters: Tiffany Bohee, Executive Director; Courtney Pash, Acting Project Manager, Transbay; Janette D'Elia, COO, Jay Paul Co.; Tim Cornwell, Principal in Charge, Concord Group, San Francisco office

PUBLIC COMMENT

Speakers: Fernando Marti, Council of Community Housing Organizations

Mr. Marti expressed his support in the change and stated that there were clearly significant issues surrounding HOA dues and felt that this solution addressed that problem. He stressed that they did not want this used as a precedent to change the mixed use character of buildings and in particular rental buildings that would not be subject to HOA dues. Mr. Marti commended the methodology using a third party consultant to look at opportunity costs and come up with a number. He stated that this would be a significant point of reference for them in their future work to be able to point to a project that was able to contribute approximately \$1.25 million in lieu per unit that would go to building affordable housing in the area.

Commissioner Singh inquired about the experience of the Jay Paul Co. in San Francisco; inquired about where else they did business; inquired about what the total development/construction costs would be.

Ms. D'Elia responded that Jay Paul Co. had been in business for 30 years and owned approximately 8 million square feet of commercial space in the Bay Area. She added that they were a very experienced developer with only the best architects and contractors to build their projects, but affirmed that this was their first venture in San Francisco. Ms. D'Elia stated that they had been based in San Francisco for 20 years and had holdings in Silicon Valley, Redwood City, Sunnyvale, and Mountain View and also owned property in San Diego.

To the question related to total costs, Ms. Pash responded that because this was in Zone 2 and had always been a privately held parcel which Jay Paul bought from a private developer, she would not be able to answer that question.

Ms. D'Elia responded she would estimate in the range of between \$600 to \$700/sq. foot.

Commissioner Mondejar stated that she was concerned that this building would not have affordable units and understood that the HOA fees were an issue. She inquired where they came up with the figure of \$13.85 million for the 11 BMR units and pointed out that they were getting over \$1 million unit which in the market rate later would cost more if the market rate units were sold; inquired why the assumption was being made that the BMR owners would not be able to afford the HOA fees.

Ms. Pash responded that if the BMR units sold at 100% of AMI, they would still generate some revenue, so it was the difference between what those units would have sold for at market value versus their BMR revenue and that was how the \$13.85 million had been calculated. She responded that the HOA dues had been factored into the initial purchase price but stressed that the HOA dues could increase over time because the HOA Association could vote to increase the fees at any time for any amount, which would create additional burden to the property owner and may result in the owner having to sell their unit in the future.

Commissioner Mondejar clarified that BMR owners would be aware of the HOA dues at the time they purchased the unit as well as knowing that the dues might increase and stated that it would be their decision, not the decision of the OCII, to continue with the process and to be able to negotiate the HOA dues at that time.

Executive Director Bohee responded that historically if they looked at trends, the dues were never static and that they increased overtime. She explained that this would be a unique building over 700'

tall, the tallest building west of the Mississippi and created an extraordinary situation because the 11 units would be located on the top 15 floors of the building. Ms. Bohee added that presently the dues were \$2,000/month and would rise and that this fact could affect the BMR owner's ability to pay. She stressed that there was no ceiling on the HOA dues and added that state law did not protect the BMR owner from any increase. Then, if there was a foreclosure or bankruptcy action, the City would have to take on the burden of the HOA dues while the unit was being prepped for sale.

Commissioner Mondejar stated that her concern was that the Commission was setting a precedent by contributing to the creation of a very elite building without any affordable units because this very unique building would not have a BMR component.

Ms. Pash responded that this was only a 25% residential project with the balance of the building being office space, which makes it a unique project, and is the reason Staff is requesting a variation from the on-site affordable housing requirement in Transbay.

Chair Rosales echoed Commissioner Mondejar's concern as well and inquired when did the idea emerge that the high HOA fees would become equivalent to a burden on future owners at the front end of the project or later, or was that an excuse now; inquired about other project areas that would have these types of issues as well.

Ms. Pash responded that this had always been an issue relating to for-sale on-site inclusionary units and especially in this case because the units were located on the top 15 floors of the tower in a high-end luxury building different from any other project in the City. High HOA dues are always a concern in for-sale inclusionary projects; however, in most instances developers are able to pay an in-lieu fee instead of building on-site affordable. In Transbay, all projects are required to build on-site affordable housing units.

Ms. Bohee added that HOA fees in for-sale inclusionary projects were particularly challenging, even in the Fillmore Jazz Heritage Center, a mixed use project, in which there had been cases handled by the former Redevelopment Agency. She explained that in one case a BMR unit owner had not been able to pay the HOA dues or mortgage which had resulted in a removal action suit to take back that property. Ms. Bohee stressed that this was a challenge overall that the City and this Commission must face with for-sale product.

Commissioner Mondejar stated; however, that these units were being offered to 100% AMI.

Executive Director Bohee responded that this was very standard and emphasized that in the above example, it was a 100% AMI situation as well. She explained that everyone would be paying the same amount at 100% median income, but that the difference here was that the HOA fees would certainly rise and the baseline started at approximately \$2,000. When they commenced these discussions, the floor was lower than that and now that they are under construction, the HOA fees have gone up and would rise even higher. She added that that they were exploring with the City a way to isolate these rising costs by creating separate HOA's for the inclusionary in other home ownership buildings, but stated that this solution was not applicable in this situation.

Commissioner Mondejar inquired as to why this solution would not be applicable in this situation.

Executive Director Bohee responded that it was not possible to create a separate condominiumized parcel that only included the HOA in this situation. However, it might be possible with respect to other future parcels that have for-sale inclusionary in high-rise buildings.

Chair Rosales stated that her concern was about the \$13.85 million and inquired whether they were leaving any money on the table because the Concord Group report was dated 2013, and the market had gone up since that time. She inquired whether someone from the Concord Group could explain where the numbers came from.

Mr. Cornwell responded that the numbers were derived by methodology done on a unit by unit perspective for the building plans for the top 15 floors. He explained that in November 2013 when the study took place, the approach was to look at comparable properties and sales that had happened at that height and with those views. He stated that it was difficult to understand what had happened with that limited competitive set between then and now because this building was so unique, on top of Class A+ office in a specific location that did not contain many other building transactions. Mr. Cornwell indicated that there had been some evidence of significant uptick of price points since that time, so the high-end was stickier than the meat of the market. He added that whereas \$1200-\$1300/sq ft. was currently pretty common in San Francisco, there was not that much property going at the \$1400-\$1500/sq. ft. in the City. He added that it would have been difficult to ascertain at that time what the variance would become from then up to now. Mr. Cornwell also pointed to the high influx of affluence currently being experienced in San Francisco and stated that the median number was moving, which meant that the BMR was also moving. Lastly, he explained that they were discussing a development deal that had not yet been built, and it was difficult to guess at what the dynamics would be at the high end across the entire market in months from now.

Commissioner Singh stated that he would like to continue this project to another meeting and Commissioner Mondejar agreed, saying she was not ready to vote on this item.

Commissioner Singh motioned to continue this item to another meeting. Commissioner Mondejar seconded that motion.

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

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes, in agreement with the other Commissioners

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 80-2014, CONDITIONALLY APPROVING A VARIATION TO THE TRANSBAY REDEVELOPMENT PLAN'S ON-SITE AFFORDABLE HOUSING REQUIREMENT AS IT APPLIES TO THE MIXED-USE PROJECT AT 181 FREMONT STREET, SUBJECT TO APPROVAL BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO IN ITS CAPACITY AS LEGISLATIVE BODY FOR THE SUCCESSOR AGENCY TO THE SAN FRANCISCO REDEVELOPMENT AGENCY, AND AUTHORIZING THE ACCEPTANCE OF A FUTURE PAYMENT OF \$13.85 MILLION TO THE SUCCESSOR AGENCY FOR USE IN FULFILLING ITS AFFORDABLE HOUSING OBLIGATIONS IN THE PROJECT AREA; TRANSBAY REDEVELOPMENT PROJECT AREA, BE CONTINUED.

- h) Approving a Ground Lease that incorporates the acceptance of an Assignment of Deed of Trust and Promissory Note with AMCAL Pacific Pointe Fund, L.P., with HPS Development Co., L.P., for a 59-unit (plus one manager's unit) affordable housing development serving very low-income families at Block 49 pursuant to the 6th Amendment to the Phase 1 Hunters Point Shipyard Disposition and Development Agreement; Hunters Point Shipyard Redevelopment Area. (Discussion and Action) (Resolution No. 81-2014)

Presenters: Tiffany Bohee, Executive Director; Pamela Sims, Development Specialist, Mayor's Office of Housing and Community Development

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

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

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 81-2014, APPROVING A GROUND LEASE THAT INCORPORATES THE ACCEPTANCE OF AN ASSIGNMENT OF DEED OF TRUST AND PROMISSORY NOTE WITH AMCAL PACIFIC POINTE FUND, L.P., WITH HPS DEVELOPMENT CO., L.P., FOR A 59-UNIT (PLUS ONE MANAGER'S UNIT) AFFORDABLE HOUSING DEVELOPMENT SERVING VERY LOW-INCOME FAMILIES AT BLOCK 49 PURSUANT TO THE 6TH AMENDMENT TO THE PHASE 1 HUNTERS POINT SHIPYARD DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD REDEVELOPMENT AREA, BE ADOPTED.

- i) Adopting environmental findings pursuant to the California Environmental Quality Act; authorizing a Second Amendment to the Disposition and Development Agreement for Candlestick Point and Phase 2 of the Hunters Point Shipyard with CP Development Co., LP, subject to the approval of the Oversight Board of the City and County of San Francisco and the California Department of Finance; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas. (Discussion and Action) (Resolution No. 82-2014)

Presenters: Tiffany Bohee, Executive Director; Ethan Warsh, Assistant Project Manager, Hunters Point Candlestick; Julian Pancoast, Lennar

PUBLIC COMMENT

Speakers: Dr. Veronica Hunnicutt, Chair, Shipyard CAC; Katie Petrucione, Director of Administration and Finance, San Francisco Rec & Park Department

Dr. Hunnicutt endorsed the second amendment to this item. She spoke about the demolition of the stadium to be replaced with substantial retail and other mixed uses. She asked that the OCII keep in mind that the retail portion of this project would significantly complement the Alice Griffith replacement projects under construction nearby, bringing jobs and economic activity to the stadium site. Dr. Hunnicutt pointed out that these retail uses would serve Alice Griffith residents with a grocery store, a pharmacy and other much needed retail services. She added that, additionally, the second amendment would allow for an increase in property taxes to be paid to the City and school districts by transferring land into private ownership earlier than originally proposed.

Ms. Petrucione endorsed the amendment to the DDA. She stated that the Rec. & Park Commission and the Department had long been supportive of this project. She recalled that the OCII had agreed to transfer the 80 acres of Candlestick to the project because this redevelopment would bring 350 acres of open space to this newly developed neighborhood. The department looked forward to

working with OCII staff on a parks plan and underscored that OCII & Rec. & Park staff including Lennar needed to work together to define Rec. & Park's role in the development and operation of this plan. Ms. Petrucione added that they were very excited to enter into the conversation about the parks in this brand new neighborhood.

Commissioner Singh asked for more detail on the planned 350 acres of open space involved in this project.

Mr. Warsh responded that there was to be between 300-350 acres of parks and open space planned within the development site. He explained that the open space would be seen throughout the project site and that the open space plan had been approved along with the DDA, which showed conceptual level design of all the parks and open space planned for the site.

Executive Director Bohee responded that half of the total acreage throughout the project site would be comprised of parks. That was in addition to over 12,000 homes in the former stadium site, office space, retail uses and over 3 million sq. ft. of research and development commercial space. She deferred to Lennar to answer the question about what the development would be within the stadium site only.

Mr. Pancoast responded that there would be approximately 3,000 new homes built within the stadium site itself, and added that they could provide the exact amount to the Commission later.

Chair Rosales inquired about the demolition work and whether Lennar would be contracting out that work; inquired about whether the OCII's SBE program would apply to that contract.

Mr. Warsh responded that Lennar had issued an RFP for the abatement of hazardous materials and demolition of the stadium under one contract. To the second question, he responded in the affirmative.

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

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

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 82-2014, ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT FOR CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD WITH CP DEVELOPMENT CO., LP, SUBJECT TO THE APPROVAL OF THE OVERSIGHT BOARD OF THE CITY AND COUNTY OF SAN FRANCISCO AND THE CALIFORNIA DEPARTMENT OF FINANCE; HUNTERS POINT SHIPYARD AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS, BE ADOPTED.

- j) Resolution Authorizing the Issuance of Taxable and Tax-Exempt Refunding Tax Allocation Bonds in a Combined Aggregate Principal Amount Not to Exceed \$300,000,000, and Approving and Directing the Execution of an Indenture of Trust and a Bond Purchase Contract, and Approval of

Other Related Documents and Actions, Various Project Areas, Subject to Oversight Board and Department of Finance Concurrence. (Discussion and Action) (Resolution No. 83-2014)

Presenters: Tiffany Bohee, Executive Director; John Daigle, Senior Financial Analyst; Leo Levenson, Deputy Director, Finance & Administration

PUBLIC COMMENT – None

Commissioner Singh inquired about the plans and purposes for the \$300,000,000; inquired about how much debt the OCII currently had.

Executive Director Bohee responded that there was outstanding debt from previous issuances, for infrastructure or housing, cutting across all project areas, and they were seeking savings given that interest rates were currently low.

Mr. Levenson responded that this total amount would be used for paying off existing debt.

Mr. Daigle responded that the total OCII debt was \$855,000,000 in tax allocation bond debt including Mission Bay. He clarified that that Mission Bay was not involved in this refunding because Mission Bay was a separate credit.

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

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

Commissioner Mondejar – yes

Commissioner Singh – yes

Chair Rosales – yes

ADOPTION: IT WAS VOTED UNANIMOUSLY BY 3 COMMISSIONERS THAT RESOLUTION NO. 83-2014, RESOLUTION AUTHORIZING THE ISSUANCE OF TAXABLE AND TAX-EXEMPT REFUNDING TAX ALLOCATION BONDS IN A COMBINED AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$300,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST AND A BOND PURCHASE CONTRACT, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS, VARIOUS PROJECT AREAS, SUBJECT TO OVERSIGHT BOARD AND DEPARTMENT OF FINANCE CONCURRENCE, BE ADOPTED.

- k) Workshop on the Recognized Obligation Payment Schedule for January 1, 2015 to June 30, 2015 (ROPS 14-15B). (Discussion)

Presenters: Tiffany Bohee, Executive Director; Leo Levenson, Deputy Director, Finance & Administration; Sally Oerth, Deputy Director; Kate Hartley, Deputy Director, Mayor's Office of Housing and Community Development (MOHCD)

PUBLIC COMMENT – None

Commissioner Mondejar inquired about what the chances were they would receive the cash flow loan; clarified that the items he listed would not have to be invoked; inquired about whether the OCII would be funding the repair of City elevators.

To the first question, Mr. Levenson responded that it was very high because the City had a very strong interest in having no question about the credit and reputation of the OCII and its ability to pay their bonds. He added that what they really would be borrowing their own money because they had more money on deposit than what they would be borrowing, so there was no risk to the City in this process. To the second question, Mr. Levenson responded in the negative. To the elevator question, Mr. Levenson responded that this was one of the proposed uses of these funds and explained that the OCII would be providing the funds to the City and the City would be handling their disbursement. He added that disbursement would be under the terms of the bond indentures so they would have to meet IRS rules for the use of tax exempt funds.

Commissioner Singh commended staff for their hard work on this project.

Chair Rosales referred to Item 388 for \$8.2 million and inquired whether all of these funds would go for elevator repairs; inquired about the split in funding use.

Mr. Levenson responded that part of the funds would go for elevator repairs and the rest would go for grants to non-profit housing providers. To the second question, he deferred to Ms. Oerth for response.

Ms. Oerth responded that approximately \$3 million of the \$8.2 million would be for elevator repair.

Chair Rosales asked for clarification on the non-elevator use of the funds because she remembered being told at a previous meeting that these funds would be able to be used city-wide to go toward affordable housing in the Mission. Now she was hearing that they would go for other uses. She referred to the statement, "proceeds to go toward affordable housing grants that may include capital repairs or creation of new units" and asked for an explanation.

Mr. Levenson responded that there would be another action before the OCII and deferred to the MOHCD for more detail.

Ms. Hartley stated that they were very happy to be receiving the tax exempt proceeds and clarified restrictions on their use. She explained that their tax exempt status prevented them from being used in conjunction with low income housing tax credits because 99% of the work that the City conducted in affordable housing development included low income housing tax credits. Because they were the major financing vehicle to produce low income housing, they would be incompatible with any typical affordable housing development they might do in the Mission. Ms. Hartley stated that there were new units coming up in the Mission; however, but unfortunately they would not be able to use these proceeds as leverage for the housing development there. She stated that the MOHCD had to assess what other uses they could apply these funds to and decided that first, they had to be grant proceeds and second, they had to be used in a tax-exempt manner. Ms. Hartley explained that repair work was a great use for these funds and there was an immediate need for elevator repairs in the City. The breakdown of elevators in San Francisco had created great hardship for many City residents, but the elevators were so old that each part to be repaired has to be custom manufactured, which was very expensive, so they decided to use part of the proceeds for this need. The remaining \$5 million would be used for either capital repair or new units. She added that they considered issuing a notice of funding availability to all non-profit sponsors in the City stating that this funding would be for interest in preservation of affordable housing and would not have to be combined with tax credits and would then request information regarding projects that needed repairs, like roof repair, disabled accessibility, interior finishes, etc. to preserve existing affordable housing stock. She stated that sometimes developers wanted to repurpose under-utilized space and add units, which

would be one way to add new housing to the City. Ms. Hartley stated that the MOHCD would add more funds to the \$5 million in order to increase the pool and add even more units. It was anticipated that the primary use of these funds would be preservation, which was a very important use, because investing in older public housing stock ensured that their tenants continued to live in high quality housing and have working elevators. She explained that this would also free up other money that the City would have had to put into preservation and instead now use them for new housing, like the new Mission development at 1950 Mission Street. Ms. Hartley concluded that this would be very additive to their budget and in the long run would help them build more quality affordable housing.

Chair Rosales thanked Ms. Hartley for her response; however, she felt bittersweet about this because even though she felt compelled to repair old worn-out housing for San Francisco residents, she did not want to overlook other needs. Ms. Rosales pointed out that it was the federal government and SFHA that fell short in allowing those deplorable conditions to get to the point of almost no return and now it was the responsibility of the OCII to step in and save the day. If there had been more affordable housing stock in the Mission, proportional to the rest of the City, which should have been achieved a long time ago by the City, they would not be seeing the changes and problems in the Mission that they were seeing now. Ms. Rosales stated that she was glad to hear that there was finally a thought process going on for the use of these funds.

Ms. Hartley responded for the record that they had four new RFP's to be issued for new developments, two in the Mission, one in Central Freeway and one on Port property.

6. Public Comment on Non-agenda Items - None

7. Report of the Chair

Chair Rosales had no report.

8. Report of the Executive Director

- a) Results of the initial phase of the selection process for evaluating the proposals submitted in response to the Request for Proposals for a 135-unit affordable housing project at 1300 4th Street (Block 6 East); Mission Bay South Redevelopment Project Area

Executive Director Bohee stated that an RFP had been issued for Block 6E, the next Mission Bay affordable housing site, a family project of 135 units. She explained that staff had gone through a rigorous selection process and added that the negotiations agreement and predevelopment loan would be brought before the Commission at a later time. Ms. Bohee announced that based on initial response, they had received four proposals from Bridge Housing, Mercy Housing, Tenderloin Neighborhood Development Corp. (TNDC), which was also developing Block 8 in Transbay, and Chinatown Community Development Corp. Ms. Bohee pointed out that the proposal from the last entity was incomplete and lacked a workforce action plan so could not be considered. She added that the selection process was carried out between MOHCD and the OCII. They had unanimously recommended TNDC, which had partnered with the architectural firm, Mithun, Solomon & Vara, who had brought forth an innovative literacy program partnership with 826 Valencia in the Mission and was expanding in the Tenderloin. Ms. Bohee stated that they intended to come back in two months with the agreement and loan for consideration by the OCII.

9. Commissioners' Questions and Matters

Chair Rosales asked Executive Director Bohee to provide a brief overview regarding the Board of Supervisors and the special tax district topic which was continued at the Board's last meeting.

Executive Director Bohee responded that Zones 1 and 2 within the Transbay redevelopment project area were subject to a special tax district to be formed by the CCSF. The Board had taken a series of steps in this process, such as the adoption of special tax rates for the district in order for the district to be formed. This step had been continued at the last Board meeting. She explained that each of the property owners involved would be expected to pay a special tax for residential property, whether rental, for sale, office or hotel, and a draft publication of what those special tax rates would be had been issued. As a result, over the last year, a dispute had arisen among several of the property owners over the rates being too high. During the Tuesday meeting of the Board of Supervisors, an agreement had been reached to extend the term of the special tax district to be imposed from 30 to 37 years and to provide a 2% cap on the tax rate increase. Ms. Bohee explained that the property owners did not pay the special tax until they received a certificate of occupancy from the Building Department. She explained that the basis for the height increase for the Transit Center District Plan was that in exchange for that height increase, which was a benefit conferred upon the developer, the developer would make a payment into the tax district, which would go for the downtown rail extension, parks, streetscape and other improvement purposes. She added that the City was preparing a settlement agreement with the developers impacted by the initial special tax district.

Chair Rosales stated that she wanted the OCII to stay on top of this topic, especially considering that Transbay developers involved in this issue would be coming before them.

10. Closed Session – None

11. Adjournment

The meeting was adjourned by Chair Rosales at 2:48 p.m.

Respectfully submitted,



Lucinda Nguyen, Interim Commission Secretary