

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
7TH DAY OF JULY 2015**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 1:00 p.m. on the 7th day of July 2015, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:05 p.m. Roll call was taken.

Commissioner Bustos - present
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, July 21, 2015 at 1:00 p.m. (City Hall, Room 416).

B. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting

Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.

C. Announcement of Time Allotment for Public Comments

3. Report on actions taken at previous Closed Session meeting – None

4. Matters of Unfinished Business – None

5. Matters of New Business:

CONSENT AGENDA

a) Approval of Minutes: Regular Meeting of June 2, 2015

PUBLIC COMMENT - None

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT THE MINUTES FOR THE REGULAR MEETING OF JUNE 2, 2015, BE ADOPTED.

REGULAR AGENDA

b) Conditionally authorizing a Permit to Enter with the City and County of San Francisco, acting by and through its Department of Public Works, the San Francisco Tourism Improvement District Management Corporation, a California corporation nonprofit mutual benefit corporation, and Webcor Construction, LP, a California limited partnership, to allow construction related to the expansion of the Moscone Convention Center on the Office of Community Investment and Infrastructure's Yerba Buena Gardens property, and adopting environmental findings pursuant to the California Environmental Quality Act; former Yerba Buena Center Redevelopment Project Area (Discussion & Action) (Resolution No 42-2015)

Presenters: Tiffany Bohee, Executive Director; Denise Zermani, Senior Development Specialist, Real Estate Division

PUBLIC COMMENT

Speaker: Ace Washington, Community Activist

Mr. Washington spoke about the parties involved in Item b). He commended MGM for the good work they had done in the Western Addition in past years. However, he referred to all the other parties, including the San Francisco Department of Public Works, as violators. Mr. Washington stated that Webcor had built a controversial building on Eddy and Fillmore, which was currently in litigation and complained about the San Francisco Tourist Group.

Mr. Singh inquired about how many children came to play at the Yerba Buena Gardens on a daily basis as well as about what kind of programming they had for the children.

Ms. Zermani responded she did not have exact numbers but stated thousands of children came to the Gardens every month. She responded MGM had a garden guide with programming which offered something different for the children every day and had a clown on staff who worked with the children on a daily basis. Ms. Zermani added that any child could just show up and spend time there.

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

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

Commissioner Bustos – yes

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION No 42-2015, CONDITIONALLY AUTHORIZING A PERMIT TO ENTER WITH THE CITY AND COUNTY OF SAN FRANCISCO, ACTING BY AND THROUGH ITS DEPARTMENT OF PUBLIC WORKS, THE SAN FRANCISCO TOURISM IMPROVEMENT DISTRICT MANAGEMENT CORPORATION, A CALIFORNIA CORPORATION NONPROFIT MUTUAL BENEFIT CORPORATION, AND WEBCOR CONSTRUCTION, LP, A CALIFORNIA LIMITED PARTNERSHIP, TO ALLOW CONSTRUCTION RELATED TO THE EXPANSION OF THE MOSCONE CONVENTION CENTER ON THE OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE'S YERBA BUENA GARDENS PROPERTY, AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; FORMER YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA, BE ADOPTED.

c) Workshop on the January - June 2015 Reports on OCII Small Business Enterprise and local hiring goals practices (Discussion)

Presenters: Tiffany Bohee, Executive Director; Raymond Lee, Contract Compliance Supervisor; Robert Bryan, City Attorney

PUBLIC COMMENT

Speakers: Ace Washington, Community Activist; Al Norman, Bayview resident and contractor; Pete Varma, President of the Northern California Chapter for the National Association of Minority Contractors and Suppliers; Clyde Miller, Vice-President, Astron Development Corporation

Mr. Washington stated he had met with Executive Director Bohee and Supervisor London Breed and was trying to fix things in the Western Addition. He pointed out the Western Addition was not mentioned anywhere in this report was nothing reflecting what was happening in the Western Addition. Mr. Washington spoke about the Fillmore and wondered if anyone at OCII cared about the fact that nothing was happening there.

Mr. Norman reminded OCII he spoken earlier regarding the Obayashi project (James E. Roberts-Obayashi Corp.) at the Shipyard site and he had been promised certain hearings on this issue that never took place. He stated Mr. Lee's report was excellent but did not reflect the special relationship OCII and developers had with certain contractors who discriminated against certain black and small contractors. Mr. Norman stressed the black-listing and discrimination taking place in the City was not being reflected in these reports. He indicated certain contractors were awarded new projects all the time and everyone else did not get invited to participate or at least be informed about certain information.

Mr. Varma stated he was there to represent minority contractors and suppliers. He stated his members were union members and many were certified small businesses that were challenged by the growth initiative such as projects in the Bayview, Transbay and elsewhere in the City. Mr. Varma stressed his biggest concern was, while Mr. Lee had done a good job, there was still a lack of participation by minority contractors and suppliers. Out of the 54, only 36% were small business and 18% were minorities, so there was still a large gap. Mr. Varma indicated he had heard the same comments from his

members that Mr. Norman had expressed: contractors were telling him that their prices were too high. Mr. Varma suggested an ordinance that required the General Contractor (GC) to consider San Francisco small businesses first then negotiation and collaboration could take place between the GC and the subcontractors. If GC's were allowed to just go by the low bid process alone, then the small businesses would never qualify for the City projects and would ultimately have to leave the City to find work. Secondly, Mr. Varma requested suppliers be separate from subcontractors and not be bundled with the rest. He explained there were many small business and minority-owned suppliers in San Francisco and in order to be certified as a supplier with CMD, the supplier must have a warehouse with inventory. If a supplier was paying for a warehouse and inventory, then materials should be bought from these small suppliers from within City limits. Mr. Varma pointed out materials were coming in from outside of the City. His third item was with the General Contractor, Roberts-Obayashi, relating to Blocks 53 & 54, where subcontractors were not getting paid. Mr. Varma explained the peril this put subcontractors in as they could lose their license and ultimately not be able to bid on other contracts because they were not getting paid for invoices or change orders. The GC needed to meet with the subcontractors and work out their problems, but they must pay for the invoices and change orders because some of the subcontractors could lose their homes as a result of this situation. Mr. Varma stated Obayashi and other GC's were practicing similar accounting practices, which needed investigation, because they were hurting small and minority businesses. Mr. Varma suggested they not be allowed to participate in these types of projects in the future.

Mr. Miller explained Astron was one of the first subcontractors to work on the Hunters Point Shipyard project starting in September 2013. He worked on the project for approximately eight months with Roberts-Obayashi and their goal was to grow their small business. Mr. Miller indicated they had put everything they had into making this project work, including obtaining a \$250,000 line of credit and cash in order to be able to carry their own weight. He explained this worked for 8 weeks and then Obayashi and Lennar couldn't pay them and in every subsequent instance, there was an issue with getting paid. Mr. Miller stated they carried payroll for a while, but did not pay federal or state taxes. At the end of the project they told Astron they had not performed satisfactorily and told them to go fight it out in court. Mr. Miller stated as a small business, they could not afford to go to court. They required the help of OCII to step up and say this was government funded and recognize that everybody needed to succeed. Mr. Miller pointed out this was not just about participation but rather about completion. They had to make sure companies completed their jobs, because if the job was not completed, then their company would be precluded from the next job.

Commissioner Singh inquired about how much business there was from outside the City and whether there was preference for firms outside San Francisco. Mr. Singh stated that he thought small businesses in San Francisco should be given preference to outside business and that OCII should try to help small local businesses that were in trouble.

Mr. Lee responded he did not have the exact number of outside businesses but confirmed there were quite a few. He stated there was no preference for businesses outside San Francisco.

Commissioner Bustos stated there were many programs like SBE, MBE, and LBE's all over the Bay Area and these policies existed to maintain fairness. He appreciated Mr. Lee's report and his ability to work with both developers and contractors together. He reminded Mr. Lee that Commissioners were available to help the OCII Contracting Staff find solutions. Mr. Bustos recalled when he was a Commissioner with the Redevelopment Agency, they had requested 50% from developers, and they believed it was a good deal because it could have been 75% or to match the 100%. The point of the programs was to give the people of San Francisco the opportunity to work on San Francisco projects. The numbers looked

promising but obviously more work needed to be done to get local residents to be able to work in their own city. He suggested OCII talk to CityBuild and be creative about finding solutions. Mr. Bustos indicated there was a difference between a San Francisco-based SBE and a “long-term” San Francisco-based SBE and wanted this fact to be emphasized. Long-term businesses had to be given priority and not the businesses that just sprouted from the building boom. Mr. Bustos compared San Francisco now to the Gold Rush with respect to opportunities for outsiders. He agreed with the idea of separating construction versus supplies in the report to be sure of realistic results. He suggested having a discussion with Lennar and Obayashi about paying subcontractors. Mr. Bustos pointed out the developer and the GC got these contracts because of what they had promised to deliver based on their proposals and if they were not complying with the contract then the entire scheme needed to be revisited. He suggested OCII should pay the subcontractors and suppliers and get reimbursed from the developer and GC. Mr. Bustos requested staff compile a list of complaints from the contractors and subcontractors, present it to OCII and let the GC’s and developers explain these issues and be held accountable. Mr. Bustos stressed this went beyond just building a building, but was about uplifting an entire community.

Commissioner Mondejar thanked Mr. Lee for his report. She inquired about how OCII was reaching out to new minority contractors for work and inquired about new contractors that were brought in.

Mr. Lee responded that developers use databases and other sources to advertise in multi-ethnic papers. He explained OCII urged small businesses to seek certification no matter where they were located. In terms of tracking new and micro-businesses, Mr. Lee stated they had no program for that and would have to devise a mechanism to be able to do that. He added the City had a micro-business category for classification purposes to track new business and OCII could use that to track new business.

Commissioner Mondejar inquired about whether that meant OCII had no way to track new contractors.

Mr. Lee asked for clarification on what Commissioner Mondejar meant by “new” – whether that meant a new business or a new contractor just starting to work on OCII projects.

Commissioner Mondejar responded the latter, especially within the Latino and the Asian-Pacific communities, where participation was very low and needed to be increased. Ms. Mondejar spoke about offering opportunities to other businesses that wanted to work with the City but where the minimums or averages were too high. She inquired about what other efforts were being made to tap San Francisco businesses; inquired about compliance, which to her meant subcontractors getting paid; inquired about how the relationship between the GC’s and their subcontractors affected OCII consideration in choosing a GC or a developer and about what OCII did when these relationships failed.

Mr. Lee responded new contractors to OCII projects were very easy to track. He explained there were 325 construction contractors in San Francisco, of which 67 had participated in OCII projects. He responded in the policy there was nothing governing subcontractor relations and payment. He added the level of OCII involvement in construction disputes was low because there are construction laws governing these issues. OCII’s role was limited to facilitating the small contractor by bringing the parties together in a meeting to work out these disputes. Unfortunately, Mr. Lee explained, the issue was never black and white because of the variance of the claims and OCII did not and could not get involved in those claims but rather tried to facilitate a resolution.

Commissioner Mondejar inquired about whether there was any kind of guideline that could be included as part of OCII policy when hiring the developer or GC that would speak to these disputes. She pointed out

these disputes could, in fact, affect deadlines and completion times. Ms. Mondejar suggested OCII create this in future program policy in granting contracts.

Chair Rosales pointed out the next item was also about the policy itself and they could raise this issue there.

Commissioner Bustos reiterated Mr. Lee was not alone and could turn to Commissioners to help. However, he stressed there must be a way to stipulate within the GC and developer contracts a maximum number of days in which subcontractors must get paid and if they went beyond that deadline, they would be fined.

Chair Rosales agreed with other Commissioners on the above comments and sentiments. She requested clarification on participation numbers as to whether this meant payments or the front-end. She inquired about whether contractors working on OCII projects had to report certified payroll information like on public jobs.

Mr. Lee clarified the numbers he reported on were all front-end. He stated they were still looking for a mechanism to capture payments. He explained the way they captured payments now was at the time projects were completed and added one of those completed projects included a Roberts-Obayashi project on 1180 4th Street. On the payroll information question, he responded in the affirmative.

Chair Rosales inquired about whether they could also include information on contractors if they were already reporting on employees and hours, etc.

Mr. Lee responded with respect to construction only, it would be easy to implement. However, they were looking for a comprehensive program which would include all services, including professional services, and not currently part of Elations. A professional services company did not have to report on certified payroll. He stated OCII was still working on finding a practical solution for staff to report on an ongoing basis.

Chair Rosales pointed out that reporting payroll at the end of the project was too late, because once the project was finished, the small business was out of luck if payment had not been made because profit margins were lean. She explained this could snowball and affect other companies which also needed to get paid. If a SBE didn't get paid, they could go out of business quickly and if just a couple of things went wrong, the business could fail. Ms. Rosales stated she was troubled by public comments about subcontractors not getting paid and also the comment about when payment was not received and the issue was raised with the General Contractor, their response was that the subcontractor had not performed well and they could seek litigation, which was completely absurd. She suggested OCII meet with the developer and the GC to discuss this issue. Ms. Rosales expressed concern because these complaints were not new and were recurring and had to be corrected immediately. She also expressed concern OCII was working with private sector partners who should be able to find the money and if Lennar was saying they couldn't pay because they had no money, OCII had bigger worries as an agency. She reiterated that payment information must be reported earlier rather than later.

Mr. Lee responded he understood the need for this information. He explained in construction, the GC is required to remit payment to subcontractors within 7 days of receipt of payment of an invoice and had seen mechanisms that posted payment information, such as with Caltrans. Mr. Lee pointed out that OCII was not the direct owner of the project making the payments, so they could not provide that information, but needed to devise a mechanism to get that information from contractors on a regular basis without manually having to track this.

Chair Rosales responded that a self-reporting program was needed. She pointed out that if contractors were reporting on certified payroll, then they could report on progress payments as well.

Mr. Lee agreed with her statement.

Chair Rosales inquired about whether they had a payment requirement in the SBE policy.

Mr. Lee affirmed that they did.

Chair Rosales stated it looked like at least one GC was not complying with the policy.

Mr. Lee responded they had looked at the payments from Lennar to Obayashi, payments from owner to GC and then from GC to subcontractors and that system was in place. He felt there were other issues going on with some of the comments raised.

Chair Rosales noted in the non-minority category, displayed in slides 6 & 7, one for professional services and the other in construction and supplies, the percentages were 36.7% for professional services and 26.5% for construction and supplies and inquired about whether these included women.

Mr. Lee responded that these did include women and that he had meant to separate them out.

Chair Rosales suggested they separate out women from the report in the future. It seemed to her there were not that many certified local businesses in the CMD database that were participating in OCII projects. When she added everything up, the total minority businesses only comprised 35%.

Mr. Lee responded that the entire minority figure was 42% in San Francisco; non-minority female was 18% in the entire database and 40% were non-minority male firms that were certified in the City's database.

Chair Rosales asked for the breakdown of available certified firms from the City's database so they could compare against those numbers to see how many firms were participating in OCII projects, not only from a dollar view, but from the number of firms participating perspective as well. Ms. Rosales stated then perhaps they could find out why Latino businesses were not doing more business in OCII projects or whether they were doing other things for the City. She inquired about what OCII policy was regarding subcontractor claims of retaliation and what tools did OCII had to investigate these claims.

Mr. Lee responded he had no answer to that question at this time.

Executive Director Bohee responded the exclusion of certain firms would not meet the test nor represent good faith efforts on the part of the GC or developer and would actually represent a violation of the terms and conditions of the contract for failure to comply with the contract. She explained there were remedies within the contracts themselves; however, understanding and identifying the issues early on so that OCII could intervene would be critical.

Chair Rosales inquired whether OCII had a complaint process, so if a subcontractor felt that it was being retaliated against or discriminated against, a complain could be filed. If OCII did not have this process, Ms. Rosales stressed they should implement one now. She agreed suppliers should be separated out from construction because they represented a unique segment of the construction industry which was currently

not being picked up in the report. Ms. Rosales commented if the City & County of San Francisco (CCSF) had a 20% subcontractor baseline goal, it looked like OCII was not meeting that goal.

Mr. Lee responded there were a few GC's that were local and small but the numbers were not significant at a GC level. At a subcontract level, local and small businesses meet the goal.

Chair Rosales continued about the workforce and noted that slides 12 & 13 there was a reference to the Western Addition which reflected a Western Addition project. She inquired about whether there was only one project in the Western Addition.

Executive Director Bohee responded that this project was 1450 Franklin, a residential project, commenced in 2009. She explained to the extent that there were remaining agreements or loans that were active, OCII would continue to be involved. This was an active Owner Participation Agreement (OPA), which predated dissolution and was still under construction. Ms. Bohee stated this was the reason why there was only one Western Addition project and only one Rincon Point South Beach at 72 Townsend.

Chair Rosales inquired about whether in the aggregate the three projects in the other category for workforce were at 24% local.

Mr. Lee responded in the affirmative.

Chair Rosales stated it would be interesting to see if there were local residents working in the Western Addition project area.

Mr. Lee referred to Attachment B2 which displayed the breakdown by geographic area.

Chair Rosales suggested Mr. Washington take a look at that attachment as well.

Commissioner Singh stated they used to have a working group comprised of small businesses and minority contractors, which he served on with Commissioner King and had met every three months. He suggested they bring back that group.

Chair Rosales agreed with that suggestion. Given this was the second report where Latinos were barely at 2%, Ms. Rosales requested staff performing an analysis to find out why that was the case? She pointed out compared to availability or population, African American dollars were commensurate with the general population and the contractor population, but the numbers were completely off for Latinos.

Mr. Lee responded they recognized that and staff would check the bid submittals coming from developers in professional services and construction contracting to see if Latinos were submitting proposals or bids and if not, find out why.

- (d) Authorizing the amendment of OCII's Small Business Enterprise ("SBE") Policy to modify size thresholds for small business enterprises; to establish standards for joint ventures and associations to meet SBE eligibility; and to make other minor changes (Discussion and Action) (Resolution No 43-2015)

Presenters: Tiffany Bohee, Executive Director; Raymond Lee, Contract Compliance Supervisor

PUBLIC COMMENT

Speakers: Ace Washington, Community Activist; Pete Varma, President of the Northern California Chapter for the National Association of Minority Contractors and Suppliers; Clyde Miller, Vice-President, Astron Development Corporation

Mr. Washington stated he had spoken with CityBuild and had some comments regarding the fact OCII and City agencies had no mechanism in place to monitor and check the actions of developers and GC's. He expressed concern these parties went unchallenged and unquestioned and violated policies. He referred to his organization called "C.A.S.E.", "Community Assistance Service Enterprise", which he claimed would be able to help in overseeing developers and GC's and find remedies for the violations and obligation breaches being made by them.

Mr. Varma stated joint venture could be one of the mechanisms for increasing participation by San Francisco minority contractors. However, he explained, the small contractors really didn't win in the joint venture partnerships because if the joint venture was not set up as an equal partnership, the small firms did not benefit and the larger firms usually always benefitted with more profits. Mr. Varma stressed the joint venture had to be crafted so it benefitted small contractors and suppliers wanted to participate in the project but did not have the financial resources or capacity to manage or win contracts. He added if done right, it could open up opportunities for smaller contractors to participate with a larger firm.

Mr. Miller stated he had experienced situations where a larger company created a joint venture partnership with a smaller company, and vice versa, just to be able to get the contract. But, he explained, in the end, the small company always lost out because their business did not prosper and grow. Mr. Miller stated the small business's job in this situation was to learn and come out with some knowledge and some capital from the joint venture in order to be able to get future contracts by itself later on. He suggested there be a timeframe for joint ventures so that the larger company had an obligation to help the smaller business to grow, which was currently not happening at all. Mr. Miller requested OCII look at the percentages in the joint ventures and look at the overall dollar amount participation of the project. He stated he would like to know how much the smaller business got from that dollar amount.

Commissioner Mondejar wanted clarification that some of the recommendations made during discussion of this item would be incorporated into the resolution; for example, adding a dispute process for complaints as well as the issue regarding GC's paying subcontractors on time, among other things, and inquired about how they could amend the resolution to reflect these two issues.

Mr. Bryan stated the resolution could be amended but the language for any amendments were probably not ready and staff would need some time to reword the resolution.

Chair Rosales inquired about whether they could approve the resolution now with direction to staff to propose a complaint and dispute hearing process to be included later and then the resolution would be amended later. Staff could come back with the added language to be approved.

Mr. Lee stated the earlier recommendation for prompt payment was merely to conform to the state statute. He pointed out there was no consideration in terms of mechanisms for prompt payment; they left the policy alone in that respect. However, he understood the request to establish a process of enforcing prompt payment and resolving complaints and disputes.

Commissioner Bustos also suggested a timeframe for these amendments of perhaps one month for staff to come back with the language for these changes.

Mr. Lee responded he could come back with a status report within a month.

Mr. Bustos stated he would like this matter expedited more quickly and see the actual final language within one month.

Chair Rosales had one additional point to make on Footnote 2. According to SBE policy, first consideration must be given to project area SBE's and San Francisco SBE's, etc. However, based on the testimony that they had heard during this meeting, there seemed to be a prevailing practice of developers and GC's going outside of San Francisco to hire other firms, when the quotes of local competing firms were deemed to be too high. And this was happening all the time. Ms. Rosales inquired about what exactly was meant by "significantly higher". Determination of that number now seemed to be under the discretion of the GC or the developer but was unmonitored. Ms. Rosales recalled that the CCSF had a standing policy that recognized that it cost more money to do business in San Francisco and, as a result, local businesses were afforded a 10% discount called a bid preference or discount. That 10% discount established recognition that the cost of doing business in San Francisco was at least 10% higher than outside of San Francisco. Ms. Rosales requested this standard be incorporated into OCII policy immediately, so that "significantly higher" would actually mean over 10% in order to afford guidance to all parties involved.

Mr. Lee responded they did use the 10% threshold when they met with developers and GC's and looked at the bids and he agreed this would add clarity to the wording of the policy.

Chair Rosales added the developer or GC could actually show the small business that they were over 10% and by how much over and that would be the reason for not hiring that subcontractor. Ms. Rosales inquired as to whether they could add that language today.

Mr. Bryan responded they could amend Attachment A as part of the resolution.

Executive Director Bohee stated because OCII already had existing contracts with Hunters Point Shipyard and Mission Bay, which included a provisions related to contracting ; she wanted to make sure she understood exactly what the terms and conditions would be regarding these amendments. She stressed they would need to conduct a review and any necessary due diligence on the OPA procedures for Mission Bay North and South and the Phase I & II DDA's of Hunters Point Shipyard / Candlestick Point before moving forward with these actions.

Chair Rosales clarified they would just add these items to the list: dispute or complaint resolution, definition of "significantly higher" and prompt payment by GC's to subcontractors. She clarified the resolution was for approval of the resolution with the direction to staff to add and develop language on the above points.

Mr. Lee wanted clarification that what he had noted for his action was a mechanism for enforcing prompt payment, dispute/complaint resolution and definition of "significantly higher".

Chair Rosales confirmed that list of three.

Commissioner Mondejar confirmed this item would come back within 30 days with the added language and amendments.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION No 43-2015, AUTHORIZING THE AMENDMENT OF OCII'S SMALL BUSINESS ENTERPRISE ("SBE") POLICY TO MODIFY SIZE THRESHOLDS FOR SMALL BUSINESS ENTERPRISES; TO ESTABLISH STANDARDS FOR JOINT VENTURES AND ASSOCIATIONS TO MEET SBE ELIGIBILITY; AND TO MAKE OTHER MINOR CHANGES, BE ADOPTED.

e) Approving a Delegation Agreement with the San Francisco Planning Department for Administration of Land Use Authority under the Rincon Point – South Beach Redevelopment Plan over a Portion of the Proposed Project at 75 Howard Street (Discussion & Action) (Resolution No 44-2015)

Presenters: Tiffany Bohee, Executive Director; Jim Morales, Interim General Counsel and Deputy Director

PUBLIC COMMENT - None

Commissioner Mondejar motioned to move Item 5e) and Commissioner Bustos seconded that motion.

Secretary Guerra called for a voice vote on Item 5e).

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

ADOPTION: IT WAS VOTED UNANIMOUSLY BY FOUR COMMISSIONERS THAT RESOLUTION No 44-2015, APPROVING A DELEGATION AGREEMENT WITH THE SAN FRANCISCO PLANNING DEPARTMENT FOR ADMINISTRATION OF LAND USE AUTHORITY UNDER THE RINCON POINT – SOUTH BEACH REDEVELOPMENT PLAN OVER A PORTION OF THE PROPOSED PROJECT AT 75 HOWARD STREET, BE ADOPTED.

6. Public Comment on Non-agenda Items - None

7. Report of the Chair

Chair Rosales stated that she did not have a report.

8. Report of the Executive Director

Executive Director Bohee announced she had three informational items, which were in Commissioners' packets. The first related to solicitations for proposals for infrastructure engineering support services at Candlestick Point and Hunters Point Shipyard, which had gone out in the fall of 2014. The nature of the work was surveying and engineering, pursuant to the Phase I and II DDA's. She explained the developer built the infrastructure pursuant to City plans and specifications, which was an enormous undertaking, for which OCII and City staff needed third party assistance. Although two proposals had been submitted, the panel, consisting of OCII, San Francisco Public Utilities Commission, Department of Public Works and others, determined the two responses were non-responsive and after another review, they were now recommending a new solicitation go out to clarify and enhance those requirements.

Executive Director Bohee referred to an informational memo pursuant to Commissioners' request for a status update on the Fillmore Heritage Center, including the former Yoshi's and the 1300 space. She explained that pursuant to OCII and City agreements, they had terminated the ground lease with the master tenant, Fillmore Development, so that 1300 Fillmore was now a direct sub-tenant to the CCSF. Ms. Bohee indicated the goal was to ensure the Fillmore Corridor remained vital and the existing businesses there stayed in place. As a result, District Supervisor London Breed had convened a public community meeting on July 13, 2015 at 6:30 PM at West Bay and a follow-up meeting on July 22, 2015. Ms. Bohee added they were working closely with the City and legal counsel to make sure their rights and remedies were preserved and to make sure the space remained activated during the interim period until there was a final decision on that property, as required by dissolution law.

The third item was OCII had recently learned that Lennar had filed a form K8 with the SEC to consolidate assets at Hunters Point, Candlestick and Southern California-based El Toro and Newhall to conduct an initial public offering separate and apart from Lennar Communities into a new company called Five Point Holdings. Ms. Bohee explained the existing agreements with Lennar provided for transfer provisions as long as certain terms and conditions were met and added this was fairly typical. Staff was reviewing the filing against current agreements and indicated this included guaranteed requirements, experience, net worth, and developer controlling ownership. They had requested additional information from Lennar. It was understood there would be no changes as far as existing San Francisco leadership and it was also understood the same CEO and Chairman as well as the same CFO would remain on the Board.

PUBLIC COMMENT – None

Commissioner Bustos inquired about whether Lennar would be requesting any documentation, such as a letter of support from OCII to be sent to the SEC. He stated in general, they would need support either from OCII or from the public to get SEC approval.

Executive Director Bohee responded in the negative. She explained Lennar would have to meet the requirements for transfer of the DDA and there would be OCII review. Ms. Bohee stated the question was whether the new corporation, which might look like the old corporation, met the terms and conditions for OCII's own processes.

Commissioner Bustos inquired about whether this would be a good time to put some teeth into policy and use this as an opportunity to tell Lennar that they must pay their subcontractors.

Mr. Bryan responded this question was not an issue for this item.

Chair Rosales stated Mr. Bustos' question might be better discussed during the next item.

9. Commissioners' Questions and Matters

Commissioner Bustos inquired about whether this would be a good time to sit down with Lennar and tell them OCII would be in support of the Lennar action if they knew that Lennar was in good standing as far as paying their subcontractors.

Chair Rosales stated she would express that by pointing out that the transfer provisions in question were contingent on Lennar being in compliance with all their obligations under the agreements.

Executive Director Bohee responded in the affirmative.

Chair Rosales added if Lennar was in breach of any of the agreements, such as the SBE policy or any other policy, then OCII would not support them in this new action with the SEC.

Commissioner Bustos inquired about having conversations with the SEC and whether OCII could hold that as leverage.

Chair Rosales stated she would not enter into conversation at this meeting. She inquired about how soon that matter would come before OCII for approval.

Executive Director Bohee responded they had just found out about the July 2 filing that morning, so staff would need some time.

Commissioner Mondejar inquired about whether OCII had had any prior knowledge about this action by Lennar.

Executive Director Bohee responded she had received notice the night before by Lennar Regional President, Kofi Bonner. However, she stressed there were specific SEC rules about what public corporations filing for an IPO could say or not say on the subject. However, she stressed OCII was certainly within its full rights to enforce the existing agreements and obligations.

10. Closed Session - None

*Ace Washington stepped up to the podium to present pictures of past and present Commissioners he had gathered over the years and had never shown before, including those of former Commissioner Leroy King. Mr. Washington stated he had brought the pictures with him because he wanted to conduct a special event in honor of Mr. King in the Western Addition.

11. Adjournment

Commissioner Bustos motioned to adjourn and Commissioner Singh seconded that motion.

The meeting was adjourned by Chair Rosales at 3:55 p.m.

Respectfully submitted,


Claudia Guerra, Commission Secretary