

**MINUTES OF A SPECIAL MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
29TH DAY OF APRIL 2014**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a special meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 1:00 p. m. on the 29th day of April 2014, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:15 p.m. Roll call was taken.

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

All Commission members were present.

2. Announcements

A. The next scheduled Commission meeting will be a special meeting held on Tuesday, May 6, 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 – None.

The next item was taken out of order.

8. Report of the Executive Director:

- a) Report on the Golden State Warriors' proposed purchase and development of Blocks 29-32, bounded by Third Street, South Street, 16th Street and Terry Francois Boulevard in the Mission Bay South Redevelopment Project Area

Presenters: Tiffany Bohee, Executive Director; Rick Welts, President & CEO, Warriors

Executive Director Bohee introduced Mr. Welts, who initially spoke about the news announcement regarding Donald Sterling, owner of the Los Angeles Clippers, being banned from the NBA that day and also that the NBA was compelling Mr. Sterling to sell the Clippers franchise. He continued to speak about how committed the Warriors organization was to working with the OCII and the community to create a successful outcome for this project. Mr. Welts assured all concerned that they would be following the local workforce policies and all the other labor agreements already in place with the City. He stated that he was excited about opportunities for small businesses and believed they will be able to attract exceptional entrepreneurs, and that they will also have a great design for the arena, which would not only fit into the neighborhood but would add to the quality of life for all those involved in the project.

Chair Johnson responded that they had been hearing from many people in the area interested in the project and that the OCII was looking forward to working with the Warriors on design, community benefits and other project issues.

Commissioner Singh stated that not long ago the OCII had just approved the Salesforce project and now they were very happy to learn about the next incredible project going into the same site. Mr. Singh offered a round of applause to Mr. Welts.

Commissioner Ellington thanked Mr. Welts for coming to speak to the Commission and was very happy to hear about the small business opportunities, the continuance of workforce policies and excited about the implications that this project would have for Mission Bay and affordable housing.

Executive Director Bohee announced that Commissioners had an informational memorandum regarding the framework for development approvals in Mission Bay in their packets that outlined what was described earlier, and that this information would be posted on the website.

Chair Johnson inquired about when they would hear about a work schedule on this project.

Executive Director Bohee responded that the schedule was to be determined because they were still in an assessment phase.

PUBLIC COMMENT

Speakers: Corinne Woods, Chairperson, Mission Bay CAC; Ace Washington, San Francisco resident; Oscar James, BVHP resident; Chester Williams, HP-Uniti

Ms. Woods stated that she had spent the last two years on the Warriors CAC through the Port. She announced that there would be a preliminary meeting on May 8 to open up the discussion about the project to the extent that they know anything at that time and also to discuss the continuation of what was being done through the SFMTA and the Transportation Authority on the Waterfront Transportation assessment, which she stated was very valuable and would need to

be more focused on the Mission Bay area. Ms. Woods stated that all questions are still relevant and encouraged anyone interested to join the CAC discussions.

Mr. Washington stated that he was ready to file an injunction to stop all activity on Mission Bay until more attention was given to the Fillmore District. He also spoke about the work that Jim Jefferson had done in Mission Bay and the Fillmore.

Mr. James stated that he was in support of the Warriors coming back home to San Francisco. He asked the Warriors to try to create a free day for school children in the Mission Bay area to go to a game. He pointed out that the Warriors site was originally a Models Cities area and had been a part of BVHP and will still be a part of BVHP. Mr. James requested that the Warriors consider the community in all decisions and asked the Warriors to consider BVHP businesses and not just Mission Bay businesses.

Mr. Williams stated that he was a representative for his organization which was situated in the Bayview and focused on the issues dealing with this project. He asked the OCII to remember that, while they are planning this major design package, there must be open diversity so that everyone in the community had a way of being part of the project. Mr. Williams requested that the OCII keep the needs of the low income in mind when they build new businesses. He pointed out that big money would be calling the shots in this project, but it would be the responsibility of the OCII to keep the needs of the local and low income people in mind.

REGULAR AGENDA

- a) Adopting environmental review findings pursuant to the California Environmental Quality Act and (1) conditionally approving a Memorandum of Understanding with the Regents of the University of California, a California public corporation, (2) conditionally approving a Fifth Amendment to the Mission Bay South Owner Participation Agreement with FOCIL-MB, LLC, a Delaware limited liability company, and (3) conditionally approving a Release Agreement and Covenant Regarding Assumption of the Mission Bay South Owner Participation Agreement with the Regents of the University of California, a California public corporation, and Bay Jacaranda No. 3334 LLC, a Delaware limited liability company, related to the Regents' purchase of Blocks 33 and 34, bounded by 16th Street to the north, Illinois Street to the east, Mariposa to the south, and Third Street to the west, for future development of up to 500,000 gross square feet; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 30-2014)

Presenters: Tiffany Bohee, Executive Director; Christine Maher, Development Specialist, Real Estate Division; Lori Yamauchi, Associate Vice Chair for Campus Planning, UCSF; Catherine Reilly, Project Manager, Mission Bay; Damon Lew, Community Relations Office, UCSF

PUBLIC COMMENT

Speakers: Corinne Woods, Chairperson, Mission Bay, CAC; Ace Washington, San Francisco resident; Oscar James, BVHP resident; Chester Williams, HP-Uniti

Ms. Woods mentioned that she was not only Chair of the Mission Bay CAC but was also a member of the UCSF Community Advisory Group. She stated that the Mission Bay CAC was in support of this item, that the in-lieu payments would be beneficial for Mission Bay and would jump start some of the affordable housing and infrastructure development. She stated that she looked forward to the collaboration of OCII and UCSF in this project.

Mr. Washington reminded the Commission that the CAC's were created by Willie Brown and that he was the last director of the organization that was against redevelopment. He spoke about race

disparity, the leasing situation with Yoshi's, unity in the community and the Western Addition. Mr. Washington pointed out that there was no CAC or Merchants Association in the Western Addition and that this community needed some help with unity.

Mr. James stated he was in support of this item and asked UCSF to create a scholarship for community youth interested in pursuing a medical career. He asked that UCSF recognize and honor the Certificates of Preference when building the housing. Mr. James stated that more residents from the BVHP, Mission Bay and Potrero Hill areas needed to be hired and requested that UCSF honor the MOU regarding workforce requirements of 50% community and 35% contractors guaranteed for any projects that come from the other side of 280 up to the 101 area.

Mr. Williams requested that UCSF devote some of this project property for support services that would deal with the needs of the community, especially with issues of mental health, because many of the young people in that area had no place to go. With UCSF being right there, they could be available to help the community deal with these issues. He commended the Excel program but added that young people from that program were just getting menial jobs but were not advancing and there were no career paths for them.

Chair Johnson stated that she wanted to talk generally about UCSF's mission and how that would interplay with development because she had read that some use for the property would not be part of UCSF's educational mission. Ms. Johnson requested clarification on the specifics of UCSF's educational mission.

Ms. Maher introduced Ms. Yamauchi from UCSF to respond to Chair Johnson's question. Ms. Maher added that the educational component of this project was included in the state constitution.

Ms. Yamauchi responded that the state constitution defined the University's mission threefold: teaching, research and public service and added that the clinical care that UCSF provided was part of its public service mission as well. She explained that they teach students and trainees in their professional schools and graduate programs and teach residents and post-graduates in their post-graduate programs. She added that they also conduct research activities in the lab environment as well as in the office/desktop environment which involved partnerships with other organizations with whom they do research but stated that they were limited in the space that they could make available to the other entities, especially if they were for-profit. Ms. Yamauchi explained that UCSF also provides patient care in both inpatient and outpatient settings and at Mission Bay, they would be providing patient care both at the clinic center site and at outpatient clinics on land north of 16th Street. She added that there was also a possibility of creating a clinic on the Blocks 33/34 site but clarified that this use would require a secondary use finding by the OCII Executive Director.

Chair Johnson noted that regarding the space, there was one tower zoned for 160' in the podium building but in the analysis regarding tax increment, it was split into two phases. Ms. Johnson inquired as to whether that meant there would still be one tower.

Ms. Maher responded that the analysis was in the report done by ALH Urban and Regional Economics and staff had not taken into account building types in that analysis but rather, just the amount of space of 500,000 sq. feet being purchased from Salesforce. She explained that the phasing provided by UCSF represented the limit of what they could do on that site.

Chair Johnson replied that it did make a difference in terms of what the design would look like. She pointed out that in the analysis the numbers used per square foot in the phasing had been stretched out over five or six years for their present calculation for increment. Ms. Johnson inquired as to what the assumptions that were used.

Ms. Yamauchi responded that they still did not know exactly how they plan to develop the site. She explained that what they had purchased from Salesforce was the right to develop one tower up to 160' limited to 20,000 sq. feet from the floor plate above the podium level, and that it was their intent to develop the site under those parameters. As per the phasing, she explained that they had developed assumptions about development on the site with the intent of locating some of their activities currently in leases and which would be expiring in 2017/18 on the site. Ms. Yamauchi stated that they expected that the first building would accommodate some of those leases and in that way enable them to identify a timetable for the first building. She added that they did not anticipate that they would have the resources to develop the entire site at once. Ms. Yamauchi indicated that they had also looked at the major phase application filed by Alexandria Real Estate Equities that envisioned two buildings with parking garage in the middle: a 100,000 sq. foot building on one end and a 200,000 sq. foot building on the other end. They had reviewed that site plan to see if would work for UCSF and, with that in mind and without knowing exactly what they were planning to put there, they developed the assumption which they gave to OCII's economic consultant to construct a Phase I building of 275,000 gross sq. feet by 2017, a Phase II building of 225,000 gross sq. feet by 2018, and a garage by 2021.

Chair Johnson requested additional clarification.

Ms. Yamauchi responded that Salesforce had a 2 million sq. foot campus where they distributed their entitlement throughout their property and for that particular block, Salesforce had had less development and more parking than what UCSF would be proposing. Hence, she explained, UCSF was not proposing to conform to Salesforce's plan for that particular property because it was separate from other Salesforce property.

Commissioner Ellington was concerned about the exemptions under the design review and inquired about what would happen if their design was outside the scope of what the area was zoned for and whether that would trigger more tax increment dollars or some other result.

Ms. Maher responded that in Mission Bay, the standard design procedures provide for major phases and schematic designs to come before the Commission for approval. She explained that UCSF was exempt from the local land use regulations. However, under this agreement, UCSF had agreed to comply with the redevelopment plan which would control the uses on the site and that they had also agreed to come together with the community and the OCII to conduct workshops on the design. Ms. Maher added that UCSF had also agreed to comply with the Design for Development, the streetscape master plan and the signage master plan which were the documents that would truly control what Mission Bay would look like. She clarified that if UCSF's design were not to comply with those documents, they would have to come before the OCII for variances and make findings for those variances.

Vice-Chair Rosales inquired about the staff memo that indicated that one of the possible uses might be office and incidental retail uses and inquired about whether the retail uses would be compatible with the Parnassus campus.

Ms. Maher responded that any of the retail uses would overall be incidental to the primary core educational purposes and then deferred to Ms. Yamauchi to supply more detail.

Ms. Yamauchi responded that since UCSF needed to devote most of the space and facilities to their core mission, it would not be appropriate to rent out their space to a destination retail tenant, such as Home Depot, but noted that at the Parnassus campus and in Mission Bay, they did have smaller food operators and tenants as well as a Walgreen pharmacy. She explained that incidental retail would be primarily for the convenience of their employees, patients and visitors and that overall it would represent a small portion of the total space that they planned to develop. Ms. Yamauchi added that

UCSF understood the OCII's desire to develop neighborhood retail wherever possible and stated they would work with staff to ensure that whatever retail was developed would be compatible with the rest of the Mission Bay area.

Commissioner Mondejar had concerns about the Fifth OPA amendment in that it released Salesforce from certain obligations of the South OPA. She inquired whether there were other obligations they were being released from as well.

Ms. Maher deferred to Ms. Reilly to respond to this question.

Ms. Reilly responded that Salesforce would be released from everything because that was the normal process that Mission Bay would be going through. She explained that the Master Developer entered into the Owner Participation Agreement (OPA); then the OPA travelled with the land. In this case, the Master Developer had sold the land to Alexandria Real Estate (ARE) and typically they sold development rights as well. Ms. Reilly indicated that the master developer would retain the parks and other infrastructure obligations. Ms. Reilly summarized that ARE sold to Salesforce who in turn sold to UCSF. She explained that the release was there because the OPA stated that if the property was being sold, certain obligations had to be met. OCII was amending the OPA because they were allowing UCSF to be exempt from the OPA and be subject to the MOU. She added that Salesforce wanted to make sure that they were covered and have a document recognizing that the OCII and FOCIL, as the developer, were on the same page and which stated that Salesforce was effectively out of the deal. She added that UCSF would take on certain obligations through the MOU and the master developer would retain the infrastructure such as parks and other obligations when this parcel was being sold off.

Executive Director Bohee added that this assignment and assumption release agreement was very typical for Mission Bay and the established framework for development. She explained that the reason they did not enter into multiple development agreements was because Mission Bay had many different biotech, office, non-profit, affordable housing developers and that it was through this type of release that UC, as a state agency, using an MOU, OPA and release agreement, would conclude the transfer from Salesforce.

Chair Johnson had a concern regarding the mitigation measures as part of the FSEIR process. She pointed out the section that stated that UCSF would conduct their own development and mitigation measures and that it was the duty of the Executive Director to check whether or not those were equivalent mitigation measures to the FSEIR. Ms. Johnson inquired about whether the determination of equivalency was totally up to the Executive Director or whether this would have to come back before the OCII and whether they would then have to make new findings for equivalency; inquired about whether the expansion of the UCSF TMA system would impact the public transit infrastructure being planned for Mission Bay; had concerns regarding development rights transfer and especially in section 3.4.3 where it spoke of "additional payment to the successor agency to account for the impact of that transfer on housing program and related bonding requirements". Ms. Johnson inquired about whether that meant that, if there were additional rights transfer to another third party, there would be a payment to the agency as compensation for loss of PILOT money and who would be paying it.

Ms. Reilly responded that they were relying on the Mission Bay EIR because UCSF had not done any additional CEQA for this project, unlike the campus or the hospital. She explained that in order for OCII to make additional CEQA findings other than those based on the Mission Bay EIR, they would need another CEQA document. Ms. Reilly explained that CEQA allows the transfer out of findings if found to be equal or better with appropriate findings. Ms. Reilly indicated that UCSF was in the process of creating a long-range development plan EIR and would be looking at the development of 33/34 as well as part of that EIR. She explained that the original UCSF EIR for their Mission Bay campus and the Mission Bay EIR had been completed together so the majority of the mitigations

were similar. In the Mission Bay EIR, there was a transportation management plan where all of the private projects in Mission Bay were required to participate in the TMA. Since UC had its own shuttle system and its own TMA program which were very successful, this would be an example of where UCSF might request that instead of participating in the Mission Bay TMA, they be able to use their own TMA. Ms. Reilly stated that it was written in this agreement that findings of equivalency and mitigation process review would be delegated to the Executive Director for review; however, she added that no change could be made if it affected the infrastructure plans. Ms. Reilly pointed out that UCSF would not be asking for many changes and that the changes that staff were aware that UCSF may request, such as applying the UCSF TMA instead of the Mission Bay TMA are ones UCSF had had already been allowed to do as part of previous projects on the campus and hospital sites.

To the transit question, Reilly responded in the negative because it was all separate and even if UCSF brought in their private shuttle program, it would not affect the public transit system. In fact, UCSF was supporting the City's TEP program and giving additional funds to help extend the 22 line. Ms. Reilly assured the Commission that UCSF wanted to make sure there was public transit in the area. Their private shuttle service would provide a different connection and was also open to the public. She added that they still needed to prepare findings to determine whether it would be as good or better. If their findings showed that switching from the Mission Bay TMA to the UCSF TMA would provide worse level service and not be in compliance with the original CEQA, OCII would not be able to accept or exchange it.

Regarding exchange of property rights, Ms. Reilly responded that, unlike other areas of the City, when property was bought and there was one allocation for that property, Mission Bay had a pot of development rights. She explained that Salesforce purchased a pool of development rights for its area through a planning process that then assigned it, but without any specific maximum or minimum amount of square footage. The Mission Bay plan already allowed flexibility between different sites. Ms. Reilly indicated that UCSF had requested to have a similar level of flexibility within the sites that they controlled. They had the campus site, the hospital site, the X3 site, and now 33/34. Ms. Reilly explained that the campus site was from original deal; that for the hospital site, UCSF had entered into agreements to address loss of property taxes for infrastructure and affordable housing; and that for 33/34, there would be a one-time payment. Ms. Reilly added that if UCSF were to purchase other property in Mission Bay, such as some of the remaining Salesforce land, that property would be subject to a PILOT and once a deal had been cut for affordable housing and infrastructure, OCII would allow some transfer of development rights between those parcels as long as they would not be creating an environmental impact, such as throwing too much square footage onto a single small parcel. Ms. Reilly pointed out that this section stated that once there was a deal for affordable housing and infrastructure, UCSF would be able to move things around as long as no problem was created for their neighbors with regard to CEQA. If additional property was being purchased, UCSF would have to come back before the OCII and discuss affordable housing and infrastructure before they would be allowed transfer rights.

Vice-Chair Rosales noted language regarding local hiring and workforce development programs in the proposed MOU and inquired about UCSF's good faith effort commitment regarding small business and minority and women businesses.

Ms. Yamauchi introduced Mr. Lew to respond to this question.

Mr. Lew responded that he managed several of the UCSF's workforce development programs including the community construction outreach program. He reminded the Commission that several years ago, the City and County of San Francisco had mandated legislation regarding local hire. Mr. Lew explained that, as a state entity, UCSF was prohibited from mandating quotas and goals around local hire, but was allowed to conduct targeted outreach in certain sectors of the City. He pointed out that they had voluntarily followed the City's hiring program and have partnered with Mission Hiring

Hall, which provided an outreach and referral service for UCSF. Mr. Lew stated that since they instituted the program in 2011 with a construction goal for the hospital of 20%, they had reached the goal of 21%, which translated to approximately 610,000 construction hours being performed by San Francisco residents. Also since 2011, 16% of the headcount for the Mission Bay hospital had been San Francisco residents as well. Across the street, in the Clinical Health and Sciences Hall project started in 2013, they had been tracking at 22% of the goal of 30%, which would equate to about 41,000 construction hours being performed by San Francisco residents. Mr. Lew stated that for Phase I of Block 33/34, which would begin in 2017, their voluntary goals would increase by 5% each year up to a maximum of 50% so that by 2017 they would be shooting for 50% of construction hours to be performed by San Francisco residents on those projects.

Ms. Yamauchi added that Mr. Lew was also responsible for a program called Excel, which was a training program for people at risk that provided internships for residents of low income neighborhoods. She added that the program had been very successful in helping neighborhood residents gain employment at UCSF.

Regarding the MOU language on coordination of hiring programs and good faith efforts ensuring that minority and women-owned businesses have opportunity to compete for contracts, Ms. Yamauchi responded that in their advertising of contracting opportunities, especially in the construction area, they requested bidders to submit information about the number of women and minorities in their companies. She explained that this information was reported as part of their bid proposals and submittals and was taken into account. Ms. Yamauchi added that the University had a Diversity and Outreach Office headed by a Vice Chancellor and that person was responsible for not only ensuring that the University had a diverse workforce both in faculty and staff levels but also for conducting outreach of various types through the University community partnerships programs. Ms. Yamauchi also stated that as part of its research grant program, the University also had to report its hiring practices in compliance with federal law.

Vice-Chair Rosales commended the University's diversity program but inquired as to whether the University had a small business program focusing on the solicitation of small local business.

Ms. Yamauchi responded that they could not respond to that question at the present time but would gather the information and provide it to staff later.

Commissioner Singh provided some history and pointed out that in 1997 UC was looking for a site for its campus, and Commissioner Singh met with the University and the Mayor of San Francisco to discuss the issue. The Mayor told Mr. Singh that UC at that time was the second largest employer in the City and they didn't want to let the University go somewhere else because they had been offered property in Brisbane and Alameda. Mr. Singh stated that eventually they were able to secure 30 acres and 13 acres in different areas and then another 10 acres later. He commended the University for staying in the City.

Chair Johnson added that she would be checking back for the answer to Vice-Chair Rosales' question and would have the answer either in the report of the Executive Director or the Chair at a future meeting.

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

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

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

ADOPTION: IT WAS VOTED UNANIMOUSLY THAT RESOLUTION NO.30-2014, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND (1) CONDITIONALLY APPROVING A MEMORANDUM OF UNDERSTANDING WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION, (2) CONDITIONALLY APPROVING A FIFTH AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND (3) CONDITIONALLY APPROVING A RELEASE AGREEMENT AND COVENANT REGARDING ASSUMPTION OF THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, A CALIFORNIA PUBLIC CORPORATION, AND BAY JACARANDA NO. 3334 LLC, A DELAWARE LIMITED LIABILITY COMPANY, RELATED TO THE REGENTS' PURCHASE OF BLOCKS 33 AND 34, BOUNDED BY 16TH STREET TO THE NORTH, ILLINOIS STREET TO THE EAST, MARIPOSA TO THE SOUTH, AND THIRD STREET TO THE WEST, FOR FUTURE DEVELOPMENT OF UP TO 500,000 GROSS SQUARE FEET; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

6. Public Comment on Non-agenda Items

Speaker: Oscar James, BVHP resident; Ace Washington, San Francisco resident

Mr. James stated that he had missed a few meetings because he had been taking care of his sick mother but asked if he could get some of the information from several of the last meetings.

Mr. Washington inquired about the budget and stated that he agreed that the Commissioners should be receiving some money for their services. He inquired about a sum of \$95,000 that was not accounted for as well. He stated that he may be requesting some money for his community from the Executive Director. He also spoke about the groundlease, the loan and plans for future partnerships in the Fillmore. He asked that the OCII hold a workshop at Yoshi's so the community can be informed about this.

7. Report of the Chair – None.

8. Commissioners' Questions and Matters – None.

9. Closed Session – None.

10. Adjournment

The meeting was adjourned by Chair Johnson at 2:52 p.m.

Respectfully submitted,

Natasha Jones

Natasha Jones, Interim Commission Secretary