

MINUTES

**TRANSBAY TRANSIT CENTER
COST REVIEW COMMITTEE SPECIAL MEETING**

Monday, March 6, 2017

1:45 p.m. to 3:00 p.m.

TJPA Offices
201 Mission Street, Suite 2100
San Francisco, CA

COMMITTEE MEMBERS

Ben Rosenfield, City and County of San Francisco (CCSF) Controller (Chair)
Steve Heminger, Executive Director of the Metropolitan Transportation Commission (MTC)
Mark Zabaneh, Executive Director of the Transbay Joint Powers Authority (TJPA)

CLOSED SESSION

There was no member of the public who indicated that they would like to comment on the item scheduled for discussion in closed session.

1. Call to Order

The meeting was called to order at 1:50 pm.

2. Roll Call

Present: Ben Rosenfield (Chair), Steve Heminger, Mark Zabaneh

3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Gov. Code section 54956.8)

Property: Transbay Transit Center (generally located between Mission, Beale, Howard, and Second Street in San Francisco; Assessor's Block 3721, Lots 006 and 124; Assessor's Block 3720, Lots 010 and 011; Assessor's Block 3719, Lot 003)

Agency negotiator: Mark Zabaneh, TJPA Executive Director; Shuprotim Bhaumik, HR&A Advisors, Inc.; Joan Story, Sheppard Mullin

Negotiating parties:

- Cushman & Wakefield
- Lincoln Property Company

Under negotiation: Price and terms of payment for long-term master lease of Transbay Transit Center

ADJOURN CLOSED SESSSION AND RECONVENE SPECIAL MEETING - The closed session was adjourned at 2:45pm.

4. Announcement of Closed Session.

Secretary Dea announced that there was no action to report.

(Per concurrence from the Committee, items 5 and 6 were presented together.)

5. Action Item:

Expenditure and Commitments of Proceeds of the City Financing that Require CRC Approval

Sara DeBord, TJPA Chief Financial Officer (CFO) presented these items.

CFO DeBord stated that at the Chair's request, the TJPA prepared commitments versus cash flow schedules that were sent to the committee, showing that cumulative commitments anticipated by June 2017 is just under \$169 million. Per Ms. DeBord, in July, with the issuance of Community Facilities District (CFD) bonds, the TJPA would de-obligate some of the commitments and re-obligate with the budget amount using CFD proceeds. Per Ms. DeBord this would bring the total City Financing down to \$133 million. Ms. DeBord also stated that that in terms of cash flow, \$65 million is anticipated to be paid out by June 2017, and an anticipated amount of \$127 million would be spent through June 2018. Ms. DeBord noted that the award of the bus storage and legal services are included in the projections.

Chair Rosenfield stated that the committee had authorized \$150 million in commitments in the last meeting and asked for a status update. Ms. DeBord stated that so far, the TJPA has authorized \$113 million of the \$150 million and that there has been one draw of \$5 million (the minimum draw amount), to pay for a construction invoice in the amount of \$3.4 million, and City costs of issuance.

Chair Rosenfield stated that in the big picture, the \$150 million authority to commit should be sufficient, given the anticipated draws through the end of the project. Chair Rosenfield also stated that the last authorized amount does not allow the TJPA to fully issue Notices to Proceed (NTP) for the project, based on the projections. Ms. DeBord stated that the park is probably the best example of commitments that will be de-obligated and re-obligated. Per Ms. DeBord, the TJPA will issue a full NTP for the park over \$30 million. Of the \$30 million, approximately \$6 million would be spent from the City financing. Per Ms. DeBord, the TJPA anticipates that and the remaining amount would be de-obligated and re-appropriated with bond proceeds when available.

MTC Executive Director Heminger asked about the amounts anticipated to be de-obligated. Ms. DeBord stated that the TJPA anticipates spending at least \$100 million of the CFD bond proceeds for construction, and thus all of the bond proceeds cannot be used to re-pay or reduce the City Financing. The TJPA will start to repay City Financing with follow on issuances. Mr. Heminger asked if there are any more bond issuances coming. Nadia Sesay, Director of the Controller's Office of Public Finance and Interim Director of OCII, stated that the next issuance is in fiscal year 2018-19. Ms. DeBord stated that a portion of City financing is needed because CFD bond proceeds are not available yet. Per Ms. Sesay, there is a cash flow issue.

Chair Rosenfield stated that it would be helpful for the TJPA to provide a commitment and cash flow schedule for the entire project and not just for City financing. This would allow the committee to get a sense of other fund sources. Chair Rosenfield stated that the spreadsheet shows \$36 million that is shifting encumbrances from the City financing against CFD financing in July. Chair Rosenfield stated that he believed the projections are based on securitizing two building already completed this year. Ms. DeBord stated that the TJPA project cash flow and the Mello-Roos bond cash flow assume securitizing those two completed buildings plus Salesforce Tower. In addition, Ms. DeBord stated that much of the CFD bond proceeds are assigned to costs such as contingencies and program reserves. Per Ms. DeBord, if the project does not need to use the contingencies, those funds will not be used.

Chair Rosenfield stated that the dependency on Salesforce by the end of the fiscal year becomes important because if it does not meet the timeline to securitize in July 2017, this would mean that there are other commitments that will have to be authorized against the City Financing, pending receipt of CFD bond proceeds. Chair Rosenfield stated that while the parties discussed spending \$150 million against \$250 million of total City Financing, it may be that when the Transit Center opens, the draw from City Financing may be in excess of \$150 million. Chair Rosenfield stated that—although the costs will be paid back relatively quickly, the costs may be well in excess of \$150 million. Ms. DeBord confirmed that to be the case.

Public Comment:

Roland Lebrun expressed concerns with having access to the staff memo for this item. Secretary Dea stated that the meeting materials are on the TJPA website and that the requirement is to get the agenda posted within 72 hours of a meeting. Mr. Heminger stated that MTC should have a link to the materials. Chair Rosenfield stated that the simplest thing to do is to provide a link on MTC's and the City's websites to the TJPA's website.

Mr. Lebrun stated that he did not receive a notification for the meeting. Chair Rosenfield stated that if Mr. Lebrun left his contact information with the secretary, he would be added to the notification list.

Chair Rosenfield proposed to increase the allowance for commitments up to \$169 million, the anticipated commitment amount through June 2017, with the understanding that commitments will drop below \$150 million when CFD financing occurs in July 2017. In

addition, the project is allowed to draw cash up to \$65.4 million through June 2017. The committee will continue to receive forecasts and updates at committee meetings and will discuss future authorizations.

Mr. Heminger motioned to approve commitments and draws as proposed by Chair Rosenfield. The motion was seconded by Mr. Zabaneh and was approved without objection.

6. Discussion Item/Possible Action:

Opportunity to Comment on Contracts, Change Orders and Contract Amendments that Require CRC Review

Public Comment: None.

7. Discussion Item:

Status Updates from Planning Department and Office of Community Investment and Infrastructure (OCII) on Projects in the Redevelopment Area/Transit Center District

Chair Rosenfield stated that there are no updates since the last meeting.

Public Comment: None.

8. New Business

- Agenda for Next Meeting

Public Comment: None.

9. Public Comment

This item allows members of the public to comment generally on matters within the CRC's purview that are not on the agenda.

Roland Lebrun stated that he really likes what the committee is doing and its openness. Mr. Lebrun stated that he wished the same would be applied to another meeting and have the meeting open to the public.

Jim Patrick commented on a Matier and Ross article in the San Francisco Chronicle newspaper. He opined that there seems to be a lack of greater progress and greater planning. Mr. Patrick stated his concerns on whether the Downtown Rail Extension (DTX) be built as there are uncertainties. He also stated that there seems to be a lack of broader scope of planning.

10. Adjourn

The meeting was adjourned at 3:00 pm.

The Ethics Commission of the City and County of San Francisco has asked us to remind individuals that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [Campaign and Gov't Conduct Code, Article II, Chapter 1, § 2.100, et seq.) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please

contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102, telephone (415) 252-3100, fax (415) 252-3124 and web site: www.sfethics.org.