

# japantown task force, inc.

a planning, preservation, and development organization

## **JTF Board Meeting February 27, 2006 @ 6:00 p.m. Union Bank of California Hospitality Room Meeting minutes - DRAFT**

**Attendees:** Scott Belser, Doug Dawkins, Seiko Fujimoto, Michael Gowe, Caryl Ito, Sandy Mori (Pres.), Mark Moriguchi, Benh Nakajo, Rosalyn Tonai,  
**Staff:** Linda Jofuku  
**Guests:** Steven Suzuki – JALFI Board Chair, Ben and Mary Ishisaki, Lucy Kishiue – meeting recorder  
**Absent:** Tak Matsuba, Tetsuya Yoshida

**Call to order at 6:05 p.m. by Sandy Mori, President**

**The order of the agenda was adjusted to accommodate presentations from guests.**

### **A. Kokoro Assisted Living Update – Steven Suzuki, Japanese American Religious Federation Assisted Living Facility, Inc. (JALFI) Board Chair**

Suzuki updated the taskforce and provided handouts (attached on official records) of the mission and timeline of the Kokoro Project and On Lok's background information. The current situation of the sale of the facility involved the land reverting back to the San Francisco Redevelopment Agency (SFRA) and building services to be managed by On Lok services in partnership with JALFI. Suzuki provided background of the project which began in 1996 when SFRA issued the RFP. JARF and JARF Housing answered the RFP with a proposal for an assisted living facility. NCB Development Corp. was brought on as consultants and was known as a group that develops assisted living facilities on the West Coast and nation. NCB is Washington-based. The project cost (construction and operations) was about \$14 – 15M: JALFI borrowed \$7M mortgage from National Cooperative Bank (NCB), with community fundraising of \$2.8M, and monies from SFRA (\$5.6M). Kokoro opened in the year 2002. Less than 1 year after opening, the board discovered discrepancies in the operating expenses and the ability to meet the mortgage. This issue was raised to NCB Development and NCB (Bank) and for 18 months tried to work out a solution despite SFRA's assistance of \$3M to bring down the mortgage. In September 2005, NCB Board rejected the request to restructure the mortgage and Kokoro faced foreclosure. In October 2005, SFRA increased the assistance to a total of \$5M. Kokoro has full-occupancy since the Summer 2005 and can sustain about a \$2M mortgage. SFRA required that JALFI (an all volunteer board) turn over responsibility to another entity with the capacity for oversight and accountability. In December 2005, an RFP was issued with two responds. In January 2006, JALFI board selected On Lok as the new central owner of the site.

Since then, there have been two public meetings, numerous meetings with the residents and churches. Currently in negotiations with On Lok on services and expects that On Lok will continue to maintain the original mission of Kokoro such as service to the Japanese American Community, cultural sensitivity, language, food, staffing and services. Anticipate May-June to finalize the contract with On Lok. JALFI will have to

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go before the Citizens Advisory Council (CAC) and the SFRA Commissioners to final approval.

Suzuki concluded that this was not the ending we all wanted for Kokoro yet the building remains, services are intact, there is a need in the Japanese American Community to fill the facility. Suzuki asked for the Task Force's support as the proposal is presented the SFRA Commission.

Discussion was open to questions:

Q. How many people will be on this new non-profit board and what will be JALFI's role?

A. The proposal is to have the Kokoro Inc. Board consisting of 7 members, site specific. JALFI will appoint 2 board members and On Lok Board to appoint 5 board members. Members of the Japanese American community may seek appointments to these 5 board positions.

Q. Is there a commitment to have a representative of the Japanese American community on the larger On Lock Board?

A. Hopeful that with negotiations that On Lok sees the importance of having representation of the JA community.

Suzuki added that JALFI is made up from members of JARF and JARF Housing. JALFI will most likely dissolve but negotiations will be to ensure an entity in the JA community is connected on a long-term basis to ensure representation on the Kokoro Inc. Board.

Q. Mary Ishisaki asked why did not JARF not come out to help JALFI, assuming that the buildings (Nihonmachi Terrace and Hinode Towers) are close to being paid-off?

A. Suzuki could not answer for JARF but is on the housing board. Nihonmachi Terrace was built by HUD 232 section 8 funds and has about 15 – 18 years on the program. Cannot use funds from one project for another or borrow equity to assist another.

Q. Mary Ishisaki asked why didn't JALFI go to the community for assistance for additional fundraising either to companies or individuals?

A. Suzuki responded that at the time, there was a \$7M mortgage with a potential of \$3M assistance from SFRA (hopeful of a \$4M mortgage). JALFI needed to demonstrate that there was a need in the community for Kokoro and that it can be filled with residents. JALFI was concern if they asked the community for \$4M, it would "freak" everyone and did not want to impact the residents and potential residents.

Q. Mary Ishisaki asked could JALFI asked for funds?

A. The original capital campaign raised \$2.8M, of which \$900K from the community and the rest of the fundraising came from grants. Unsure of the community's capacity to raise \$4M.

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Q. Ito asked to reiterate the timeline in finalizing the agreement and to present the proposal.

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A. Letter of Intent has been completed. Anticipate April to approach the CAC and May to come before the SFRA Commission.

Q. Dawkins asked when the board discovered that the revenue stream was not going to match the total outflow, why did the board not have the numbers?

A. Suzuki answered that Redevelopment and the consultants developed the whole package including the initial mortgage. Six months into operations, the board was looking at the actuals (did not have any numbers before to compare). The board relied on the consultants for their expertise. The board was more focused on construction and not on the services. A management corporation, Seniority provided the services and the question arose, "what about the mortgage?" Redevelopment questioned on a possible lawsuit against the consulting firm. Letters have been sent to the consulting company stating that JALFI was not informed/ill-informed. Estimates of a lawsuit would be costly with at least \$100 - 200K for discovery alone. Not sure if Redevelopment is interested in the time and cost to pursue such a suit. The goal was first to stabilize the facility and services before taking any legal action. Eventually, NCB Development dropped it on JALFI; NCB Bank was its affiliate (the maker of the mortgage). NCB was chartered by Congress to provide funds to community-based organizations to develop and create low-income affordable facilities.

Dawkins asked if any of our elected officials been informed? Suzuki felt that the board had to involve the community first, then the media and affiliate organizations such as Catholic Healthcare West, San Francisco Foundations.

Mori commended Suzuki for his hard work on this project and as chairman of the JALFI board.

## B. Approval of Minutes: Meeting of January 23, 2006

Mori addressed Jofuku that the draft minutes were in the meeting packet to the board last Friday. The usual process is to incorporate corrections to the first-draft and produce an updated draft document in the meeting packet with the agenda. Mori provided written corrections and asked for any corrections by the board members.

### Corrections:

#### Item A:

Japan Center Garage Contract – Richard Hashimoto, **Japan Center Garage Manager**

Hashimoto presented the proposed budget for 2006-2007 (Handout provided) which was submitted to the SF Parking and Traffic to meet the December 1, 2005 deadline. **Hashimoto reported that he developed the budget with the input from Jofuku.** . Anticipate final approval by the commission in March 2006. 2007 is the final year of providing funds to the Task Force. Hashimoto also provided a "*Request for Reimbursement of Expenses – for December 2005*" (Handout) to the board which details \$38K in reimbursable expenses to the Task Force. **Since the 2006-2007 budget had not been brought to the board for approval prior to December 1, 2005, Mori stated** the Task Force **will** review the proposed 2006-2007 budget and get back to Hashimoto as soon as possible.

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Ito asked if there was a marketing plan submitted. Hashimoto acknowledged receipt of a marketing **work plan. The Task Force needs to submit a formal marketing plan.**

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*Kishiue commented that Mr. Hashimoto did not state (was not on the recorded tape of the meeting) the correction that Mori provided. Ito replied that the reason why she asked the question was due to a letter that Mr. Hashimoto sent to the Task Force in 2005 stating that we were remised in a marketing plan to help him justify giving us the money. Wanted clarification if he received a report and also he was trying to make a distinction that in the written agreement, it does not spell out marketing plan but in working with us expect that we are using the money other than administrative costs that we are using it for the newsletter, a plan for signage and all of this needs to be communicated to him and updated in the '06-'07 budget. Ito stated that is essentially what he still needs.*

## Item D: Correction

This project is a permanent fixture for Japantown and is different from another project "Birth of Japantown" which is a temporary exhibit through photos by **Osaki** Designs.

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## Item E, 1:

### 1. Income/Expense Statements

Directors received in their board packet, financial information provided by JCYC. Jofuku confirmed that she requested the close-out report of Fiscal Year 2004-2005 from JCYC and this is what was provided to her. Jofuku will forward to the directors the current fiscal year/ YTD report. The JCYC report represents one of the accounts that JTF has. **The board expressed concerns that the detailed finance information needs to be formatted to a standard budget by our executive director.** Other JTF accounts include: a certificate of deposit, money market, and checking totaling a balance of \$7,344. Moriguchi is the second signature required to these close accounts. Jofuku reaffirmed she was instructed to avoid duplicative work. **JCYC submitted a memo dated 10/5/05 defining JCYC/JTF areas of responsibilities.**

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Motion: **Belser will help** develop a working financial template to produce monthly reports for JTF and such report will be provided for the next board meeting with current financial results: Gowe, 2<sup>nd</sup> – Belser, motion carried.

## Item F, 3:

Dawkins reaffirmed that the goal of the tea garden was to **display** Japanese culture **to the public** and not a business venture.

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## Item F, 4:

Motion: Consolidate book sales into the monthly financial reports reflecting revenues and expenditures **and provide a report at February board meeting.**: Tonai, 2<sup>nd</sup> – Ito, motion carried.

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## Item F, 6:

This **newsletter content and layout** will be forwarded to the Communications & Marketing Committee for approval.

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## Item G, 5:

Communications and Marketing Committee – Seiko Fujimoto

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**The committee is waiting for the draft of the newsletter, which will be reviewed for final approval.**

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**Item H, b:**

Gala Dinner will be held on September 2<sup>nd</sup> at the Miyako Hotel. This will be a community-wide event with proceeds for a permanent commemorative “thing” (to-be-determined). Expectation for 500 – 1000 attendees/tickets \$150/\$75 seniors. **It would be appropriate for the taskforce to organize a table.**

**Item H, d:**

**Sweepstakes** tickets are on sale. Donation is \$50 each with a limit of 500 tickets.

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**Item H, e:**

Centennial Website is [www.sfjapantown100.org](http://www.sfjapantown100.org)

**Item H, f:**

Correction of Theresa Ono to **Teresa** Ono.

**Item H, 2:**

Correction to John to **Jon** Osaki.

Motion: To accept the meeting minutes as corrected. M/S/C: Dawkins, Ito, Carried.

Dawkins asked if the meeting minutes should reflect what exactly was said or the intent of what was said. Other board members were asked of their opinion as to a form of a transcript that records what was said or a summary based on interpretation that may not be accurate with the speaker’s intention. Mori commented that the usual process is for the minutes to be forwarded prior to the board mailing to correct the minutes. Because this was not done this time, it was discussed at this meeting. The process would also allow for any corrections to the final meeting minutes document.

## C. Chair’s Report

**Transportation Authority Contract** – Mori brought this forward at the request of several board members. Background: There is an opportunity for the Task Force to have a \$10K contract with the Transportation Authority for language services. There have been exchanges of messages between Jofuku, our executive director and Jon Osaki regarding this opportunity. Mori shared a memo from Jon Osaki of what the fiscal agent expects before the Task Force submits proposals. Osaki stated that the Task Force did not comply with this request (letter from September 26, 2005). Jofuku stated that there was an email responding to Jon Osaki’s recent concern that was not included in the information shared with the board. Jofuku reiterated that she did respond to Jon and reminded the board of an earlier board meeting that the Task Force had written a letter of support of the San Francisco County Transportation Authority’s submission to the State transportation authority to obtain funds to conduct multilingual and culturally specific outreach all along the Geary corridor. Discussions followed with the possibility of the Task Force providing bilingual services for the TA on the Geary Corridor Project. The TA did receive the funding from the State and then asked the Task Force to be partners on this bilingual outreach project. Thus it was not an effort to circumvent the fiscal agent’s authority. The Task Force was informed after the TA confirmed the funding. It was not until recent, that the TA forwarded the paperwork and was forwarded to Jon Osaki. Jofuku confirmed that that Jon Osaki and Zabbie (of the TA) are in contact to work out the agreement.

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Tonai stated two issues of the lack of communication or perception issues needs to be resolved; and is the Task Force is ready to take on its own fiscal matters and will need the capacity to do that.

Mori stated she is skeptical that the Task Force does not have the capacity to produce financial reports and unsure of the fiscal picture. Mori expressed concern that Jon Osaki had to write a letter to the board and the relationship has been an on-going issue for the past 2 months (since December 2005). Mori asked the board if JTF should move forward on this contract with the TA.

Dawkins responded that our business relationship with JCYC needs repair before going forward with the contract. "If Jon (Osaki) views this as a "stick in the eye", then the Task Force has a problem to resolve. The "bottom-line" is that our fiscal agent Jon Osaki is not "happy". From previous board discussions, agreed that JCYC is our fiscal agent. It is important for us to maintain a good working relationship and have a strategy to fix it first such as getting good financial reports, before we can go forward with this contract. Dawkins stated that this letter was a threat to no longer be the JTF's fiscal agent.

Mori stated that she contacted Jon Osaki if he was available to attend this board meeting and was unable to due to prior commitments. Jofuku responded that she would contact Jon and arrange to meet in person.

Ito asked for clarification of the last paragraph of the letter stating that Linda had sent the draft contract to Jon has asked for some changes; where is it and the status. Linda stated her understanding from an email from Zabbie (TA) that the contract/budget was given to Jean (JCYC) and would be worked out amongst the TA and Jean (JCYC) and then share with Linda. Ito suggested that Linda contact Jon that the contract/budget is being worked out by the TA and Jean and offer if there was any help that she could provide to expedite the final contract.

Fujimoto reiterated that Linda should contact Jon. Linda highlighted again the email she sent on December 22<sup>nd</sup>, responding to Jon's message was not attached to the letter to Sandy Mori.

Mori again emphasized "the mere fact that she received this letter and that such an issue like this should not have come before the board. The relationship between the Task Force and our fiscal agent (JCYC) is already fragile. JCYC took on the fiscal agent role as a support to a community-based organization who is trying to "get on its own feet" and to not have a fiscal agent. JCYC's patience to continue this role is wearing thin."

Dawkins asked to determine a specific point in the process when Linda should provide notification as to whether or not the Task Force is interested or not in getting involved with proposals/contracts. It would be incumbent upon the Task Force to communicate to JCYC with some clear guidance and intent. Mori answered that it has already be stipulated in Jon's letter from September 2005. "Should the board micro-manage this process".

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Ito asked of Linda of any suggestions to “fix” this relationship. Jofuku responded that she will contact Jon and in the future, contact him either by phone or email when JTF contemplates other funding opportunities.

Mori again asked the board, that aside from the Task Force not complying with the Fiscal Agent’s requirement as stated in the letter to Linda Jofuku dated September 25, 2005, does the Task Force want to go forward with this contact? Discussion continued amongst the board.

Dawkins recommended that the Task Force will need to respond to Jon Osaki’s letter and to put something in place to assure Jon that the board takes this seriously and taking the steps to ensure that we are in compliance with their requirements as a fiscal agent.

Discussion continued with the suggestion of the Finance Committee serving as oversight on all contracts. This presents another layer that Mori expressed is a day-to-day function of the executive director. Belser will work with Mark Moriguchi as the Finance Committee in the capacity as oversight on all contracts. Jofuku will provide to the board the proposed budget submitted to the TA. Mori will write a letter to Jon Osaki reassuring the board’s intent of JCYC continuing on as the Task Force’s fiscal agent and to ensure compliance with future contracts.

## **D. Director’s Report**

**Sale of Kintetsu Properties** – Jofuku updated the board on the series of community meetings and information included in the board packet. Don Tamaki (Minami, Tamaki and Lew, LLP) serves as the point-person for the media and Roy Ikeda is the lead attorney representing Kintetsu. Together, they are developing a sales agreement which incorporates the community concerns. There is a listing of the communities concerns (that continues to change) and Jofuku, upon Tamaki’s approval, share the most recent listing. Two major concerns for the Task Force: 1) the buyer’s will stay with the property long-term (10+ yrs) and not “flip” the property immediately; 2) keep with the design, motif and ambiance community concerns. At the last meeting at JCCCNC, Tamaki stated that the potential buyer was amiable to the listing of community concerns. Both Mayor Newsom and Supervisor Ross Mirkarimi stated that there are things that the City can do either through special legislation/policy, permit or zoning process to enforce Japantown’s cultural integrity.

Jofuku stated that she was informed by the press of a meeting (today) with the Mayor and the buyer. Nakajo and Toni asked if there was such a meeting. Mori responded that she was aware of a meeting with the Mayor and heard about this from the third-party; she did not know who attended; and she did not attend this meeting.

**AMC Kabuki Theatre** – Met with the San Francisco Film Institute who hosts the San Francisco International Film Festival and Center for Asian American Arts and Media – CAAM (formerly NAATA), Cuway, Julie Hata, and others who use the Kabuki for a venue. From the last meeting from Cuway, organizations that have used Kabuki as a venue is continuing to do so, i.e. D.O.R.; Asian American Film Festival, International Film Festival.

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The Kabuki has not been sold. Eddie Wong confirmed that it is only rumor that Sundance was interested in the property.

Tonai raised the questioned conditions were set that identifies specific community benefits for any potential buyers. Jofuku acknowledged that Mirkarimi has called a meeting with city planning, staff and city attorney to look into land-use issues on what can be done to ensure community benefits in the sale negotiations. Unlike the sale of Kintetsu, the AMC Kabuki sale does not have a law firm or attorney to represent AMC or the community's interest.

Nakajo confirmed that the Kabuki has been locked-in the dates for the Cherry Blossom Festival events and pre-program rehearsals. He received a written confirmation from the Kabuki management of the agreement and also indicated that there may be a new owner before the event.

Tonai raised the need for JTF to take the lead to officially address on behalf of the community the concerns with the new owners. Mori and Jofuku cited that there is already a group of community representatives along with Mirkarimi handling these issues.

**Book Project Update** – Jofuku confirmed that she has forwarded the Excel spreadsheet on the status of the book sales to Moriguchi and Belser. The Task Force has sold all the books previously order and just place an order for 20 more books. Jofuku confirmed with Arcadia that the first royalty will be paid in March for net book sales through December 2005. The royalties are 8% of net book sales and will be split 3-ways with NJAHS, JANL and JTF or approximately \$700 each. Within the first month of publication (October 28, 2005), the first printing of 2100 books was sold out and on its second printing. JTF sold 326 books, gross sales of \$7,230.20; with a net of \$3,900.51 less \$1.70 per book for each book sold. Jofuku will work with Belser to provide specific accounting for the book sales in the expected financial report format.

Dawkins asked what the expectation of Arcadia or the sales from this point on. Sales usually peak and then trend down. Arcadia will continue to print these books as long as there is demand and pays for the printing. The initial marketing plan that Jofuku developed included the various events and festivals in the community to further sales in 2006.

## **D. Committee Reports:**

### **Finance Report – Mark Moriguchi**

Mori summarized for Moriguchi on the work that Belser is doing to develop a budget/financial format. Belser confirmed that he has been working with Linda and has forwarded (via email) to Moriguchi for review. Unsure as to when the board will have this information in the desired format.

Jofuku confirmed that she directed Union Bank to consolidate the accounts; both Moriguchi and Jofuku will need to sign to close-out the account (tomorrow, February 28<sup>th</sup>); and obtain a cashier's check for the balance. Currently, three of the four JTF accounts have been closed.

### **Business and Economic Development – Tak Matsuba**

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Not present to report.

## **Health and Safety Committee – Benh Nakajo**

No report.

## **Cultural and Historical Preservation Committee – Rosalyn Tonai**

Tonai will arrange for a presentation to the board of the Hokubei Mainichi (First Reform Church) Building at the March board meeting.

## **Communications and Marketing Committee – Seiko Fujimoto**

A committee meeting was held and approved Lisa Watada's recommendation to change the format for easier reading. This new format will be presented to the board for approval. A sample of the format was not provided to the board at this time.

Motion: Board approves to support the approved recommendations from the committee to change the newsletter format for easier reading. M/S/C: Gowe, Dawkins, carried.

Status on the bulletin board was discussed. This board was funded from the Japan Center Garage contract and originally recommended to be placed in front of Denny's. However, these funds are flexible and can be used for other uses i.e. plant trees in the empty tree-wells. Due to the outcome from the tree hearings, culturally relevant trees can be planted but a hearing is still required for any tree removal.

These funds can be used for other projects subject to discussion and approval with Rich Hashimoto and their board. This \$10K funds were set aside for such projects as tree planting, lighting, bulletin board. It must be capital expenditures in compliance with the Japan Center Garage contract.

Dawkins and the board discussed the concept of an interactive kiosk. BCA is doing one and that it is possible to develop such a kiosk with the \$10K funding. Concerns of placement, access, security were discussed. Mori stated that whatever we use the \$10K funding, that this be a collaborative effort with the merchants and community.

Gowe requested a copy of the Japan Center Garage contract.

## **E. Other Business and Announcements:**

NJAHS Annual Dinner on March 18<sup>th</sup> at the Miyako Hotel honoring family-owned businesses in Japantown: Henri and Tomoye Takahashi Foundation, California Flower Mart; Okamoto Family, Uoki Sakai.

Tonai shared with the board the progress of the Japantown Walk Project. Currently identifying the specific sites with a preliminary listing of 18 sites i.e. Kintetsu, Kinmon Gakuen, YMCA, CUPC and Konko churches. Jofuku will contact Don to obtain an updated listing of sites and forward to the board members for input to the project committee.

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Jofuku added the SF Planning Departments held public meetings in January to educate the community of the Geary Corridor Bus Rapid Transit Study. Specific models plans were presented.

Meeting adjourned at 8:25 pm.

JTF board members entered executive session.

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