

RESOLUTION NO. 130-2010

Adopted November 2, 2010

**AUTHORIZING A LOAN AGREEMENT WITH COLLEGE TRACK,
A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION,
IN AN AMOUNT NOT TO EXCEED \$1.0 MILLION FOR PREDEVELOPMENT
FINANCING AND TENANT IMPROVEMENTS RELATED TO RENOVATING
THE FOUNDATION BUILDING AT 4301 THIRD STREET;
BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA**

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (“Agency”) is authorized under California Community Redevelopment Law (Health and Safety Code, Section 33300 et seq.) to provide assistance and advance funds from its tax increment monies for the purpose of making improvements necessary for the redevelopment of blighted areas and the implementation of project area redevelopment plans.
2. The Bayview Hunters Point Redevelopment Project Area, Project Area B was adopted by the Board of Supervisors on May 23, 2006 through a plan amendment process and is located in the southeast portion of San Francisco (“Project Area B”). The 1,361-acre Project Area B generally consists of residential, commercial, industrial, and public uses. Within Project Area B, the Third Street corridor passes through and anchors four of the Bayview Hunters Point Redevelopment Plan’s Economic Development Activity Nodes.
3. College Track (“College Track”) operates a college preparatory program located within Project Area B. One of the primary objectives of the program is to increase high school graduation, college eligibility and enrollment, and college graduation rates among low-income high school students in Project Area B (“Program”). College Track opened its after-school program in Project Area B in the summer of 2007 with 50 students. Over the past three years, College Track has expanded its Program by adding an additional 50 students per year. Over the next five years, College Track will focus on increasing its enrollment to 500 students in Project Area B.
4. The Program is expanding rapidly and College Track anticipates that it will outgrow its existing Project Area B space by 2011. As a result, College Track is acquiring a 10,000-square-foot building located at 4301 Third Street at the corner of Jerrold Street in Project Area B. This building served as the former home of the Bayview Hunters Point Foundation (“Foundation Building”). College Track intends to complete a full seismic upgrade and interior renovation of the Foundation Building (the “Improvements”).

5. The Improvements are anticipated to cost \$6,500,000. College Track is pursuing a New Markets Tax Credit (“NMTC”) financing structure to reduce the long-term debt burden. The NMTC Program is administered by the Community Development Finance Institutions Fund, a division of the United States Internal Revenue Service. It provides for a tax credit taken over a seven-year period equal to 39% of the equity investment to an eligible community development entity.
6. On November 2, 2010, the Agency Commission authorized a New Market Tax Credit Loan Participation Program that sets standards, criteria, and guidelines for making loans to projects utilizing the New Market Tax Credit structure. The College Track project meets the requirements of this loan program.
7. College Track has requested that the Agency provide a forgivable loan in an amount not to exceed \$1,000,000, the proceeds of which are to be used by College Track to assist in the predevelopment and development costs, including but not limited to architectural, design, fees, construction, and other costs to complete tenant improvements for the Foundation Building (the “Loan Agreement”).
8. Under the proposed Loan Agreement, the Agency’s \$1,000,000 loan would be forgiven in exchange for College Track operating its Program in Project Area B for 10 years. The loan would be disbursed in two installments: \$250,000 in predevelopment funds would be disbursed when College Track acquires the building, and \$750,000 in tenant improvement funds would be disbursed when the NMTC financing is in place, which is expected to be mid 2011.
9. Authorizing the Loan Agreement with College Track will allow for activities that will not create a significant adverse change in the physical environment and are exempt from the California Environmental Quality Act (“CEQA”). The activities include interior and exterior alterations to the existing building at 4301 Third Street, which are exempt pursuant to CEQA Guidelines Section 15301(a).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into the Loan Agreement with College Track, a California nonprofit public benefit corporation, in an amount not to exceed \$1,000,000 for predevelopment financing and tenant improvements related to renovating the Foundation Building at 4301 Third Street in the Bayview Hunters Point Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:



for James B. Morales 10/26/10
Agency General Counsel