

RESOLUTION NO. 83-2011

Adopted June 21, 2011

AUTHORIZING AN AMENDED AND RESTATED LOAN AGREEMENT WITH COLLEGE TRACK, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, IN AN AMOUNT NOT TO EXCEED \$1.0 MILLION, TO AMEND THE LOAN SECURITY TO COMPLY WITH THE REQUIREMENTS FOR NEW MARKETS TAX CREDIT FINANCING FOR THE COLLEGE TRACK CAMPUS RENOVATIONS AT 4301 THIRD STREET; BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

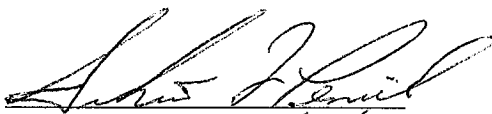
1. The Redevelopment Agency of the City and County of San Francisco ("Agency") is authorized under California Community Redevelopment Law (Health and Safety Code, Section 33300 et seq.) to provide assistance and advance funds from its tax increment monies for the purpose of making improvements necessary for the redevelopment of blighted areas and the implementation of project area redevelopment plans.
2. On November 2, 2010, by Resolution No. 129-2010, the Agency Commission adopted a New Markets Tax Credit Loan Participation Program in an amount not to exceed \$10 million (subject to budget authorization and the availability of funds) to provide acquisition, predevelopment and gap financing loans to projects utilizing the New Markets Tax Credits Structure.
3. Also on November 2, 2010, by Resolution No. 130-2010, the Commission authorized a loan agreement with College Track, a California nonprofit public benefit corporation, in an amount not to exceed \$1.0 million ("Loan Agreement") for predevelopment financing and tenant improvements related to renovating the former home of the Bayview Hunters Point Foundation, located at 4301 Third Street (the "Site") in the Bayview Hunters Point Redevelopment Project Area. The renovation project will consist of a seismic retrofit of the shell and a complete renovation of the core including all tenant improvements (the "Project"). The estimated cost for College Track to acquire and renovate the Site is \$8,700,000.
4. At the time that the Agency Commission approved the Loan Agreement, it was anticipated that College Track would seek additional financing from an investor using the NMTC structure. The NMTC investor for this transaction will be U.S. Bancorp Community Development Corporation ("USBCDC"). Although the Loan Agreement was written to allow for the Agency's security interest to be compatible with the NMTC structure, some adjustments to the Loan Agreement are necessary now that the investor has been identified and more details regarding the transaction are known.

5. The proposed Amended and Restated Loan Agreement would make two substantive changes: First, it would correctly identify the San Francisco Community Development Corporation as the entity who will provide the tax credits. Originally, Northern California Community Loan Fund (“NCCLF”) was named in the Loan Agreement as the entity who would provide the tax credits. NCCLF will not be participating in the transaction and reference to them is deleted from the Amended and Restated Loan Agreement.
6. Second, due to the restrictions and requirements of the NMTC structure, the Agency cannot secure its \$1.0 million loan with a deed a trust during the seven-year tax credit period. During this period, the Agency’s loan will be secured with by an Assignment of the Security Pledge Agreement which will offer the Agency alternative security within the NMTC structure. Thereafter, the security will be in the form of a deed of trust on the Site which is the Agency’s traditional form of security.
7. There are several minor changes to the Loan Agreement but nothing that changes the essential terms of the Loan Agreement. The term (10 years); loan amount (\$1,000,000); interest rate (0%); default interest rate (3%); the use of the funds (predevelopment and rehabilitation of the Site); and repayment (forgivable if in compliance for the full term); all remain as stated in the original Loan Agreement.
8. Approval of the Amended and Restated Loan Agreement is an Agency administrative activity that will not have any direct physical effects on the environment and is not a “Project” as defined in California Environmental Quality Act (“CEQA”) Guidelines Section 15378(b)(5).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to: (a) enter into an Amended and Restated Loan Agreement with College Track, a California nonprofit public benefit corporation, in an amount not to exceed \$1.0 million to amend the loan security to comply with the requirements for New Markets Tax Credits financing for College Track campus renovations at 4301 Third Street, substantially in the form lodged with the Agency General Counsel; and (b) to execute any and all ancillary documents necessary to consummate the transaction.

APPROVED AS TO FORM:


James B. Morales 6/15/11
Agency General Counsel