

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

**RESOLUTION NO. 92-2014
Adopted November 18, 2014**

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A POOLED FUNDS CASH FLOW LOAN AGREEMENT OF UP TO \$21,172,676, WITH THE TREASURER AND CONTROLLER OF THE CITY AND COUNTY OF SAN FRANCISCO TO ENSURE COMPLIANCE WITH BOND INDENTURES AND ACCOMMODATE POTENTIAL DEFICIENCIES IN PROPERTY TAX INCREMENT AVAILABLE TO FUND DEBT SERVICE OBLIGATIONS IDENTIFIED ON RECOGNIZED OBLIGATION PAYMENT SCHEDULE 14-15B, SUBJECT TO OVERSIGHT BOARD AND CALIFORNIA DEPARTMENT OF FINANCE APPROVAL

WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26 and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session), the San Francisco Redevelopment Agency (“SFRA”) was dissolved and certain obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure (“Successor Agency”), the successor to the San Francisco Redevelopment Agency by operation of law. ABx1 26 and Assembly Bill No. 1484 amended Sections 33500 et seq. of the California Health and Safety Code, which sections, as amended from time to time, shall be referred to herein as the “Dissolution Law; and,

WHEREAS, Dissolution Law (Health & Safety Code § 34183 (a)) requires county auditor-controllers to calculate the amount of property tax increment that would have been potentially received by former Redevelopment Agencies under pre-dissolution formulas to a Redevelopment Property Tax Trust Fund (“RPTTF”) on January 2 and June 1 of each year and remit to Successor Agencies the amount of available increment necessary to make payments listed on each Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”) for the six month period beginning January 1 (for January 2 distributions) and July 1 (for June 1 distributions) of each year, along with the funds required to pay for approved administrative costs; and,

WHEREAS, On September 22, 2014, the Successor Agency submitted to its Oversight Board and the California Department of Finance a ROPS for the six-month period beginning January 1, 2015 (“ROPS 14-15B”) that included a RPTTF request for \$109,272,190, offset by \$3,168,208 RPTTF savings from the ROPS period ending June 30, 2014, for a net RPTTF request of \$106,103,982. Four items in the RPTTF request for ROPS 14-15B (Items 102, 220, 226, and 346) totaling \$5,300,000 are tied to actual increment collected for specific pledges, and will be revised upward or downward depending on actual increment collected; and,

WHEREAS, The Successor Agency is pursuing the refunding of various tax allocation bonds in order to achieve debt service savings. If the refunding is concluded before

January 2015, it is likely that the RPTTF requirements for the ROPS 14-15B period will be significantly reduced due to the elimination in debt service needs for the refunded bonds; and,

WHEREAS, On October 1, 2014, pursuant to Dissolution Law (Health & Safety Code §34182(c)(3)), the Controller submitted an estimate of RPTTF that would be available for distribution to the Successor Agency on Jan 2, 2015 for ROPS 14-15B enforceable obligations of \$86,026,343. This means that there is a potential shortfall of up to \$20 million (rounded), plus or minus the potential change in actual pledged increment for ROPS lines 102, 220, 226 and 346; and,

WHEREAS, Dissolution Law (Health & Safety Code § 34183 (c)) provides that the county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Recognized Obligation Payment Schedule at the request of the California Department of Finance that are necessary to ensure prompt payment of redevelopment agency debts; and,

WHEREAS, The Charter of the City and County of San Francisco ("Charter") Section 9.113 provides that in the event that funds are not available to meet authorized expenditures, the Treasurer, upon the recommendation of the Controller, is authorized to transfer monies among funds held by the Treasurer in the pooled funds of the City and County of San Francisco ("City") which are legally available for such a purpose,

WHEREAS, Through this Loan Agreement, the Successor Agency is requesting the Treasurer, upon the recommendation of the Controller, to provide the transfer of funds under the authority of Charter Section 9.113, in the form of a cash flow loan of up to \$21,172,676, in order to meet approved enforceable obligations in ROPS 14-15B, provided that this loan is approved as an enforceable obligation by the Oversight Board and the California Department of Finance to be repaid from RPTTF available to be distributed on June 1, 2015 for the following ROPS 15-16A period. For the purposes of assigning the loan to specific enforceable obligations, the Successor Agency requests the loan amount to be substituted for RPTTF for the following ROPS debt service items, with potential modifications to the requested amounts, as described in Sections 9 and 10 below:

- a. Item 276, Tax Allocation Bond Series 2004A, Various Project Areas: \$9,992,275;
- b. Item 282, Tax Allocation Bond Series 2004D, Various Project Areas: \$4,442,273;
- c. Item 291, Tax Allocation Bond Series 2005C, Various Project Areas: \$3,912,515;
- d. Item 309, Tax Allocation Bond Series 2009A, component related to Mission Bay North housing loan, up to \$418,746;
- e. Item 336, Tax Allocation Bond Series 2011C, Mission Bay North non-housing, up to \$2,819,082;

- f. Item 389, Tax Allocation Bond Series 2014A, Mission Bay South non-housing, up to \$3,500,300; and,

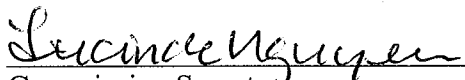
WHEREAS, If the Successor Agency completes a refunding of tax allocation bonds prior to the January 2, 2015 RPTTF distribution date for ROPS 14-15B, the cash flow loan request listed in Items 8a, 8b, and 8c may be reduced, eliminated, or applied against the new refunding bond(s), depending on the Successor Agency's RPTTF requirements for debt service following issuance of the refunding bonds; and

WHEREAS, Approval of a Loan Agreement with the Treasurer and Controller is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5). Actions related to the proposed Loan Agreement will not independently result in a physical change in the environment are not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That the Executive Director is hereby authorized to enter into a loan agreement substantially in the form of the Pooled Funds Cash Flow Loan Agreement between the Treasurer of the City and County of San Francisco and the Successor Agency, attached as Exhibit A, subject to Oversight Board and California Department of Finance approval and recognition of the Loan Agreement as an enforceable obligation pursuant to California Health & Safety Code § 34183(c).

Exhibit A: Pooled Funds Cash Flow Loan Agreement between the Treasurer of the City and County of San Francisco and The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, operating as the Office of Community Investment and Infrastructure.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of November 18, 2014.


Commission Secretary

**Pooled Funds Cash Flow Loan Agreement
Between the Treasurer of the City and County of San Francisco and
The Successor Agency to the Redevelopment Agency of the City and County
of San Francisco, operating as the Office of Community Investment and
Infrastructure**

This Pooled Funds Cash Flow Loan Agreement (“Loan Agreement”) is entered into by the Treasurer’s Office of the City and County of San Francisco (“Treasurer”), the Controller’s Office of the City and County of San Francisco (“Controller”), and the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, operating as the Office of Community Investment and Infrastructure (“Successor Agency”).

RECITALS

1. Under Chapter 5, Statutes of 2011, ABx1 26 and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session), the San Francisco Redevelopment Agency (“SFRA”) was dissolved and certain obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure (“Successor Agency”), the successor to the San Francisco Redevelopment Agency by operation of law. ABx1 26 and Assembly Bill No. 1484 amended Sections 33500 *et seq.* of the California Health and Safety Code, which sections, as amended from time to time, shall be referred to herein as the “Dissolution Law.”

2. Dissolution Law (Health & Safety Code § 34183 (a)) requires county auditor-controllers to calculate the amount of property tax increment that would have been potentially received by former Redevelopment Agencies under pre-dissolution formulas to a Redevelopment Property Tax Trust Fund (“RPTTF”) on January 2 and June 1 of each year and remit to Successor Agencies the amount of available increment necessary to make payments listed on each Successor Agency’s Recognized Obligation Payment Schedule (“ROPS”) for the six month period beginning January 1 (for January 2 distributions) and July 1 (for June 1 distributions) of each year, along with the funds required to pay for approved administrative costs.

3. On September 22, 2014, the Successor Agency submitted to its Oversight Board and the California Department of Finance a ROPS for the six-month period beginning January 1, 2015 (“ROPS 14-15B”) that included a RPTTF request for \$109,272,190, offset by \$3,168,208 RPTTF savings from the ROPS period ending June 30, 2014, for a net RPTTF request of \$106,103,982. Four items in the RPTTF request for ROPS 14-15B (Items 102, 220, 226, and 346) totaling \$5,300,000 are tied to actual increment collected for specific pledges, and will be revised upward or downward depending on actual increment collected.

4. The Successor Agency is pursuing the refunding of various tax allocation bonds in order to achieve debt service savings. If the refunding is concluded before January

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2015, it is likely that the RPTTF requirements for the ROPS 14-15B period will be significantly reduced due to the elimination of debt service needs for the refunded bonds.

5. On October 1, 2014, pursuant to Dissolution Law (Health & Safety Code §34182(c)(3)), the Controller submitted an estimate of RPTTF that would be available for distribution to the Successor Agency on Jan 2, 2015 for ROPS 14-15B enforceable obligations of \$86,026,343. This estimate means that there is a potential shortfall of up to \$20 million (rounded), plus or minus the potential change in actual pledged increment for ROPS lines 102, 220, 226 and 346.

6. Dissolution Law (Health & Safety Code § 34183 (c)) provides that the county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Recognized Obligation Payment Schedule at the request of the California Department of Finance that are necessary to ensure prompt payment of redevelopment agency debts.

7. The Charter of the City and County of San Francisco (“Charter”) Section 9.113 provides that in the event that funds are not available to meet authorized expenditures, the Treasurer, upon the recommendation of the Controller, is authorized to transfer monies among funds held by the Treasurer in the pooled funds of the City and County of San Francisco (“City”) which are legally available for such a purpose.

8. Through this loan agreement, the Successor Agency is requesting the Treasurer, upon the recommendation of the Controller, to provide the transfer of funds under the authority of Charter Section 9.113, in the form of a cash flow loan of up to \$21,172,676, in order to meet approved enforceable obligations in ROPS 14-15B, provided that this loan is approved as an enforceable obligation by the Oversight Board and the California Department of Finance to be repaid from RPTTF available to be distributed on June 1, 2015 for the following ROPS 15-16A period. For the purposes of assigning the loan to specific enforceable obligations, the Successor Agency requests the loan amount to be substituted for RPTTF for the following ROPS debt service items, with potential modifications to the requested amounts, as described in Sections 9 and 10 below:

- a. Item 276, Tax Allocation Bond Series 2004A, Various Project Areas: \$9,992,275;
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9. If the Successor Agency completes a refunding of tax allocation bonds prior to the January 2, 2015 RPTTF distribution date for ROPS 14-15B, the cash flow loan request listed in Items 8a, 8b, and 8c may be reduced, eliminated, or applied against the new refunding bond(s), depending on the Successor Agency's RPTTF requirements for debt service following issuance of the refunding bonds.

NOW THEREFORE, the parties hereto agree to the following provisions, provided that the Oversight Board and the California Department of Finance concur that this Loan Agreement constitutes an enforceable obligation of the Successor Agency and that the loaned funds are used to make up for a deficiency in the Successor Agency's RPTTF request for ROPS 14-15B:

A. The Treasurer agrees that Treasurer will authorize a cash flow loan from the pooled funds to the Successor Agency to substitute for the RPTTF amount requested for those ROPS 14-15B debt service items listed in Section 8 of the Recitals, subject to any modifications recommended by the Controller as a result of its calculations per Sections B and C below.

B. The Controller agrees that if the Successor Agency completes a refunding of tax allocation bonds prior to the January 2, 2015 RPTTF distribution, the Controller will notify the Treasurer and the Successor Agency whether there remains a deficiency in RPTTF available to support non-Mission Bay debt service on ROPS 14-15B, and whether the loan amounts requested and described in the Recitals Sections 8a, 8b and 8c above can be reduced, eliminated, or applied to the new refunding bonds.

C. The Controller agrees that as soon as final tax increment figures are available for the January 2, 2015 RPTTF distribution, the Controller will provide the Successor Agency and the Treasurer with the calculations necessary to determine the exact loan amounts needed to make up for any deficiency in Mission Bay North housing and Mission Bay North and South non-housing tax increment in order to support the ROPS 14-15B debt service requirements for ROPS 14-15B Items 309, 336 and 389 listed in the Recitals of this Loan Agreement as Sections 8d, 8e and 8f.

D. The Controller agrees to set up a separate project account in the accounting system of the City to document the transfer of the funds actually loaned from the City to the Successor Agency pursuant hereto.

E. The Controller, Treasurer, and the Successor Agency agree that any negative cash balance from the cash flow loan will be offset against the positive cash balances held by the Successor Agency in the Treasurer's pool when calculating interest earned by the Successor Agency in the Treasurer's pool. Should the Successor Agency's aggregate cash balances in the Treasurer's pool be negative, interest will be charged to the Successor

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Agency on the negative cash balance at the current rate of interest earned by the Treasurer on the pooled funds, pursuant to Charter Section 9.113.

F. The Successor Agency agrees to apply the cash flow loan funds solely for the purposes listed in this Loan Agreement, and to hold the funds within the Treasurer's pool in accounts designated for tax allocation bond debt service.

G. The Successor Agency agrees that debt service payments to bond trustees after January 1, 2015 will be considered to come first from tax increment from prior periods on hand as of January 1, 2015 or from tax increment distributed to the Successor Agency on January 2, 2015 pursuant to ROPS 14-15B. The Treasurer's loaned funds will only be distributed to bond trustees if there is insufficient tax increment on hand to make regularly scheduled debt service payments.

H. The Successor Agency agrees to request RPTTF funds in ROPS 15-16A for distribution on June 1, 2015, sufficient to repay the amounts loaned by the Treasurer hereunder, and to repay the amounts loaned hereunder as soon as the ROPS 15-16A funds are distributed.

I. In no event shall the maximum amount loaned to the Successor Agency by the Treasurer from the Treasurer's pool under this Agreement exceed a total of \$21,172,676.

J. The Successor Agency shall repay the complete loan balance no later than June 30, 2015. If the Successor Agency fails to repay the entire loan balance by that date, the Controller shall deduct and withhold the remaining balance of the loan from any payments of property tax increment otherwise due to the Successor Agency.

K. Notwithstanding anything in this Agreement to the contrary, amounts advanced to the Successor Agency and due to the City shall not be subject to set off, counter claim or deduction whatsoever arising from any payments, claims, disputes or other debt obligations or contracts between the City and the Successor Agency.

L. The term of this agreement shall end on June 30, 2015; however, the Successor Agency's obligation to repay the amount loaned shall survive the term of this agreement.

M. By signing below, the parties agree that this Loan Agreement is executed as of the date of California Department of Finance concurrence with, or determination not to review, the Oversight Board Resolution determining that this Loan Agreement constitutes an enforceable obligation.

EXHIBIT A

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, OPERATING AS THE OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

By: _____
Tiffany Bohee, Executive Director

Date: _____

CITY AND COUNTY OF SAN FRANCISCO

Treasurer

Controller

By: _____
Jose Cisneros, Treasurer

Ben Rosenfield, Controller

Date: _____

Approved as to form:

Dennis J. Herrera, City Attorney

By: _____
Deputy City Attorney