

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 3-2015
Adopted on February 23, 2015**

**CONDITIONALLY AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO
A GRANT AGREEMENT WITH THE CITY AND COUNTY OF SAN FRANCISCO,
ACTING THROUGH THE OFFICE OF ECONOMIC AND WORKFORCE
DEVELOPMENT, FOR UP TO \$446,000 IN TAX-EXEMPT BOND PROCEEDS FOR
THIRD STREET CORRIDOR PEDESTRIAN IMPROVEMENTS THROUGH THE SF
SHINES FAÇADE AND TENANT IMPROVEMENT PROGRAM AND THE
COMMUNITY CHALLENGE GRANT PROGRAM IN THE BAYVIEW HUNTERS
POINT REDEVELOPMENT PROJECT AREA PER RECOGNIZED OBLIGATIONS
PAYMENT SCHEDULE ITEM 386, SUBJECT TO APPROVAL BY THE OVERSIGHT
BOARD AND DEPARTMENT OF FINANCE**

WHEREAS, Pursuant to California Health & Safety Code § 34191.4(c)(2)(A), successor agencies to redevelopment agencies that have been issued a finding of completion by the Department of Finance may expend former redevelopment agency bond proceeds derived from bonds issued on or before December 31, 2010 in excess of the amounts needed to satisfy approved enforceable obligations in a manner consistent with the original bond covenants. Successor Agency to the City and County of San Francisco Redevelopment Agency, operating as the Office of Community Investment and Infrastructure (“OCII”) received a Finding of Completion on May 29, 2013; and,

WHEREAS, The Bayview Hunters Point Redevelopment Project Area (the “Project Area”) was adopted by the Board of Supervisors on May 23, 2006 through a plan amendment process and included two distinct geographic areas both located in the southeast portion of San Francisco: the former Hunters Point Redevelopment Project Area (“Project Area A”) and the larger land area added as “Project Area B.” Project Area A reverted to City jurisdiction on January 1, 2009. The 1,361-acre Project Area B generally consists of residential, commercial, industrial, and public uses in Bayview Hunters Point.

WHEREAS, OCII has approximately \$884,000 in excess bond proceeds and associated interest remaining from tax-exempt bonds issued prior to 2011 for capital improvements in the Project Area; and,

WHEREAS, OCII’s Recognized Obligations Payment Schedule (“ROPS”) 2014-15B, Item 386, included payment authority of up to \$446,000 in excess Bayview Hunters Point bond proceeds to the City and County of San Francisco for the Third Street corridor pedestrian improvements; and,

WHEREAS, As shown in the attached proposed Grant Agreement (“Exhibit A”), the City and County of San Francisco, acting through its Office of Economic and Workforce Development (“OEWD”), has proposed to use up to \$446,000 of the Bayview Hunters Point Project Area excess tax-exempt bond proceeds by awarding grants for improvements within Bayview Hunters Point redevelopment project area through the SF Shines Façade and Tenant Improvement Program and the Community Challenge Grant Program; and,

WHEREAS, OEWD shall provide invoices to the Successor Agency documenting eligible expenditures at least once annually or more often at the discretion of the OEWD. The Successor Agency shall reimburse OEWD within 30 days of receipt of a satisfactory invoice.

WHEREAS, OEWD has agreed to comply with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds, including ensuring that adequate documentation is maintained to show that expenditures meet the eligible requirements for use of tax-exempt bond proceeds, and to comply with any arbitrage requirements related to interest that may be earned on unexpended tax-exempt bond proceeds; and,

WHEREAS, The uses for excess bond proceeds proposed in Exhibit A are consistent with the bond covenants; and,

WHEREAS, Some of the key goals of the Bayview Hunters Point Redevelopment Plan are furthering economic development, creating jobs, and improving the physical environment; and,

WHEREAS, Revitalization of Third Street commercial corridor, as described in the proposed Grant Agreement, will primarily benefit Project Area A and Project Area B by improving the local neighborhood commercial area and potentially attracting new jobs and businesses to serve the community; and,

WHEREAS, On February 17, 2015, the Successor Agency Commission, through Resolution 8-2015, authorized the Executive Director to enter into the proposed Grant Agreement, conditional upon Oversight Board approval; and,

WHEREAS, Approval of a Grant Agreement to transfer bond proceeds to OEWD 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 Grant 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 Grant Agreement with the City and County of San Francisco, acting through its Office of Economic and Workforce Development, substantially in the form of the attached Exhibit A, with funds paid out under such MOU to be applied by the Successor Agency to the payment authority approved under Recognized Obligations Payment Schedule ("LOPS") Item 384.



Board Secretary

Exhibit A: Grant Agreement by and between the Successor Agency to the Redevelopment Agency, commonly known as the Office of Community Investment and Infrastructure and The City and County of San Francisco, acting through its Office of Economic and Workforce Development

GRANT AGREEMENT

by and between

the Successor Agency to the Redevelopment Agency, commonly known as
the Office of Community Investment and Infrastructure

and

The City and County of San Francisco,
Office of Economic and Workforce Development

for

Third Street Corridor Pedestrian Improvements

Executed by the parties as of _____, 2015

Concurred to by the OCII Commission through Resolution ___-2015
on _____, 2015

Concurred to by the Successor Agency Oversight Board through Resolution___-2015
on,_____ 2015

Concurred to by the California Department of Finance on_____, 2015

GRANT AGREEMENT

This Grant Agreement ("Agreement") is entered into between the Successor Agency to the San Francisco Redevelopment Agency, also known as the Office of Community Investment and Infrastructure, ("Successor Agency"), and the City and County of San Francisco Office of Economic and Workforce Development ("OEWD"), to provide up to \$446,000 in tax-exempt bond proceeds for pedestrian improvements on Third Street within the boundaries of the Bayview Hunters Point Project Area B, specifically along Third Street. The Successor Agency and OEWD are the parties to this Agreement (collectively, the "Parties").

RECITALS

A. Pursuant to California Health & Safety Code § 34191.4(c)(2)(A), successor agencies to redevelopment agencies that have been issued a finding of completion by the Department of Finance may expend former redevelopment agency bond proceeds derived from bonds issued on or before December 31, 2010 in excess of the amounts needed to satisfy approved enforceable obligations in a manner consistent with the original bond covenants. The Successor Agency received a Finding of Completion on May 29, 2013.

B. The Successor Agency has approximately \$884,000 in excess bond proceeds and up to an additional \$12,000 in associated interest earnings for capital improvements in the Bayview Hunters Point Project Area B remaining from Series 1996B, 1998A, 2009B, and 2009F issuances. On September 22, 2014, the Oversight Board through its Resolution 10-2014, included payment authority to transfer a total amount not to exceed \$446,000 in excess bond proceeds to the OEWD for uses consistent with the bond indentures, as shown on the Successor Agency's Recognized Obligations Payment Schedule 2014-15B Item 386.

C. Disbursement of the Bond Proceeds under this Grant Agreement is subject to Commission on Investment and Infrastructure, Oversight Board and Department of Finance concurrence.

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and covenants set forth in this Agreement, the Parties agree as follows:

- 1. Scope of Work, budget and schedule.** OEWD shall award grants for eligible tax-exempt activities related to the Third Street Corridor Pedestrian Improvements project, which has two elements:
 - a. SF Shines - Focused Façade Improvements:** Invest in the capital improvement of Facades along the Third Street Corridor, which will typically include assistance with permanent site improvements such as lighting, windows, signage that will improve pedestrian safety within the BVHP project area boundary. Exterior painting and exterior lighting are eligible for reimbursements under this Agreement if they are part of a larger façade improvement project and not as a stand-alone improvement.

The preliminary cost estimate is \$200,000 and the timeline is 24 months from availability of funding.

- b. **SF Community Challenge Grant – Third Street, Bayview:** Installation of green improvements along Third Street or streets connecting to Third Street that are within the Bayview Hunters Point Project Area boundary. Such improvements can include planting of new trees, installation of public art; installation of sidewalk gardens, installation of greenwalls; installation of planter boxes, and any other green or art improvements which enhance the pedestrian experience and improve pedestrian safety within the BVHP redevelopment project area boundary. The preliminary cost estimate is up to \$246,000 and timeline is 24 months from availability of funding.
2. **Adjustments to Scope of Work to Accommodate Funding Limitations.** If the final budget exceeds the amount of funding available under this Agreement, OEWD will have discretion to reduce the scope to accommodate the funding available or seek other sources of funds to complete the scope. The Successor Agency will not provide any more funds towards the scope of work beyond those agreed to in this Agreement.
 3. **Disbursement.** OEWD shall provide invoices to the Successor Agency documenting eligible expenditures at least once annually or more often at the discretion of the OEWD. The Successor Agency shall reimburse OEWD within 30 days of receipt of a satisfactory invoice.
 4. **Compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds.** OEWD shall cooperate and coordinate with the Successor Agency to ensure compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds. OEWD shall be responsible for compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds, including ensuring that adequate documentation is maintained to show that expenditures meet the eligible requirements for use of tax-exempt bond proceeds, and to comply with any arbitrage requirements related to interest that may be earned on unexpended tax-exempt bond proceeds. Such documentation shall be retained for at least seven years following completion of the work funded under this Agreement.
 5. **Effective Date and Term.** This Agreement shall become effective on the date that the Department of Finance concurs with an Oversight Board resolution approving this Agreement, and shall expire on the earlier of: (a) 24 months from the Commencement Date, except if extended in writing by the Successor Agency, or (b) the date Successor Agency receives a written notice from OEWD acknowledging the completion of the Project.
 6. **General Indemnity.** a) OEWD shall defend, hold harmless and indemnify the Successor Agency, and its commissioners, members, officers, agents and employees of and from any and all claims, demands, losses, costs, expenses including reasonable attorney's fees, obligations, damages, injuries, actions, causes of action and liabilities of every kind (collectively, "Claims"), nature and description directly or indirectly, arising out of or connected with OEWD's use of the Bond Proceeds under this Agreement, but excluding the willful misconduct or gross negligence of the Successor Agency, indemnified or held harmless. Notwithstanding the foregoing, OEWD shall have no liability whatsoever nor shall the preceding indemnification apply to any Claims arising out of or connected with the repayment obligations for the Bond Issuances.

b) Successor Agency shall defend, hold harmless and indemnify OEWD and its commissioners, members, officers, agents and employees of and from any and all Claims arising out of or connected with the Successor Agency's repayment obligations under the Bond Issuances.

c) The indemnifications provided in this Section 8 shall survive termination of the Agreement.

7. **Amendments:** The Successor Agency and OEWD reserve the right to amend this Agreement by mutual consent. It is mutually understood no amendment of the terms of this Agreement shall be valid unless in writing and signed and acknowledged by both Parties.

This Agreement is agreed to on the date(s) below, subject to OCII Commission, Oversight Board and California Department of Finance Concurrence:

1. City and County of San Francisco Office of Economic and Workforce Development

_____ Date: _____
Merrick Pascual, Chief Financial Officer

**2. Office of Community Investment and Infrastructure
Successor Agency to the San Francisco Redevelopment Agency**

_____ Date: _____
Tiffany Bohee, Executive, Director