

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 99-2014

Adopted December 2, 2014

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF SAN FRANCISCO DEPARTMENT OF PUBLIC WORKS FOR USE OF \$75,000 TAX-EXEMPT BOND PROCEEDS FOR SOMA ALLEYWAY IMPROVEMENTS PER RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE ITEM 384, SUBJECT TO OVERSIGHT BOARD AND DEPARTMENT OF FINANCE APPROVAL

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, OCII has approximately \$591,202 in excess bond proceeds and up to \$10,000 associated interest issued for capital improvements in the South of Market Area (“SOMA”) remaining from Series 1992A, 1994A, 1995A, 1996A, 1996B, 2000A, 2003B, 2007A, 2009B, and 2009F tax-exempt property tax allocation bond issuances; and,

WHEREAS, OCII’s Recognized Obligations Payment Schedule (“ROPS”) 2014-15A, Item 384 included payment authority to transfer up to \$591,000 in excess SOMA bond proceeds to the City and County of San Francisco for uses consistent with the bond indentures, and on September 22, 2014, the Oversight Board through its Resolution 10-2014, provided preliminary approval to raise the payment authority under Item 384 for ROPS 2014-15B to \$601,000 to include associated interest, subject to Department of Finance approval; and,

WHEREAS, As shown in the attached proposed Memorandum of Understanding (“Exhibit A”), the City and County of San Francisco Department of Public Works (“DPW”) has proposed to use \$75,000 of the SOMA excess bond proceeds from Series 1992A, 1994A, 1995A, 1996A and/or 1996B toward a portion of the capital costs associated with its SOMA Alleyways II Improvement Project, which will create safer pedestrian spaces in underutilized alleys that connect major commercial corridors. Enhancements will be made on Minna, Natoma, Clementina, Tehama, Shipley and Clara Alleyways between Fifth and Sixth Street, within the former South of Market redevelopment project area. Improvements will include: new

street trees, new street lights, special roadway paving, raised crosswalks, and chicanes (alternating-side-of-street parking). The project is scheduled to be completed by June 2015; and,

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

WHEREAS, Approval of an MOU to transfer bond proceeds to DPW 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 Memorandum of Understanding with the City and County of San Francisco Department of Public Works substantially in the form of the attached Exhibit A, subject to Oversight Board and California Department of Finance approval.

Exhibit A: Memorandum of Understanding with the City and County of San Francisco Department of Public Works

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 2, 2014.

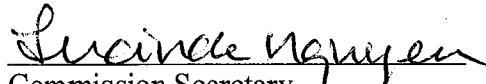

Commission Secretary

EXHIBIT A

MEMORANDUM OF UNDERSTANDING

by and between

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

and

The City and County of San Francisco
Department of Public Works

for

South of Market Area Alleyways II Improvements Project Phase II

Executed by the parties as of _____, 2014

Concurred to by the OCII Commission through Resolution -2014 on _____, 2014

Concurred to by the Successor Agency Oversight Board through Resolution __-2014 on
_____, 2014

Concurred to by the California Department of Finance on _____, 2014

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") 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 Department of Public Works ("DPW"), for the "South of Market Alleyways II Improvements Project Phase II," to provide safer pedestrian spaces in underutilized alleys that connect major commercial corridors within the boundaries of the South of Market Redevelopment Project Area.

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 \$591,202 in excess bond proceeds and up to \$10,000 associated interest issued for capital improvements in the South of Market Area remaining from Series 1992A, 1994A, 1995A, 1996A, 1996B, 2000A, 2003B, 2007A, 2009B, and 2009F tax-exempt property tax allocation bond issuances. The Successor Agency's Recognized Obligations Payment Schedule ("ROPS") 2014-15A for the period July to December 2014, Item 384 included payment authority to transfer up to \$591,000 in excess SOMA bond proceeds to the City and County of San Francisco for uses consistent with the bond indentures. On September 22, 2014, the Oversight Board through its Resolution 10-2014, provided preliminary approval to raise the payment authority under Item 384 for ROPS 2014-15B (for the period January to June 2015) to \$601,000 to include associated interest, subject to Department of Finance approval.

C. DPW has proposed programming \$75,000 of the bond proceeds for South of Market Area alleyway improvements for disbursement under this MOU for the "South of Market Alleyways II Improvements Project Phase II," to provide safer pedestrian spaces in underutilized alleys that connect major commercial corridors within the boundaries of the South of Market Redevelopment Project Area. The total budget for the project is over \$4.4 million, including \$959,577 awarded by the former San Francisco Redevelopment Agency through Resolution 103-2010, which was used to obtain \$1.38 million in federal funds distributed by the Metropolitan Transportation Commission, and \$2 million from the San Francisco Public Utilities Commission.

D. Disbursement of funds under this MOU is subject to OCII Commission, Oversight Board and Department of Finance concurrence.

NOW, THEREFORE, in consideration of the above recitals, the Successor Agency and DPW agree as follows:

- 1. Scope of Work.** The SOMA Alleyways II Improvement Project will create safer pedestrian spaces in underutilized alleys that connect major commercial corridors. Enhancements will be made on Minna, Natoma, Clementina, Tehama, Shipley and Clara Alleyways between Fifth and Sixth Street. Improvements will include: new street trees, new street lights, special roadway paving, raised crosswalks, and

chicanes (alternating-side-of-street parking).

2. **Work Schedule:** The estimated completion date is June, 2015.
3. **Amount of Bond Proceeds:** The Successor Agency agrees to provide \$75,000 in South of Market Area tax-exempt bond proceeds (Bond Proceeds”), for the completion of the Project, subject to the terms and conditions set forth in this MOU.
4. **Use of Bond Proceeds:** DPW shall use disbursed Bond Proceeds to pay for a portion of the necessary and relevant predevelopment and construction costs related to the Project’s scope of work described in Paragraph 1 of this MOU. DPW may also use any interest earned on advanced Bond Proceeds toward the scope of work.
5. **Effective Date and Term.** This MOU shall become effective on the date that the Department of Finance either approves or does not object to an Oversight Board resolution approving this MOU, and shall expire on the earlier of: (a) 12 months from the Commencement Date, except if extended in writing by the Successor Agency, or (b) the date DPW receives a written notice from the Successor Agency acknowledging the completion of the Project.
6. **Compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds.** Only capital expenditures for public infrastructure or facilities are eligible for use of tax exempt bond proceeds. DPW shall be responsible for ensuring that adequate documentation is maintained to show that expenditures meet the eligible requirements for use of tax-exempt bond proceeds, and arbitrage requirements related to interest that may be earned on unexpended tax-exempt bond proceeds are met. Such documentation shall be retained for at least seven years following completion of the work funded under this MOU.
7. **Disbursement.** The Bond Proceeds are currently held by the Successor Agency in the FAMIS accounting system project detail PADCR090, subfund 7SROF90S. The Successor Agency agrees to transfer the bond proceeds using the transfer mechanism and accounting codes approved by the City and County of San Francisco Controller’s Office no later than 5 business days from the effective date of this MOU.
8. **Report of Expenditures.** DPW will provide to the Successor Agency records demonstrating the expenditure of Bond Proceeds for the Scope of Work on an annual basis, by August 15 of each year until the funds are fully expended or returned to the Successor Agency.
9. **Unexpended Bond Proceeds.** Any Bond Proceeds that have not been expended pursuant to this Agreement by the completion of the Scope of Work or by the termination of this agreement shall be returned to the Successor Agency within 30 days after the completion of the Scope of Work or expiration of this MOU, whichever is sooner.
10. **General Indemnity.** DPW 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 attorney’s fees, obligations, damages, injuries, actions, causes of action and liabilities of every kind, nature and description directly or indirectly, arising out of or connected with this MOU, and any of DPW’s activities related thereto,

including any liabilities associated with DPW's management of tax-exempt bond funds and associated interest arising from Internal Revenue Service audits, but excluding the willful misconduct or gross negligence of the person or entity seeking to be defended, indemnified or held harmless.

- 11. **Amendments.** The Successor Agency and DPW reserve the right to amend this MOU by mutual consent. It is mutually understood and agreed that no amendment, modification, alteration or variation of the terms of this MOU shall be valid unless in writing and signed and acknowledged and approved by both parties.

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

I. City and County of San Francisco Department of Public Works

Mohammed Nuru, Director

Date: _____

Julia Dawson, Deputy Director'
Finance and Administration

Date: _____

II. Office of Community Investment and Infrastructure/Successor Agency to the San Francisco Redevelopment Agency

Tiffany Bohee, Executive Director

Date: _____

Leo Levenson, Deputy Director
Finance and Administration

Date: _____