

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 74 – 2015
Adopted November 17, 2015

AUTHORIZING A MEMORANDUM OF UNDERSTANDING WITH THE CITY AND COUNTY OF SAN FRANCISCO MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO GRANT UP TO \$8,259,000 IN TAX-EXEMPT BOND PROCEEDS, 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. The Successor Agency to the City and County of San Francisco Redevelopment Agency, commonly known as the Office of Community Investment and Infrastructure (“OCII”), received a Finding of Completion on May 29, 2013; and,

WHEREAS, OCII has approximately \$8,259,000 in excess bond proceeds and associated interest remaining from tax-exempt bonds issued prior to 2011 for capital improvements of citywide affordable housing; and,

WHEREAS, OCII’s Recognized Obligations Payment Schedule (“ROPS”) 2015-16B, Item 388 included payment authority to transfer up to \$8,259,000 in excess tax-exempt bond proceeds (Bond Series 2000A, 2001A, 2003B, and 1996B) to the City and County of San Francisco for urgent elevator repairs at public housing sites, and for necessary rehabilitation at existing affordable housing sites owned by non-profit organizations consistent with bond covenants; and,

WHEREAS, As shown in the attached proposed Memorandum of Understanding the (“Exhibit A”), the City and City and County of San Francisco, acting through the Mayor’s Office of Housing and Community Development (“MOHCD”), has proposed to use up to \$3,000,000 of excess tax-exempt bond proceeds for urgently needed, non-routine elevator repair at up to nine public housing sites to modernize elevators. Pursuant to the MOU, the remaining \$5,259,000 is to be used for necessary rehabilitation at existing affordable housing sites that are owned by non-profit organizations and that are unable to access tax credit equity for the rehabilitation. In awarding funds, MOHCD will give a priority, to the greatest extent feasible, to qualified affordable housing sites in the Mission district of San Francisco. MOHCD shall provide the funds through grant agreements for eligible tax exempt activities; and,

WHEREAS, The proposed uses for excess bond proceeds proposed in Exhibit A are consistent with the bond covenants and the Internal Revenue Service requirements related to the management and expenditure of tax exempt bond proceeds; and,

WHEREAS, MOHCD 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 in Exhibit A are consistent with the bond covenants and shall cover capital improvements; and,

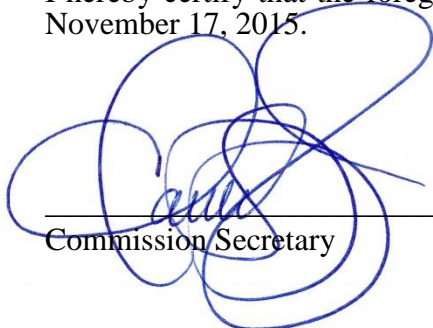
WHEREAS, MOHCD will report to OCII on MOHCD's compliance with applicable City's laws, if any, governing contracting for local business enterprises and hiring local residents in the performance of the work funded with the \$5,259,000 for rehabilitation at existing affordable housing sites; and,

WHEREAS, Approval of a Memorandum of Understanding to transfer bond proceeds to MOHCD to fund capital improvements consisting solely of the operation, repair, maintenance and minor alterations of existing structures and facilities is Categorically Exempt under Section 15301 of the California Environmental Quality Act Guidelines. 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, acting through its Mayor's Office of Housing and Community Development, substantially in the form of the attached Exhibit A, subject to Oversight Board and California Department of Finance approval.

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, acting through its Office of Housing and Community Development

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of November 17, 2015.



Commission Secretary

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,
Mayor’s Office of Housing and Community Development

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

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 Mayor's Office of Housing and Community Development ("MOHCD"), for the use of \$8,108,601 in tax-exempt bond proceeds plus associated interest to facilitate urgent repairs at four public housing sites, modernize five public housing elevators, and to facilitate rehabilitation work at existing affordable housing sites owned by non-profit organizations. The Successor Agency and MOHCD are the parties to this MOU (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 \$8,108,601 in excess tax-exempt property tax allocation bond proceeds and up to \$150,000 in associated interest ("Bond Proceeds") from the Series 1996B, 2000A, 2001A, and 2003B issuances of the former San Francisco Redevelopment Agency (the "Bond Issuances"). On September 22, 2014, the Oversight Board through its Resolution 10-2014, provided preliminary approval to the Successor Agency to transfer these funds to the City and County of San Francisco for uses consistent with the bond indentures, through its approval of the Successor Agency's Recognized Obligations Payment Schedule 2014-15B item 388.

C. 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 Parties agree as follows:

- 1. Scope of Work.** Phase 1: Modernization and Repair of Public Housing Elevators: to assist elderly, disabled and low-income residents live in safe and decent conditions, MOHCD may utilize up to \$3 million of the Bond Proceeds by providing grants to facilitate the repair and modernization (but not routine maintenance) of up to nine elevators located in public housing sites owned and managed by the San Francisco Housing Authority. The properties include:

1880 Pine Street
320/330 Clementina Street
430 Turk Street
1251 Turk Street
838 Pacific Avenue
666 Ellis Street
990 Pacific Street
1750 McAllister Street

1760 Bush Street.

Phase 2: MOHCD may use all other Bond Proceeds to assist non-profit affordable housing owners by providing grants to repair existing affordable housing sites that are not otherwise able to leverage tax-credit financing. Preferred work scopes will include repairs to roofs, water intrusion issues, electrical and plumbing upgrades, and accessibility improvements to assist tenants age in place.

2. **Work Schedule:** Phase 1 Work is ongoing and will be able to continue with the assistance of the Bond Proceeds. Completion is projected by December 31, 2015. Phase 2 shall proceed through an issuance of a MOHCD Notice of Funding Availability in late 2015 or early 2016 (the "NOFA"). MOHCD shall award grants for eligible tax exempt activities of all Bond Proceeds by June 30, 2016.
3. **Compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds.** MOHCD 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. MOHCD shall provide to Successor Agency all proposed Bond Proceeds expenditures for review and approval as follows: (i) for the Phase I work, MOHCD shall provide the itemized list of uses for which MOHCD proposes to allocated Bond Proceeds; and (ii) for the Phase II work, MOHCD shall provide the proposed NOFA prior to publishing the NOFA. Successor Agency shall review to confirm the proposed expenditures qualify as eligible uses in compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds. Successor Agency shall have twenty days to review MOHCD's submission. Upon Successor Agency staff approval, MOHCD shall release the NOFA and select grantees. All grantees shall agree in writing to expend the grant funds only as described in their response to the NOFA. To ensure funds are spent in accordance with IRS regulations, MOCHD will disburse funds to grantees on a reimbursement basis only and prior to such disbursement shall review all expenditures to confirm they were spent in accordance with the grantee's response to the NOFA. Further, MOHCD will visually confirm the work has been completed as described in the application to the NOFA.
4. **Disbursement.** The Successor Agency will disburse funds for the Phase I work within five days of confirmation by Successor Agency staff that the Phase I work was completed in compliance with Internal Revenue Service requirements related to the management and expenditure of tax-exempt bond proceeds. The Successor Agency will disburse funds for the Phase II work upon receipt of Successor Agency staff approval of the proposed NOFA and written agreements from all grantees to expend the grant funds only as described in their response to the NOFA. 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.
5. **Effective Date and Term.** This MOU shall become effective on the date that the Department of Finance concurs with an Oversight Board resolution approving this MOU. This MOU shall expire on the date the Scope of Work has all been completed.
6. **Report of Expenditures.** MOHCD shall provide to the Successor Agency records demonstrating the expenditure of Bond Proceeds on an annual basis, by August 15 of each year until the funds are fully expended or returned to the Successor Agency.

7. **Unexpended Bond Proceeds.** Any Bond Proceeds that have not been expended pursuant to this MOU by the earlier of completion of the Scope of Work or December 31, 2017 shall be returned to the Successor Agency within 30 days after the completion of the Scope of Work.
8. **Amendments.** The Successor Agency and MOHCD 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 Mayor's Office of Housing and Community Development

_____ Date: _____
Olson Lee, Director

II. OCII/Successor Agency to the San Francisco Redevelopment Agency

_____ Date: _____
Tiffany Bohee, Executive, Director