

1 [Approval of a Loan to the City and County of San Francisco from the Low Income Investment
2 Fund to Refinance Existing Section 108 United States Department of Housing and Urban
3 Development Loans]

4 **Resolution approving a loan in the amount not to exceed \$1,925,000 to the City and**
5 **County of San Francisco from the Low Income Investment Fund to refinance existing**
6 **Section 108 United States Department of Housing and Urban Development loans.**
7

8 WHEREAS, In 1998 the City developed a Section 108 Child Care Center Loan
9 Program (the “Loan Program”) for local child care organizations to provide favorable financing
10 for child care center capital projects; and,

11 WHEREAS, Approximately \$7 million in United States Department of Housing and
12 Urban Development (HUD) Section 108 Program loans were originated for child care capital
13 projects; and,

14 WHEREAS, The City has assisted the child care centers with the repayment of such
15 loans by subsidizing loan repayments up to 80%; and,

16 WHEREAS, Section 108 loans were approved by a joint Section 108 Committee of
17 representatives from the Department of Children, Youth and Their Families, the Mayor’s
18 Office of Community Development (now, Mayor’s Office of Community Investment), the
19 Department of Human Services, and the Low Income Investment Fund (LIIF); and,

20 WHEREAS, The Loan Program helped expand licensed child care facilities for over
21 600 children and assisted the City in doubling the capacity for licensed centers serving infants
22 and toddlers; and,

23 WHEREAS, The Department of Human Services currently contracts with the LIIF to
24 service the Section 108 loans and loan subsidies on behalf of 13 child care centers; and,
25

1 WHEREAS, LIIF has agreed to refinance the existing loans to reduce the interest rates
2 and annual cost to the City General Fund and child care providers; now, therefore, be it

3 RESOLVED, That the Board of Supervisors hereby authorizes and directs the
4 Executive Director of the Department of Human Services, in consultation with the Director of
5 Public Finance and the City Attorney, to negotiate a loan agreement with LIIF in an amount
6 not to exceed \$1,925,000 on such terms and conditions that are in the best interest of the
7 City, provided however that the proceeds of which shall be applied to refinance the balance of
8 the existing Section 108 HUD loans and to finance costs in connection with the Loan Program
9 and costs in connection with the refinance of the Section 108 HUD loans, and provided further
10 that the interest rate on the new loan shall not exceed 6.5%, the term of the loan shall not
11 exceed 5 years from its date of execution, and may provide for monthly principal and interest
12 payments in an amount to fully amortize the LIIF loan during its term; and, be it

13 FURTHER RESOLVED, That the Executive Director is hereby authorized and directed
14 to enter into such agreements, and to execute such certificates as may be necessary and
15 desirable in order to effectuate the terms of this Resolution.