

1 [Resolution approving administrative terms and conditions for San Francisco Sustainable  
2 Financing Program.]

3 **Resolution approving administrative terms and conditions for the San Francisco**  
4 **Sustainable Financing Program; identifying the San Francisco Department of the**  
5 **Environment or its City agency designee as the Program Administrator for the City;**  
6 **setting reporting requirements; authorizing the execution of an administrative services**  
7 **agreement; and related matters.**

8 WHEREAS, Under Ordinance Nos. 196-08 and 216-09 (together, the “Enabling  
9 Ordinance”) the Board of Supervisors (the “Board of Supervisors”) of the City and County of  
10 San Francisco (the “City”) has adopted the San Francisco Special Tax Financing Law, an  
11 ordinance providing authority for the establishment of a unique type of Mello-Roos special tax  
12 district to finance energy efficiency, renewable energy, water conservation and water pollution  
13 control improvements to privately-owned real property; and,

14 WHEREAS, The Enabling Ordinance provides that such a district may be formed with  
15 no participating properties at its formation, with special taxes to be paid only by those property  
16 owners electing to join the district in order to finance a qualifying retrofit project; and,

17 WHEREAS, By its Resolution Nos. 464-09 and 465-09, respectively, the Board of  
18 Supervisors has adopted a resolution of intention to establish City and County of San  
19 Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) (the  
20 “Special Tax District”), along with a resolution of intention for such Special Tax District to incur  
21 bonded indebtedness; and,

22 WHEREAS, This Resolution has been submitted for consideration in connection with  
23 several pieces of legislation that, if approved, together would authorize the formation of the  
24 Special Tax District for the purpose of financing approved projects (together, the “District  
25 Formation Legislation”); and,

1 WHEREAS, On January 30, 2009 the Controller's Office of Public Finance issued a  
2 request for proposals (the "RFP") in respect of administrative and financial services in support  
3 of the implementation and operation of the Special Tax District; and,

4 WHEREAS, Renewable Funding LLC ("Renewable Funding") was selected as the  
5 highest ranked proposer under the RFP; and,

6 WHEREAS, Renewable Funding and City staff have negotiated a form of  
7 administration services agreement relating to the Special Tax District, which is on file with the  
8 Clerk of the Board of Supervisors in File No. \_\_\_\_\_ (the "Administration Services  
9 Agreement"); and

10 This Board of Supervisors now wishes to establish administrative terms and conditions  
11 and related processes to implement and operate the proposed Special Tax District and its  
12 financing structure; now, therefore, be it

13 RESOLVED, That, upon due approval of the District Formation Legislation this Board  
14 of Supervisors hereby directs the establishment of the San Francisco Sustainable Financing  
15 Program (the "Program"), and that such program shall be implemented and operated  
16 according to the terms and conditions set forth in this Resolution; and be it

17 FURTHER RESOLVED That the Program shall be administered on behalf of the City  
18 by the San Francisco Department of the Environment, or such other City agency as the  
19 Executive Director of the San Francisco Department of the Environment shall designate (the  
20 "Administrator"); and, be it

21 FURTHER RESOLVED That the Administrator shall establish and publish terms and  
22 conditions for City property owners to apply for Program financing and, if approved, to opt into  
23 the Special Tax District, approve the levy of the special tax, and obtain such financing, and at  
24 a minimum such terms and conditions shall include the following:  
25

1 a. Application procedures. These procedures shall include a funding reservation  
2 system along the lines of that employed by the GoSolarSF program.

3 b. Financial terms. These terms should include a clear statement of the  
4 effective interest cost of a project financing as well as related costs to be paid by  
5 borrower, such as application and other administrative fees.

6 c. Property eligibility criteria. These criteria shall be established as a means to  
7 demonstrate the ability of the subject property to secure the repayment obligation  
8 associated with the proposed retrofit project. At minimum these criteria shall include  
9 some demonstration that the property's value exceeds the aggregate total of all private  
10 debt secured by the property plus the principal amount of the proposed special tax  
11 financing.

12 d. Project eligibility criteria. These criteria shall be established to identify  
13 whether a proposed project or group of projects is of a size and character appropriate  
14 in relation to the size of and approved funding source for the Program.

15 e. List of eligible improvements. The Administrator shall develop a list of  
16 improvements that are eligible for Program financing. The initial list should build off of  
17 the projects eligible for funding from existing state and federal grant programs, with  
18 new improvements to be added upon a demonstration of numerous successful  
19 applications providing cost-effective energy or water savings.

20 f. Energy and water rating requirements. In accordance with the state and  
21 federal policies relative to retrofits in general and property tax lien financing programs  
22 in particular, the program shall include a strategy to encourage energy and/or water  
23 audits, ratings or similar systematic analysis as a prerequisite to financing approval, as  
24 well as the translation of such analyses to desired outcomes in terms of the  
25 implementation of energy and water efficiency retrofits. In particular this Board of

1 Supervisors endorses the concept of loading order, where cost effective energy  
2 efficiency measures are pursued in advance of or in conjunction with more costly  
3 renewable energy projects.

4 g. Regulatory compliance. The Administrator should develop Program terms  
5 that assist in ensuring that all improvements are installed and constructed in  
6 accordance with applicable laws and regulations; and be it

7 FURTHER RESOLVED, That the Administrator shall publish and file with the Clerk of  
8 the Board of Supervisors an initial status report on the progress of the program not more than  
9 six months from the date the Program first accepts applications, with further annual reports on  
10 the Program's performance to be so published and filed on or around the anniversary of such  
11 date, and such reports shall include, at a minimum:

- 12 a. Total dollar amount and number of projects financed;
- 13 b. A projection of future financing demand;
- 14 c. Program costs, including funds drawn from state or federal grant sources;
- 15 d. Program funding capacity under existing financial agreements;
- 16 e. Current list of eligible projects;
- 17 f. A description of emerging technologies or transaction types that appear to be  
18 likely to grow in the coming year based on Program experience; and  
19 Recommendations for changes to the Program legal or administrative  
20 structure, if any.

1           FURTHER RESOLVED That the Administration Services Agreement between the City  
2 and Renewable Funding, LLC, is hereby approved, together with such additions or changes  
3 as are approved.

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6       APPROVED AS TO FORM:

7       DENNIS J. HERRERA  
8       City Attorney

9       By: \_\_\_\_\_  
10           MARK D. BLAKE  
11           Deputy City Attorney