File No. 120757

Committee Item No. 8
Board Item No. 34

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date** 7/25/12

Board of Supervisors Meeting **Date** 7/31/12

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Completed by: Victor Young **Date** July 19, 2012
Completed by: Victor Young **Date** 7-26-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Multifamily Housing Revenue Note - Ridgeview Terrace Apartments - Not to Exceed $20,000,000]

Resolution authorizing the issuance and delivery of a multifamily housing revenue note in a principal amount not to exceed $20,000,000 for the purpose of providing financing for the acquisition and rehabilitation of a 101-unit multifamily residential rental housing project known as Ridgeview Terrace Apartments; approving the form of and authorizing the execution of a funding loan agreement; approving the form of and authorizing the execution of a borrower loan agreement; providing the terms and conditions of the note and authorizing the execution and delivery thereof; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving issuance of the note following a public hearing; approving modifications, changes and additions to the documents; granting general authority to City officials to take actions necessary to implement this resolution; and ratifying and approving any action heretofore taken in connection with the note and the project.

WHEREAS, The Board of Supervisors of the City and County of San Francisco (the "Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by 140 Cashmere Street, L.P., a California limited partnership (the "Borrower"), of a 101-unit multi-family residential rental development located at 140 Cashmere Street, San Francisco, California, known as "Ridgeview Terrace Apartments" (the "Project"), to provide housing for persons and families of low income and very low income through the issuance of a multifamily housing revenue note; and

WHEREAS, The City and County of San Francisco (the "City") is authorized to issue revenue obligations to provide financing for multifamily rental housing pursuant to the Charter

of the City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California ("Health and Safety Code"), as now in effect and as it may from time to time hereafter be amended or supplemented (collectively, the "Act"); and

WHEREAS, The interest on the Note (hereinafter defined) may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"), only if the issuance of the Note is approved in accordance with Section 147(f) of the Code; and

WHEREAS, This Board is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Note within the meaning of Section 147(f) of the Code; and

WHEREAS, The Mayor's Office of Housing held a public hearing at 10:00 am on November 8, 2011, notice of which hearing was published in a newspaper of general circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was provided for persons to comment on the execution and delivery of the Note and the plan of financing for the Project; and

WHEREAS, There has been prepared and presented to the Board for consideration at this meeting the documentation required for the issuance of the Note, and such documentation is on file with the Clerk of the Board of Supervisors (the "Clerk of the Board"); and

WHEREAS, It appears that each of the documents which is now before this Board is substantially in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended; and

WHEREAS, The Board finds that the public interest and necessity require that the City at this time make arrangements for the sale of the Note; and

WHEREAS, The City has engaged Sidley Austin LLP and Curls Bartling P.C., as co-bond counsel with respect to the Note ("Co-Note Counsel"); and

WHEREAS, Citibank, N.A., a national banking association, has expressed its intention to purchase, or cause an affiliate to purchase, the Note authorized hereby; now, therefore be it:

RESOLVED, by this Board of Supervisors of the City and County of San Francisco as follows:

Section 1. Approval of Recitals. The Board hereby finds and declares that the above recitals are true and correct.

Section 2. Approval of Issuance of Note. In accordance with the Act and the Funding Loan Agreement (hereinafter defined), the City is hereby authorized to issue and deliver a revenue note of the City, which note comprises a Governmental Lender Note under the Funding Loan Agreement, such note to be designated as "City and County of San Francisco, California Multifamily Housing Revenue Note (Ridgeview Terrace Apartments), 2012 Series C," or such other designation as may be necessary or appropriate to distinguish such Note from any other bonds or notes of the City, in an aggregate principal amount not to exceed Twenty Million Dollars) ($20,000,000.00) (the "Note"), with an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have a final maturity date not later than February 1, 2045. The Note shall be in the form set forth in and otherwise in accordance with the Funding Loan Agreement (defined below), and shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk of the Board.

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the "Funding Loan Agreement"), by and among the City, Citibank, N.A., as funding lender (the "Funding Lender") and U.S. Bank, National Association, as fiscal agent, in the form presented

to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor, the Director of the Mayor's Office of Housing, the Housing Development Director of the Mayor's Office of Housing or any Authorized Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) (collectively, the "Authorized Representatives" and each, an "Authorized Representative") is hereby authorized to execute the Funding Loan Agreement, approved as to form by the City Attorney of the City (the "City Attorney"), in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the "Borrower Loan Agreement"), by and between the City and the Borrower, in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized Representative is hereby authorized to execute the Borrower Loan Agreement, approved as to form by the City Attorney, in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 5. Approval of Regulatory Agreement and Declaration of Restrictive Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), between the City and the Borrower, in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized Representative is hereby authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing, shall charge a fee for the administrative costs associated with issuing the Note in an amount not to exceed 0.25% of the principal amount of the Note. Such fee shall be payable at note closing and may be contingent on the delivery of the Note. The City shall also charge an annual fee for monitoring the restricted units in an amount not to exceed 0.125% of the outstanding principal amount of the Note, but no less than $2,500 annually, for the term of the Regulatory Agreement. The initial monitoring fee shall be payable upon delivery of the Note. The Board hereby authorizes the Mayor's Office of Housing to charge and collect the fees described in this section.

Section 7. Approval of Note Following a Public Hearing. This Board hereby approves the execution and delivery of the Note in an amount set forth in Section 2 above. It is the purpose and intent of this Board that this Resolution constitute approval of the execution and delivery of the Note by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located for the purposes of, and in accordance with, Section 147(f) of the Code.

Section 8. Modifications, Changes, Additions. Any Authorized Representative executing the Funding Loan Agreement, the Borrower Loan Agreement or the Regulatory Agreement (collectively, the "City Agreements"), in consultation with the City Attorney and Co-Note Counsel, is hereby authorized to approve and make such modifications, changes or additions to the City Agreements as may be necessary or advisable, provided that such modification does not authorize a principal amount of the Note in excess of $20,000,000, provide for a final maturity on the Note later than February 1, 2045, or provide for the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The approval of any modification, addition or change to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 9. General Authority. The proper officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those documents described in the City Agreements, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

Section 10. Ratification of Prior Actions. All actions heretofore taken by the officers and agents of the City with respect to the issuance and delivery of the Note are hereby approved, confirmed and ratified.

Section 11. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 120757, which is hereby declared to be a part of this Resolution as if set forth fully herein.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
KENNETH DAVID ROUX
Deputy City Attorney

MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

July 9, 2012

Honorable Malia Cohen
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing the execution and delivery of a Multifamily Housing Revenue Indebtedness Note for Ridgeview Terrace, 140 Cashmere, for an amount not to exceed $20,000,000

Dear Supervisor Cohen:

The Mayor's Office of Housing (MOH) requests your support in introducing and sponsoring a resolution (attached) at the Board of Supervisors on Tuesday, July 10, 2012, which would authorize the City to enter into qualified mortgage revenue indebtedness for Ridgeview Terrace Affordable Housing, 140 Cashmere (the "Project"). This is the follow-up legislation to the resolution you sponsored in December 2011 that authorized MOH to apply to the California Debt Limit Allocation Committee for an allocation of qualified mortgage revenue indebtedness. The City, on behalf of the project sponsor, Ridgeview Terrace Affordable Housing, Inc. ("RTAHI"), received its $17 million allocation in March 2012 and applied for a $3 supplemental allocation at that time due to changes in the project's financing structure. The California Debt Limit Allocation Committee (CDLAC) is expected to approve the supplemental allocation on July 18, 2012.

The project is an existing 101-unit affordable family rental development in the Bayview Hunters Point neighborhood. It will serve households ranging from 40%-60% AMI under the State's Tax Credit program, and benefits from a Section 8 subsidy contract that covers all 101 units. Originally constructed in the early 1970s using HUD Section 236 financing, and acquired by RTAHI in 2002, the property is in need of renovation in order to maintain it as a viable asset for the long term. The City of San Francisco is not providing any loans or grants for the current rehabilitation of the project.

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 http://sf-moh.org/

The Mayor's Office of Housing has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge City funds as repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and any credit enhancement provided by lenders. The Ridgeview Terrace transaction requires loan documents rather than bond documents and therefore MOH is requesting approval of a mortgage revenue Note. Just as with all of the other multifamily housing mortgage revenue bonds MOH has issued on behalf of its affordable housing projects and programs, this is a conduit, or pass-through, financing mechanism and it is not an obligation of the City to repay the Note from City funds.

We request that the resolution be introduced at the Board on **July 10, 2012**, and are assuming it would be referred to the Budget and Finance Committee either July 18 or July 25. We request that the resolution be approved by the Board on **July 31, before the month-long recess**, so that the project can avoid any delays. We anticipate that bond closing will occur in late August and construction will start in September 2012.

The attached resolution has been reviewed by Deputy City Attorney Kenneth Roux and is in final form. If you have any questions about the resolution or the project, please contact my staff, Lydia Ely at 701-5519, or Joan McNamara at 701-5532. Thank you for your assistance.

Sincerely,

Teresa Yanga
Director of Housing Development

BORROWER LOAN AGREEMENT

Between

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender,

and

140 CASHMERE STREET, L.P., a California limited partnership,
as Borrower

Dated as of August 1, 2012

Relating to:

$_____

Funding Loan originated by CITIBANK, N.A., as Funding Lender

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Citibank, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the City and County of San Francisco (the "Governmental Lender"), the Fiscal Agent and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender to fund the Borrower Loan made under this Borrower Loan Agreement.

** Complete copy of document is located in
File No. 120757

FUNDING LOAN AGREEMENT

Among

CITIBANK, N.A.,
as Funding Lender

and

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender

And

U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent

Dated as of August 1, 2012

** Complete copy of document is located in

File No. 120757

Sidley Austin LLP
Draft of 7/9/12

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Sidley Austin LLP
555 California Street, Ste. 2000
San Francisco, CA 94104
Attention: Gisele Rainer

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

140 CASHMERE STREET, L.P.
a California limited partnership

Dated as of August 1, 2012

Relating to:

City and County of San Francisco
Multifamily Housing Revenue Note
(Ridgeview Terrace Apartments),
2012 Series C

** Complete copy of document is located in

File No. 120757