

1 [Multifamily Housing Revenue Bonds - 1036 Mission Street - Not to Exceed \$32,100,000]

2

3 **Resolution authorizing the issuance and delivery of multifamily housing revenue bonds**  
4 **in an aggregate principal amount not to exceed \$32,100,000 for the purpose of**  
5 **providing financing for the acquisition and construction of an 83-unit multifamily**  
6 **residential rental housing project located at 1036 Mission Street within the City;**  
7 **approving the form of and authorizing the execution of a trust indenture providing**  
8 **terms and conditions of the bonds; approving the form of and authorizing the**  
9 **execution of a regulatory agreement and declaration of restrictive covenants;**  
10 **approving the form of and authorizing the execution of a loan agreement; authorizing**  
11 **the collection of certain fees; ratifying and approving any action heretofore taken in**  
12 **connection with the bonds and the project, as defined herein; granting general**  
13 **authority to City officials to take actions necessary to implement this Resolution, as**  
14 **defined herein; and related matters.**

15

16 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
17 "Board") desires to provide for a portion of the costs of the acquisition and construction by  
18 1036 Mission Associates, L.P., a California limited partnership (the "Borrower"), of an 83-unit,  
19 mixed use, residential rental housing development located at 1036 Mission Street, San  
20 Francisco, California (the "Project"), to provide housing for persons and families of low income  
21 through the issuance of multifamily housing revenue bonds; and

22 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue  
23 revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of  
24 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of  
25 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of

1 California (“Health and Safety Code”), as now in effect and as it may from time to time  
2 hereafter be amended or supplemented (collectively, the “Act”); and

3 WHEREAS, Any Bonds (hereinafter defined) to be issued to finance the Project will be  
4 limited obligations of the City, the sole source of repayment for which shall be payments made  
5 by the Borrower together with investment income on certain funds and accounts; and

6 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section  
7 103 of the Internal Revenue Code of 1986, as amended, (the “Code”), only if the Bonds are  
8 approved in accordance with Section 147(f) of the Code; and

9 WHEREAS, This Board is the elected legislative body of the City and is the applicable  
10 elected representative required to approve the issuance of the Bonds within the meaning of  
11 Section 147(f) of the Code; and

12 WHEREAS, On October 16, 2015, the City published a notice, in a newspaper of  
13 general circulation in the City, regarding its intent to hold a public hearing with respect to the  
14 issuance of multifamily housing revenue bonds in an amount not to exceed \$45,000,000 to  
15 finance the Project, and said hearing was held on October 30, 2015, by the Mayor’s Office of  
16 Housing and Community Development and an opportunity was provided for persons to  
17 comment on the issuance of the Bonds and the financing of the Project; and

18 WHEREAS, Thereafter, on December 1, 2015, pursuant to Resolution No. 455-15, this  
19 Board approved the issuance of multifamily housing revenue bonds, in an amount not to  
20 exceed \$45,000,000 for the purposes of Section 147(f) of the Code, declared its intent to  
21 issue multifamily housing revenue bonds and authorized officers of the City to submit an  
22 application and related documents to the California Debt Limit Allocation Committee  
23 (“CDLAC”) and take other actions in connection with the proposed financing of the Project;  
24 and

1           WHEREAS, On March 16, 2016, CDLAC, in its Resolution No. 16-13, allocated  
2 \$32,100,000 in qualified private activity bond volume cap to the Project; and

3           WHEREAS, There has been prepared and presented to this Board for consideration at  
4 this meeting the documentation required for the issuance of the Bonds, and such  
5 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);  
6 and

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

10          WHEREAS, This Board finds that public interest and necessity require that the City at  
11 this time make arrangements for the sale of the Bonds; and

12          WHEREAS, The City has engaged Schiff Hardin, LLP and Garcia Hernández  
13 Sawhney, LLP, as co-bond counsel with respect to the Bonds (“Co-Bond Counsel”); and

14          WHEREAS, JPMorgan Chase Bank, N.A. has expressed its intention to purchase, or  
15 cause an affiliate to purchase, the Bonds authorized hereby; now, therefore, be it

16          RESOLVED, By this Board of Supervisors of the City and County of San Francisco as  
17 follows:

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

20          Section 2.   Approval of Issuance of Bonds. In accordance with the Act and the  
21 Indenture (hereinafter defined), the City is hereby authorized to issue and deliver revenue  
22 bonds of the City, such bonds to be issued in one or more series, and designated as “City and  
23 County of San Francisco Multifamily Housing Revenue Bonds (1036 Mission Family Housing),  
24 Series 2016C,” or such other designation as may be necessary or appropriate to distinguish  
25 such series from every other series of bonds of the City, in an aggregate principal amount not

1 to exceed \$32,100,000 (the “Bonds”), with an interest rate not to exceed twelve percent (12%)  
2 per annum for the Bonds, and which shall have a final maturity date not later than five (5)  
3 years from the date of issuance of the Bonds. The Bonds shall be in the form set forth in and  
4 otherwise in accordance with the Indenture, and shall be executed by the manual signature of  
5 the Mayor of the City (the “Mayor”) and as further provided in the Indenture.

6 Section 3. Indenture. The Trust Indenture (the “Indenture”), by and between the City  
7 and a Trustee (the “Trustee”) to be selected by the Director of the Mayor's Office of Housing  
8 and Community Development (the “Director”), in the form presented to this Board, a copy of  
9 which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor, the  
10 Director or any other Authorized Representative (as such term is defined in the Indenture) of  
11 the City (collectively, the “Authorized Officers”) is hereby authorized to execute the Indenture  
12 in said form, together with such additions thereto and changes therein as the City Attorney  
13 and Co-Bond Counsel may approve or recommend in accordance with Section 7 hereof.

14 Section 4. Regulatory Agreement and Declaration of Restrictive Covenants. The  
15 Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory  
16 Agreement”), by and between the City and the Borrower, in the form presented to this Board,  
17 a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized  
18 Officer is hereby authorized to execute the Regulatory Agreement, in said form, together with  
19 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
20 approve or recommend in accordance with Section 7 hereof.

21 Section 5. Approval of Loan Agreement. The Loan Agreement (the “Loan  
22 Agreement”), by and among the City, the Trustee and the Borrower, in the form presented to  
23 this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each  
24 Authorized Officer is hereby authorized to execute the Loan Agreement in said form, together  
25

1 with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel  
2 may approve or recommend in accordance with Section 7 hereof.

3 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and  
4 Community Development, shall charge a fee for the administrative costs associated with  
5 issuing the Bonds in an amount not to exceed 0.25% of the maximum aggregate principal  
6 amount of the Bonds. Such fee shall be payable at closing and may be contingent on the  
7 issuance of the Bonds. The City shall also charge an annual fee for monitoring compliance  
8 with the provisions of the Regulatory Agreement in an amount not to exceed 0.125% of the  
9 outstanding aggregate principal amount of the Bonds, but no less than \$2,500 annually, for  
10 the term of the Regulatory Agreement. The Board hereby authorizes the Mayor's Office of  
11 Housing and Community Development to charge and collect, or appoint an agent, which may  
12 be the Trustee, to collect on behalf of the City, the fees described in this section.

13 Section 7. Modifications, Changes, Additions. Any Authorized Officer executing the  
14 Indenture, the Loan Agreement or the Regulatory Agreement (collectively, the "City  
15 Agreements"), in consultation with the City Attorney and Co-Bond Counsel, is hereby  
16 authorized to approve and make such modifications, changes or additions to the City  
17 Agreements as may be necessary or advisable, provided that such modification does not  
18 authorize an aggregate principal amount of the Bonds in excess of \$32,100,000, provide for a  
19 final maturity on the Bonds later than five (5) years from the date of issuance of the Bonds, or  
20 provide for the Bonds to bear interest at a rate in excess of twelve percent (12%) per annum.  
21 The approval of any modification, addition or change to any of the City Agreements shall be  
22 evidenced conclusively by the execution and delivery of the document in question.

23 Section 8. Ratification. All actions heretofore taken by the officers and agents of the  
24 City with respect to the sale, issuance and delivery of the Bonds, as consistent with the City  
25 Agreements and this Resolution, are hereby approved, confirmed and ratified.

1           Section 9.    General Authority. The proper officers of the City, including but not limited  
2 to the Authorized Officers, are hereby authorized and directed, for and in the name and on  
3 behalf of the City, to do any and all things and take any and all actions and execute and  
4 deliver any and all certificates, agreements and other documents (including but not limited to  
5 any certificates necessary to allocate a portion of the previously-obtained voter approval of  
6 low rent housing projects pursuant to Article 34 of the State Constitution to the Project, if  
7 applicable), subordinations, assignments, tax documents and those documents described in  
8 the City Agreements, which they, or any of them, may deem necessary or advisable in order  
9 to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes  
10 thereof and of the City Agreements. Any such actions are solely intended to further the  
11 purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No  
12 such actions shall increase the risk to the City or require the City to spend any resources not  
13 otherwise granted herein. Final versions of any such documents shall be provided to the  
14 Clerk of the Board for inclusion in the official file within 30 days of execution by all parties.

15           Section 10.  File. All documents referenced herein as being on file with the Clerk of  
16 the Board are located in File No. \_\_\_\_\_, which is hereby declared to be a part of this  
17 Resolution as set forth fully herein.

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA  
21 City Attorney

22 By: \_\_\_\_\_  
23       Kenneth David Roux  
24       Deputy City Attorney  
25       n:\financlas2016\1600791\01118941.docx