

1 [Multifamily Housing Revenue Note - 1990 Folsom Street - Not to Exceed \$62,132,500]

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3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in one or more series in an aggregate principal amount not to exceed \$62,132,500**
5 **for the purpose of providing financing for the construction of an 143-unit multifamily**
6 **rental housing project known as “1990 Folsom;” approving the form of and authorizing**
7 **the execution of a funding loan agreement providing the terms and conditions of the**
8 **loan from the funding lender to the City and the execution and delivery of the note;**
9 **approving the form of and authorizing the execution of a borrower loan agreement**
10 **providing the terms and conditions of the loan from the City to the borrower; approving**
11 **the form of and authorizing the execution of a regulatory agreement and declaration of**
12 **restrictive covenants; authorizing the collection of certain fees; approving**
13 **modifications, changes and additions to the documents; ratifying and approving any**
14 **action heretofore taken in connection with the back-to-back loans, the note and the**
15 **project; and granting general authority to City officials to take actions necessary to**
16 **implement this Resolution, and related matters, as defined herein.**

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18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 “Board”) desires to provide for the financing of a portion of the costs of the construction by
20 1990 Folsom Housing Associates, L.P., a California limited partnership (the “Borrower”), of an
21 143-unit residential rental development project located at 1990 Folsom Street, known as
22 “1990 Folsom” (the “Project”), to provide housing for persons and families of low income
23 through the issuance of a multifamily housing revenue note (the “Note”); and

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1 WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue
2 revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of
3 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
4 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of
5 California (“Health and Safety Code”), as now in effect and as it may from time to time
6 hereafter be amended or supplemented (collectively, the “Act”); and

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

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

13 WHEREAS, The Project is located wholly within the City; and

14 WHEREAS, On July 26, 2018, the City caused a notice stating that a public hearing
15 with respect to the issuance of the Note would be held by the Mayor’s Office of Housing and
16 Community Development on August 10, 2018, to appear in The San Francisco Examiner
17 which is a newspaper of general circulation in the City; and

18 WHEREAS, The Mayor’s Office of Housing and Community Development held the
19 public hearing described above on August 10, 2018, and an opportunity was provided for
20 persons to comment on the issuance of the Note and the Project; and

21 WHEREAS, The California Debt Limit Allocation Committee (“CDLAC”) has allocated
22 an amount not to exceed \$62,132,500 in qualified private activity obligations to the Project;
23 and

24 WHEREAS, There has been prepared and presented to the Board for consideration at
25 this meeting the documentation required for the execution and delivery of the Note, and such

1 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
2 and

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

6 WHEREAS, The Board finds that the public interest and necessity require that the City
7 at this time make arrangements for the funding loan, the borrower loan and the execution and
8 delivery of the Note; and

9 WHEREAS, The Note will be a limited obligation of the City, the sole source of
10 repayment of which shall be payments made by the Borrower under the Borrower Loan
11 Agreement (hereinafter defined), together with investment income of certain funds and
12 accounts held under the Funding Loan Agreement (hereinafter defined); and

13 WHEREAS, The City has engaged Kutak Rock, LLP and Fox Rothschild, LLP, as co-
14 special counsel with respect to the Note (“Co-Special Counsel”); and

15 WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the “Funding Lender”) has
16 expressed its intention to make the City and County of San Francisco funding loan to be
17 evidenced by the Note authorized hereby; now, therefore, be it

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

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

22 Section 2. Approval of Execution and Delivery of Note. This Board of Supervisors, as
23 the applicable elected representative of the governmental unit having jurisdiction over the
24 area in which the Project is located, hereby approves the issuance of the Note for purposes of
25 Section 147(f) of the Code.

1 In accordance with the Act, the Funding Loan Agreement and the Borrower Loan
2 Agreement, the City is hereby authorized to execute and deliver notes in one or more series
3 designated as “City and County of San Francisco Multifamily Housing Revenue Note (1990
4 Folsom Street), 2019 Series _” or such other designation as may be necessary or appropriate
5 to distinguish such series from every other series of bonds or notes, in an aggregate principal
6 amount not to exceed \$62,132,500 (the “Note”), with an interest rate not to exceed 12% per
7 annum for the Note, and which shall have a final maturity date not later than 40 years from the
8 date of execution and delivery of the Note. The Note shall be in the form set forth in and
9 otherwise in accordance with the Funding Loan Agreement and shall be executed by the
10 manual or facsimile signature of the Mayor of the City (the “Mayor”) and as further provided in
11 the Funding Loan Agreement.

12 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the
13 “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file with
14 the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered
15 into by and among the City, the Funding Lender and U.S. Bank, National Association, a
16 national banking association (the “Fiscal Agent”). Each of the Mayor, the Director for Housing
17 of the Mayor’s Office of Housing and Community Development, the Deputy Director for
18 Housing of the Mayor’s Office of Housing and Community Development, or any other
19 Authorized Representative (as such term is defined in the Funding Loan Agreement) of the
20 Governmental Lender (an “Authorized Governmental Lender Representative”) is hereby
21 authorized to execute the Funding Loan Agreement, approved as to form by the City Attorney
22 of the City (the “City Attorney”), in substantially said form, together with such additions thereto
23 and changes therein as the City Attorney and Co-Special Counsel may approve or
24 recommend in accordance with Section 7 hereof.

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1 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the
2 “Borrower Loan Agreement”) by and among the City, the Fiscal Agent and the Borrower and
3 the Assignment of Deed of Trust and Loan Documents, from the City to the Funding Lender
4 (the “Assignment”), in the forms presented to the Board, copies of which are on file with the
5 Clerk of the Board, are hereby approved. Each Authorized Governmental Lender
6 Representative is hereby authorized to execute the Borrower Loan Agreement and the
7 Assignment in substantially said form, together with such additions thereto and changes
8 therein as the City Attorney and Co-Special Counsel may approve or recommend in
9 accordance with Section 7 hereof.

10 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
11 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
12 “Regulatory Agreement” and, together with the Funding Loan Agreement, the Assignment and
13 the Borrower Loan Agreement, the “City Documents”), between the City and the Borrower, in
14 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
15 hereby approved. Each Authorized Governmental Lender Representative is hereby
16 authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in
17 substantially said form, together with such additions thereto and changes therein as the City
18 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7
19 hereof.

20 Section 6. Issuer Fees. The City, acting through the Mayor’s Office of Housing and
21 Community Development, shall charge a fee for the administrative costs associated with
22 executing and delivering the Note in an amount not to exceed 0.25% of the aggregate
23 principal amount of the Note. Such fee shall be payable at funding loan closing and may be
24 contingent on the funding loan closing. The City shall also charge an annual fee for
25 monitoring the restricted units in an amount not to exceed 0.125% of the outstanding

1 aggregate principal amount of the Note, but no less than \$2,500 annually, from completion of
2 construction through the term of the Regulatory Agreement. The City is authorized to charge
3 up to the first two years of the monitoring fee at funding loan closing. The Board hereby
4 authorizes the Mayor's Office of Housing and Community Development to charge and collect
5 the fees described in this section.

6 Section 7. Modifications, Changes, Additions. Any Authorized Governmental Lender
7 Representative executing the City Documents, in consultation with the City Attorney and Co-
8 Special Counsel, is hereby authorized to approve and make such modifications, changes or
9 additions to the City Documents as may be necessary or advisable, provided that such
10 modification does not authorize an aggregate principal amount of the Note in excess of
11 \$62,132,500, provide for a final maturity of the Note later than 40 years, or provide for the
12 Note to bear interest at a rate in excess of 12% per annum. The approval of any modification,
13 addition or change to any of the aforementioned documents shall be evidenced conclusively
14 by the execution and delivery of the document in question.

15 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
16 City with respect to the funding loan and the execution and delivery of the Note as consistent
17 with the City Documents are hereby approved, confirmed and ratified.

18 Section 9. General Authority. The proper officers of the City are hereby authorized
19 and directed, for and in the name and on behalf of the City, to do any and all things and take
20 any and all actions and execute and deliver any and all certificates, agreements (including
21 such agreements to provide adequate or additional security or indemnities as required by
22 lenders to consummate the financing) and other documents, including but not limited to those
23 documents described in the City Documents, which they, or any of them, may deem
24 necessary or advisable in order to consummate the lawful execution and delivery of the Note
25 and to effectuate the purposes thereof and of the City Documents. Any such actions are

1 solely intended to further the purposes of this Resolution, and are subject in all respects to the
2 terms of the Resolution. No such actions shall increase the risk to the City or require the City
3 to spend any resources not otherwise granted herein. Final versions of such documents shall
4 be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution
5 by all parties.

6 Section 10. File. All documents referenced herein as being on file with the Clerk of the Board
7 are located in File No. _____, which is hereby declared to be a part of this Resolution
8 as if set forth fully herein.

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10 APPROVED AS TO FORM:
11 DENNIS J. HERRERA
12 City Attorney

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13 By: _____
14 HEIDI GEWERTZ
15 Deputy City Attorney

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