

File No. 120757

Committee Item No. 8

Board Item No. 34

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

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

Board of Supervisors Meeting Date 7/31/12

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
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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.

1 [Multifamily Housing Revenue Note - Ridgeview Terrace Apartments - Not to Exceed
2 \$20,000,000]

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

16
17 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
18 "Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by
19 140 Cashmere Street, L.P., a California limited partnership (the "Borrower"), of a 101-unit
20 multi-family residential rental development located at 140 Cashmere Street, San Francisco,
21 California, known as "Ridgeview Terrace Apartments" (the "Project"), to provide housing for
22 persons and families of low income and very low income through the issuance of a multifamily
23 housing revenue note; and

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

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

5 WHEREAS, The interest on the Note (hereinafter defined) may qualify for tax

6 exemption under Section 103 of the Internal Revenue Code of 1986, as amended, (the
7 "Code"), only if the issuance of the Note is approved in accordance with Section 147(f) of the
8 Code; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14
15 APPROVED AS TO FORM:

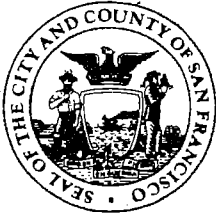
16 DENNIS J. HERRERA
17 City Attorney

18 By: Kenneth David Roux
19 KENNETH DAVID ROUX
20 Deputy City Attorney

21
22
23
24
25
Supervisor Cohen
BOARD OF SUPERVISORS

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7/9/2012

**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.

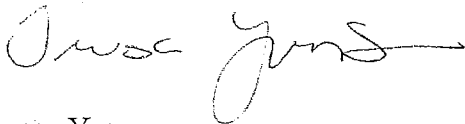
The project is an existing 101-unit affordable family rental development in the Bayview Hunters Point neighborhood. It will serve households ranging from 40%-60% AMI under the State's Tax Credit program, and benefits from a Section 8 subsidy contract that covers all 101 units. Originally constructed 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.

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

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