

1 [Multifamily Housing Revenue Note - 350 Ellis Street - Not to Exceed \$41,640,000]

2
3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in an aggregate principal amount not to exceed \$41,640,000 for the purpose of**
5 **providing financing for the acquisition and rehabilitation of a 96-unit multifamily rental**
6 **housing project located in the City at 350 Ellis Street; approving the form of and**
7 **authorizing the execution of a funding loan agreement providing the terms and**
8 **conditions of the note and authorizing the execution and delivery thereof; approving**
9 **the form of and authorizing the execution of a regulatory agreement and declaration of**
10 **restrictive covenants; approving the forms of and authorizing the execution of certain**
11 **loan documents; authorizing the collection of certain fees; ratifying and approving any**
12 **action heretofore taken in connection with the note and the project, as defined herein;**
13 **granting general authority to City officials to take actions necessary to implement this**
14 **Resolution, as 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 rehabilitation by
18 Ellis 350 Associates, L.P., a California limited partnership (the "Borrower"), of a 96-unit
19 affordable multifamily housing residential rental development located at 350 Ellis Street, San
20 Francisco, California (commonly known as "350 Ellis") (the "Project"), to provide housing for
21 persons and families of low and very low income through the issuance of multifamily housing
22 revenue bonds or notes; and

23 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue
24 revenue bonds, notes and other obligations for such purpose pursuant to the Charter of the
25 City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent

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

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

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

10 WHEREAS, Following a public hearing on October 30, 2015 at which there was an
11 opportunity for persons to comment on the execution and delivery of the Note, this Board, on
12 December 1, 2015, adopted Resolution No. 449-15, approving the execution and delivery of
13 the Note solely for the purposes of Section 147(f) of the Code in an amount not to exceed
14 \$81,426,000; and

15 WHEREAS, On May 18, 2016, the California Debt Limit Allocation Committee
16 ("CDLAC"), in its Resolution Number 16-42, allocated to the Project \$41,640,000 in qualified
17 private activity bond volume cap pursuant to Section 146 of the Code; and

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

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

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

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

7 WHEREAS, The City has engaged Jones Hall, A Professional Law Corporation, and
8 Curls Bartling P.C. as co-bond counsel with respect to the Note ("Co-Bond Counsel"); and

9 WHEREAS, Bank of America, N.A. (the "Bank") has expressed its intention to enter
10 into the Funding Loan Agreement and make the loan evidenced by the Note authorized
11 hereby; now, therefore, be it

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

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

16 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act and
17 the Funding Loan Agreement (hereinafter defined), the City is hereby authorized to issue and
18 deliver a revenue note of the City, such note to be issued in one or more series and
19 subseries, and designated as "City and County of San Francisco Multifamily Housing
20 Revenue Note (350 Ellis), 2016 Series R," or such other designation as may be necessary or
21 appropriate to distinguish such series from every other series of bonds or notes of the City, in
22 an aggregate principal amount not to exceed \$41,640,000 (the "Note"), with an interest rate
23 not to exceed twelve percent (12%) per annum for the Note, and which shall have a final
24 maturity date not later than forty (40) years from the date of issuance. The Note shall be in the
25 form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be

1 executed by the manual signature of the Mayor of the City (the "Mayor") and as further
2 provided in the Funding Loan Agreement.

3 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the
4 "Funding Loan Agreement"), by and between the Bank, the City, and U.S. Bank National
5 Association, a national banking association (the "Fiscal Agent"), in the form presented to the
6 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor,
7 the Director of the Mayor's Office of Housing and Community Development (the "Director"), or
8 any Authorized Officer of the City (as such term is defined in the Funding Loan Agreement) is
9 hereby authorized to execute the Funding Loan Agreement (collectively, "Authorized
10 Representatives" and each, an "Authorized Representative"), approved as to form by the City
11 Attorney of the City (the "City Attorney"), in substantially said form, together with such
12 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
13 approve or recommend in accordance with Section 7 hereof.

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

22 Section 5. Approval of Project Loan Agreement. The Project Loan Agreement by and
23 among the City, the Borrower, and the Fiscal Agent (the "Project Loan Agreement"), in the
24 form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby
25 approved. Each Authorized Representative is hereby authorized to execute the Project Loan

1 Agreement, approved as to form by the City Attorney, in substantially said form, together with
2 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
3 approve or recommend in accordance with Section 7 hereof.

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

14 Section 7. Modifications, Changes, Additions. Any Authorized Representative
15 executing the Funding Loan Agreement, the Regulatory Agreement or the Project Loan
16 Agreement (collectively, the "City Agreements"), in consultation with the City Attorney and Co-
17 Bond Counsel, is hereby authorized to approve and make such modifications, changes or
18 additions to the City Agreements as may be necessary or advisable, provided that such
19 modification does not authorize an aggregate principal amount of the Note in excess of
20 \$41,640,000, provide for a final maturity on the Note later than forty (40) years from the date
21 of issuance thereof, or provide for the Note to bear interest at a rate in excess of twelve
22 percent (12%) per annum. The approval of any modification, addition or change to any of the
23 aforementioned documents shall be evidenced conclusively by the execution and delivery of
24 the document in question.

1 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
2 City with respect to the execution and delivery of the Note, as consistent with the documents
3 herein and this Resolution, are hereby approved, confirmed and ratified.

4 Section 9. General Authority. The proper officers of the City are hereby authorized and
5 directed, for and in the name and on behalf of the City, to do any and all things and take any
6 and all actions and execute and deliver any and all certificates, agreements and other
7 documents, including but not limited to assignments, subordinations, tax documents and
8 those documents described in the City Agreements, which they, or any of them, may deem
9 necessary or advisable in order to consummate the lawful execution and delivery of the Note.
10 Any such actions are solely intended to further the purposes of this Resolution, and are
11 subject in all respects to the terms of the Resolution. No such actions shall increase the risk to
12 the City or require the City to spend any resources not otherwise granted herein. Final
13 versions of any such documents shall be provided to the Clerk of the Board for inclusion in the
14 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 the
16 Board are located in File No. _____, which is hereby declared to be a part of this
17 Resolution as if 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
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