

File No. 110662

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Land Use and Economic Development Date June 13, 2011

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget 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 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                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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|---------------------------------------|--------------------------|--|
| * <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Funding Loan Agreement</u>  |
| * <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Regulatory Agreement and Declaration of Restrictive Covenants</u> |
| * <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Borrower Loan Agreement</u>                                       |
| <input type="checkbox"/>              | <input type="checkbox"/> | _____  |
| <input type="checkbox"/>              | <input type="checkbox"/> | _____  |
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Completed by: Alisa Somera Date June 10, 2011

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

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 and Various Agreements - Hunters View - Not to Exceed \$41,000,000]

**Resolution authorizing the execution and delivery of a multifamily housing revenue note, as defined herein, in an aggregate principal amount not to exceed \$41,000,000 for the purpose of providing financing for a multifamily rental housing project; approving the form of and authorizing the execution of a funding loan agreement providing the terms and conditions of the note; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; approving the form of and authorizing the execution of a borrower loan agreement; ratifying and approving any action heretofore taken in connection with the note and the project; granting general authority to City officials to take actions necessary to implement this resolution; and related matters.**

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 construction by HV Partners 1, LP, a California limited partnership, (the "Borrower"), of a proposed 107-unit residential rental development to provide housing for persons of low and very low income to be known as Hunters View Phase I, located at 112 Middle Point Road (Middle Point and West Point Roads; Block 4624, Lots 3, 4 and 9, Block 4720, Lot 27), San Francisco, California (the "Project"), through the execution and delivery of revenue notes; and,

WHEREAS, The City and County of San Francisco (the "City") is authorized to execute and deliver revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, to the extent applicable, Section 52097.5 of the California Health and Safety Code

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

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

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

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

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

15 WHEREAS, Citibank, N.A. (the "Funding Lender"), has expressed its intention to  
16 purchase or cause its affiliate to purchase the Note authorized hereby, and,

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

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

21 Section 2. Approval of Execution and Delivery of the Note. In accordance with the  
22 Act and the Funding Loan Agreement (hereinafter defined), the City is hereby authorized to  
23 execute and deliver revenue notes of the City, such note to be issued in one series and  
24 designated as "City and County of San Francisco Multifamily Housing Revenue Note (Hunters  
25 View Phase I) 2011 Series A," in an aggregate principal amount not to exceed \$41,000,000

1 (the "Note"), with an initial interest rate not to exceed twelve percent (12%) per annum for the  
2 Note, and which shall have a final maturity date not later than June 1, 2016. The Mayor of the  
3 City, the Director of the Mayor's Office of Housing, the Director of Housing Development and  
4 the Deputy Director of the Mayor's Office of Housing (each an "Authorized Representative")  
5 are hereby authorized and directed to execute the Note on behalf of the City in the form set  
6 forth in the Funding Loan Agreement, with such additions thereto and changes therein as the  
7 City Attorney of the City and County of San Francisco (the "City Attorney") and Tax Counsel  
8 (as defined in the Funding Loan Agreement) may approve or recommend in accordance with  
9 Section 6 hereof. The Note, when executed by the City, shall be delivered to the Funding  
10 Lender.

11 Section 3. Funding Loan Agreement. The Funding Loan Agreement (the "Funding  
12 Loan Agreement"), between the City and the Funding Lender, in substantially the form  
13 presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby  
14 approved. Any Authorized Representative is hereby authorized to execute, and the Clerk of  
15 the Board or an authorized designee is hereby authorized to attest, the Funding Loan  
16 Agreement in substantially said form, with such additions thereto and changes therein as the  
17 City Attorney and Tax Counsel may approve or recommend in accordance with Section 6  
18 hereof.

19 Section 4. Regulatory Agreement and Declaration of Restrictive Covenants. The  
20 form of Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory  
21 Agreement"), between the City and the Borrower, in substantially the form presented to the  
22 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Any  
23 Authorized Representative is hereby authorized to execute the Regulatory Agreement, in  
24 substantially said form, with such additions thereto and changes therein as the City Attorney  
25 and Tax Counsel may approve or recommend in accordance with Section 6 hereof.

1           Section 5. Borrower Loan Agreement. The form of Borrower Loan Agreement (the  
2 "Borrower Loan Agreement") between the City and the Borrower, and agreed to and  
3 acknowledged by the Funding Lender, in substantially the form presented to the Board, a  
4 copy of which is on file with the Clerk of the Board, is hereby approved. Any Authorized  
5 Representative is hereby authorized to execute the Borrower Loan Agreement, in  
6 substantially said form, with such additions thereto and changes therein as the City Attorney  
7 and Tax Counsel may approve or recommend in accordance with Section 6 hereof.

8           Section 6. Modifications, Changes, Additions. Any Authorized Representative  
9 executing the Funding Loan Agreement, the Regulatory Agreement or the Borrower Loan  
10 Agreement (collectively, the "City Agreements"), in consultation with the City Attorney and Tax  
11 Counsel, is hereby authorized to approve and make such modifications, changes or additions  
12 to the City Agreements as may be necessary or advisable, provided that such modification  
13 does not authorize an aggregate principal amount of Note in excess of \$41,000,000, provide  
14 for a final maturity on the Note later than June 1, 2016, or provide for the Note to bear interest  
15 at a rate in excess of twelve percent (12%) per annum. The approval of any modification,  
16 addition or change to any of the aforementioned documents shall be evidenced conclusively  
17 by the execution and delivery of the document in question.

18           Section 7. Low Income Housing Findings. This Board hereby finds and determines  
19 that this Resolution constitutes final approval of a proposal that may result in housing  
20 assistance benefiting persons of low income within the meaning of Section 36005 of Health  
21 and Safety Code. Furthermore, this Board finds and determines that the City's support of the  
22 Project does not constitute an activity to "develop, construct, or acquire" a low rent housing  
23 project pursuant to Section 37001.5(a) and (d) of the Health and Safety Code.

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 is hereby approved, confirmed and  
3 ratified.

4           Section 9. General Authority. The proper officers of the City are hereby authorized  
5 and directed, for and in the name and on behalf of the City, to do any and all things and take  
6 any and all actions and execute and deliver any and all certificates, agreements and other  
7 documents, including but not limited to those documents described in the Funding Loan  
8 Agreement and the other documents herein approved, 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 and to effectuate the purposes thereof and of the documents herein approved in accordance  
11 with this Resolution.

12           Section 10. All documents referenced herein as being on file with the Clerk of the  
13 Board are located in File No. 110662, which is hereby declared to be a part of this  
14 resolution as if set forth fully herein.

15  
16 APPROVED AS TO FORM:

17 DENNIS J. HERRERA  
18 City Attorney

19  
20 By: Kenneth David Roux  
21           KENNETH DAVID ROUX  
22           Deputy City

23  
24  
25  
Supervisor Cohen  
BOARD OF SUPERVISORS

Page 5  
5/9/2011

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Member, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: <b>HV PARTNERS 1, L.P.</b>

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

HV Partners 1, LP is made up of three general partners including:

- 1) JSCo Hunters View, LLC/The John Stewart Company
  - John Stewart, Chairman of the Board
  - Jack D. Gardner, President, CEO and Board Member
  - Michael Smith-Heimer, CFO and Board Member
  - Daniel Levine, Senior Vice President and Board Member
  - Mari Tustin, Senior Vice President and Board Member
  
- 2) HV Amani, LLC/Devine & Gong, Inc.
  - Richard Devine, President
  
- 3) Hunters Point Affordable Housing Inc./Ridge Point Non-Profit Housing Corporation
  - Larry Hollingsworth, President & CEO and Board Chair
  - Ethel Corley, Secretary of the Board
  - Chestene Mason, Treasurer of the Board
  - Cleo Champion, Vice President of the Board
  - Edgar Brown, Board Member

Contractor address: 1388 Sutter Street, 11<sup>th</sup> Floor, San Francisco, CA 94109

Date that contract was approved:	Amount of contract: \$41,000,000
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Describe the nature of the contract that was approved:

Comments:

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves Board of Supervisors  
Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

**Filer Information** *(Please print clearly.)*

Name of filer: Clerk of the Board of Supervisors

Contact telephone number:  
( 415 ) 554-5184

Address:

City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl, San Francisco, CA 94102

E-mail:

Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed



**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Member, Board of Supervisors

**Contractor Information** *(Please print clearly.)*

Name of contractor: **CITIBANK, N.A., (Funding Lender)**

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

**Alain J.P. Belda** *Managing Director, Warburg Pincus*

**Jerry A. Grundhofer** *Chairman Emeritus, U.S. Bancorp*

**Michael E. O'Neill** *Former Chairman and CEO, Bank of Hawaii Corporation*

**Richard D. Parsons** *Chairman, Citigroup Inc.*

**Judith Rodin** *President, Rockefeller Foundation*

**Anthony M. Santomero** *Former President, Federal Reserve Bank of Philadelphia*

**Timothy C. Collins** *Chairman of Investment Committee, Ripplewood Holdings LLC*

**Robert L. Joss, Ph.D.** *Professor of Finance Emeritus and Former Dean, Stanford University Graduate School of Business*

**Vikram Pandit** *Chief Executive Officer, Citigroup*

**Lawrence R. Ricciardi** *Senior Advisor, IBM Corporation, Jones Day and Lazard Freres & Co.*

**Robert L. Ryan** *Chief Financial Officer, Retired, Medtronic Inc.*

**Diana L. Taylor** *Managing Director, Wolfensohn Fund Management, L.P.*

**Ernesto Zedillo** *Director, Center for the Study of Globalization and Professor in the Field of International Economics and Politics, Yale University*

Contractor address: **Citibank, N.A.  
C/O Citi Community Capital –Middle Office  
390 Greenwich Street, 2<sup>nd</sup> Floor  
New York, New York 10013**

Date that contract was approved:	Amount of contract: <b>\$41,000,000</b>
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Describe the nature of the contract that was approved:  
**Citibank, N.A. is the Funding Lender in connection with the conduit financing for the Hunters View Phase I project. The Funding Lender (i) will advance funds (the "Funding Loan") to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the acquisition, construction and development of a multifamily rental housing development located in the City known as Hunters View Phase I (the "Project").**

Comments:

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly)</i>	
Name of filer: Clerk of the Board of Supervisors	Contact telephone number: ( 415 ) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl, San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

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



**EDWIN M. LEE**  
MAYOR

**DOUGLAS SHOEMAKER**  
DIRECTOR

May 16, 2011

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 Hunters View Phase IA for an amount not to exceed \$41,000,000.

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, May 17, 2011, which would authorize the City to enter into qualified mortgage revenue indebtedness for Hunters View Phase IA (the "Project"). This is the follow-up legislation to the resolution you sponsored in March that authorized MOH to apply to the California Debt Limit Allocation Committee in April for an allocation of qualified mortgage revenue indebtedness.

This Project comprises the new construction of 80 replacement housing units for Hunters View and an additional 27 affordable multifamily rental units developed by Hunters View Partners 1, L.P, a California limited partnership comprised of Hunters Point Affordable Housing, Inc., a California nonprofit public benefit corporation, its managing general partner, JSCo Hunters View LLC, a California limited liability company, its co-general partner and HV Amani LLC, a California limited liability company its co-general partner. The resolution would authorize me, as Director of this office, to execute and deliver a note in an amount not to exceed \$41,000,000 (the "Note"). Funds generated from the execution and delivery of the Note would be used to finance construction of the project.

The proposed project would complete construction of Phase IA of a multi-phased redevelopment of Hunters View, a severely distressed public housing development located at Evans Avenue and Middle Point Roads. This first phase will construct a total of 107 units, of which 80 represent the replacement of demolished housing on the site and 27 represent new affordable housing. All units will be targeted to households at or below 50% **Area Median Income**.

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

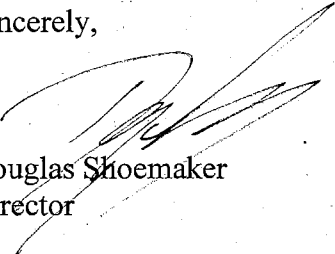
The Mayor's Office of Housing has previously issued bonds for both rental housing and for first time homeownership. These financings are conduit financings, which do not require the City to pledge City funds as repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and any credit enhancement provided by lenders. The transaction for Hunters View involves an alternative structure that 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.

In order to meet the deadline of executing and delivering the Note, the resolution must be introduced at the Board on May 17, 2011 on the assumption it will be referred to the Government Audit and Oversight Committee for its May 26 meeting and be considered by the full Board on June 7. According to staff of both Supervisor Chiu and Supervisor Chu, the Budget and Finance Committee agendas cannot accommodate this item within the necessary timeframe.

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 Teresa Yanga at 701-5515 or Joan McNamara at 701-5532. Thank you.

Sincerely,



Douglas Shoemaker  
Director



**FUNDING LOAN AGREEMENT**

**Between**

**CITIBANK, N.A.,  
as Funding Lender**

**and**

**CITY AND COUNTY OF SAN FRANCISCO,  
as Governmental Lender**

**Dated as of June 1, 2011**



RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105  
Attention: Stephen A. Spitz

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

**CITY AND COUNTY OF SAN FRANCISCO**

and

**HV PARTNERS 1, LP,  
a California limited partnership**

**Dated as of June 1, 2011**

**Relating to:**

**City and County of San Francisco  
Multifamily Housing Revenue Note  
(Hunters View Phase I),  
2011 Series A**

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**BORROWER LOAN AGREEMENT**

**Between**

**CITY AND COUNTY OF SAN FRANCISCO,  
as Governmental Lender,**

**and**

**HV PARTNERS 1, LP, a California limited partnership,  
as Borrower**

**Dated as of June 1, 2011**

**Relating to:**

**\$(PAR AMOUNT)**

**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 between the City and County of San Francisco 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.

