

File No. 111221

Board Item No. **23**

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date: November 15, 2011

Cmte	Board	
<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

Completed by: Annette Lonich

Date: November 10, 2011

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document is in the file.

INTRODUCTION FORM

By a member of the Board of Supervisors or the Mayor

Time Stamp or
Meeting Date

I hereby submit the following item for introduction:

- 1. For reference to Committee: _____
An ordinance, resolution, motion, or charter amendment
- 2. Request for next printed agenda without reference to Committee
- 3. Request for Committee hearing on a subject matter
- 4. Request for letter beginning "Supervisor _____ inquires..."
- 5. City Attorney request
- 6. Call file from Committee
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File Nos.
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole
- 11. Question(s) submitted for Mayoral Appearance before the BOS on _____

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- | | |
|---|--|
| <input type="checkbox"/> Small Business Commission | <input type="checkbox"/> Youth Commission |
| <input type="checkbox"/> Ethics Commission | <input type="checkbox"/> Planning Commission |
| <input type="checkbox"/> Building Inspection Commission | |

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]

Sponsor(s): Mar

Subject: Resolution authorizing consent to extension of maturity date of Multi-Family Housing Revenue bonds for Geary Senior Housing

The text is listed below or attached:

Please see attached.



Signature of Sponsoring Supervisor: _____

For Clerk's Use Only:

1 [Multi-Family Housing Revenue Bonds, Series 2008B-Geary Senior Housing.]

2
3 **Resolution approving the execution and delivery of a First Supplemental Indenture of**
4 **Trust in connection with the financing of Geary Senior Housing, authorizing consent to**
5 **extension of maturity date of related loan, and granting general authority to City**
6 **officials to take actions necessary to implement this resolution, and related matters.**

7
8 WHEREAS, On August 5, 2008, the Board of Supervisors of the City and County of
9 San Francisco (the "Board") adopted Resolution No. 360-08 (File No. 081036) authorizing the
10 issuance and delivery of the City and County of San Francisco, California Multifamily Housing
11 Revenue Bonds, Series 2008B (Geary Senior Housing) (the "Bonds") and approving
12 documents and actions related thereto, in order to provide financing for a portion of the costs
13 of the construction by Geary Housing Partners, L.P., a California limited partnership (the
14 "Borrower") of a 150-unit residential rental housing development to provide housing for
15 seniors of low income located at 3595 Geary Boulevard in the City and County of San
16 Francisco (the "City") formerly known as Geary Senior Housing and now known as The
17 Coronet (the "Project"); and,

18 WHEREAS, The Bonds were issued on August 28, 2008 pursuant to an Indenture of
19 Trust, dated as of August 1, 2008 (the "Indenture"), among the City, U.S. Bank National
20 Association, as trustee (the "Trustee"), and Wells Fargo Bank, National Association, as
21 bondowner representative (the "Bondowner Representative"), the proceeds of the Bonds were
22 loaned (the "Loan") by the City to the Borrower pursuant to a Loan Agreement, dated as of
23 August 1, 2008 (the "Loan Agreement"), among the City, the Bondowner Representative and
24 the Borrower, and the Bonds are payable solely from payments by the Borrower under the
25 Loan Agreement and from no other funds of the City; and,

1 WHEREAS, At the time the Bonds were issued, it was contemplated that, upon the
2 completion of the construction of the Project, the Bonds would be fully repaid with various
3 sources of funds expected to be available to the Borrower upon such completion, including
4 the proceeds of a multifamily housing program loan (the "MHP Loan") from the California
5 Department of Housing and Community Development (the "HCD"); and

6 WHEREAS, The construction of the Project has been completed but, for reasons
7 beyond the control of the Borrower the funding by HCD of the MHP Loan has been delayed;
8 and,

9 WHEREAS, The Bonds currently mature on December 1, 2011, and in order to allow
10 for more time for the funding of the MHP Loan the proceeds of which are needed to repay a
11 portion of the Bonds at their maturity, and otherwise to avoid a default in payment of the
12 Bonds, the Borrower has requested that the City enter into a First Supplemental Indenture of
13 Trust (the "First Supplement") with the Trustee and the Bondowner Representative to extend
14 the maturity date of the Bonds by three months; and,

15 WHEREAS, Wells Fargo Bank, National Association is the sole owner of the Bonds
16 (the "Bondowner"), and has agreed to the terms of the First Supplement and to a
17 corresponding extension of the maturity date of the Loan; 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. First Supplement. The First Supplement, by and among the City, the Trustee
21 and the Bondowner Representative, in the form presented to the Board, a copy of which is on
22 file with the Clerk of the Board, is hereby approved. The Mayor, the Director of the Mayor's
23 Office of Housing (the "Director"), the Director of Housing Development or any Authorized City
24 Representative (as such term is defined in the Indenture) is hereby authorized to execute the
25 First Supplement, approved as to form by the City Attorney of the City (the "City Attorney"), in

1 said form, together with such additions thereto and changes therein as the City Attorney and
2 Bond Counsel may approve or recommend in accordance with Section 3 hereof.

3 Section 2. Loan Extension. The Mayor, the Director, the Director of Housing
4 Development or any Authorized City Representative is hereby authorized to consent to any
5 amendment to the Loan Agreement or to the Note (as defined in the Loan Agreement), or any
6 related forbearance agreement, in each case that is approved by the Bondowner
7 Representative and that extends the maturity date of the Loan to coincide with the extension
8 of the maturity date of the Bonds contemplated by the First Supplement, in any case approved
9 as to form by the City Attorney.

10 Section 3. General Authority. The proper officers of the City are hereby authorized and
11 directed, for and in the name and on behalf of the City, to do any and all things and take any
12 and all actions and execute and deliver any and all certificates, agreements and other
13 documents which they, or any of them, may deem necessary or advisable in order to
14 consummate the extension of the maturity date for the Bonds as contemplated by the First
15 Supplement and to effectuate the purposes thereof in accordance with this Resolution.

16 Section 4. Repeal of Approvals. The approval of the First Supplement and the
17 extension of the maturity date of the Loan set forth in Sections 1 and 2 above, and the general
18 authority set forth in Section 3 above, shall be repealed, without further action of the Board, if
19 the MHP Loan funds on or prior to December 1, 2011 such that the proceeds of the MHP
20 Loan are available as a source of repayment of the Loan (and thereby the Bonds) on or
21 before December 1, 2011.

22 ///

23 ///

24 ///

25 ///

1 Section 5. The First Supplement referenced herein as being on file with the Clerk of the
2 Board are located in File No. 111221, which is hereby declared to be a part of this
3 Resolution as if set forth fully herein.
4

5 APPROVED AS TO FORM:
6

7 DENNIS J. HERRERA
8 City Attorney

9 By: Kenneth David Roux
10 KENNETH DAVID ROUX
11 Deputy City Attorney
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MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

November 3, 2011

Supervisor Mar
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Dear Supervisor Mar,

We would like to request your assistance in introducing the attached Board Resolution to extend the bond maturity date for the Coronet Senior Community (located at 3595 Geary Boulevard) developed by BRIDGE Housing Corporation. As you may know, the Coronet was financed with multifamily housing revenue bonds issued by the City & County of San Francisco, as well as 4% tax credits, CA Dept. of Housing & Community Development (HCD) MHP and Infill funding, Affordable Housing Program (AHP) financing by the Federal Home Loan Bank, and capital financing from the San Francisco Redevelopment Agency and the Mayor's Office of Housing. The bonds are conduit bonds, to be repaid from tax credit equity and the HCD MHP funds, so the City is not responsible in any way for their repayment. The project was completed in November of last year and the bonds were issued at construction closing in August 2008. At the time of the bond issuance, we anticipated that a bond maturity date of December 1, 2011 would provide sufficient time to finish construction, lease-up the building, and close the permanent financing with HCD and repay the bonds in full. However, due in part to staffing cuts at HCD, BRIDGE is still working with HCD to close the MHP loan and is increasingly concerned that the permanent loan financing may not be closed by the bond maturity date. To protect against a technical default if the bonds aren't repaid on time, bond counsel has drafted the attached *First Supplemental Indenture of Trust*, which extends the bond maturity date by three months. The accompanying Board Resolution would authorize execution of this agreement. In the event the permanent loan closing with HCD occurs prior to November 30, 2011, the First Supplemental Indenture would not be executed and the authority granted by the board resolution would be repealed.

Because this *First Supplemental Indenture of Trust* would need to be signed by November 30, 2011, we are requesting that you introduce the Resolution on Tuesday, November 8. Since this extension has no fiscal impact on the City, we wonder if it can be referred directly to the full Board for approval without going to committee. If it is required to go to Committee, it would

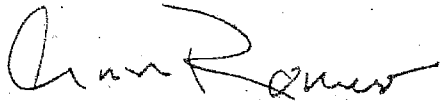
need to go to Budget & Finance Committee on Wednesday, November 16, to be approved by the full Board on November 22, as there is no Board meeting on November 29.

Please note that the bonds are conduit financing, meaning that the bondholders' only recourse for payment are the project revenues themselves, and the City has not pledged repayment of the bonds. The *First Supplemental Indenture of Trust* only extends the bond maturity date by three months, and has no direct fiscal impact on the City.

Attached are the original and five copies of the proposed Board Resolution and *First Supplemental Indenture of Trust* in substantially final form.

Please call me at 701-5525 if you have any questions, and thank you for your attention.

Sincerely,

A handwritten signature in cursive script, appearing to read "Anne Romero".

Anne Romero
Project Manager

FIRST SUPPLEMENTAL INDENTURE OF TRUST

by and among the

**CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,
as Issuer**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Bondowner Representative**

dated as of November 30, 2011

relating to:

**City and County of San Francisco, California
Multifamily Housing Revenue Bonds, Series 2008B
(Geary Senior Housing)**

FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (the "First Supplemental Indenture"), dated as of November 30, 2011, is by and among the City and County of San Francisco, a municipal corporation duly organized and existing pursuant to its charter and the laws and constitution of the State of California (the "City"), U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), and Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, as bondowner representative (the "Bondowner Representative"), and supplements and amends the Indenture of Trust, dated as of August 1, 2008, by and among the City, the Trustee and the Bondowner Representative (the "Original Indenture").

RECITALS:

WHEREAS, pursuant to the Original Indenture, the City has issued its City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2008B (Geary Senior Housing) (the "Bonds"), and has loaned the proceeds of the Bonds (the "Loan") to Geary Housing Partners, L.P., a California limited partnership (the "Borrower") pursuant to a Loan Agreement, dated as of August 1, 2008 (the "Loan Agreement"), among the City, the Bondowner Representative and the Borrower; and

WHEREAS, Section 14.30 of the Loan Agreement allows for modifications to the Loan Agreement with the consent of the Bondowner Representative and the Borrower; and

WHEREAS, the Bondowner Representative has consented to an extension of the maturity date of the Loan, and the Borrower has requested that the City, the Trustee and the Bondowner Representative amend the Original Indenture to provide for an extension of the maturity date of the Bonds; and

WHEREAS, Section 9.01 of the Original Indenture provides that the City and the Trustee may, with the prior written consent of the Bondowner Representative, enter into a supplement to the Original Indenture; and

WHEREAS, the City is now desirous of amending the Original Indenture to allow for an extension of the maturity date of the Bonds, as set forth below.

AGREEMENT:

NOW, THEREFORE, the parties hereto agree to amend the Original Indenture as follows:

Section 1. Amendments. (a) The second sentence of the second paragraph of Section 2.02 of the Original Indenture is hereby amended by deleting "December 1, 2011" therein, and by inserting therein, in lieu thereof, the following: "March 1, 2012."

(b) The first sentence of the first paragraph in the form of the Bonds in Exhibit A to the Original Indenture is hereby amended by deleting "December 1, 2011" therein, and by inserting therein, in lieu thereof, the following: "March 1, 2012."

Section 2. Replacement Bond. The Trustee is hereby authorized and directed, upon the surrender to it of the Bond issued under the Original Indenture, to authenticate and deliver to the Bondowner a replacement Bond which includes the change to the first paragraph of the form of the Bond set forth in Section 1(a) above.

Section 3. No Notice to Bondowners; Effective Date. It is hereby acknowledged that the Bondowner Representative has been and still is the sole registered owner of the Bonds, so that, under Section 9.01 of the Indenture, there is no need for the Trustee to provide a copy of this First Supplemental Indenture to the Bondholders.

This First Supplemental Indenture shall become effective on the date on which it has been executed by the parties hereto, and the consents hereto (as indicated on the signature pages hereof) of the Bondowner and the Borrower have been executed by them.

Section 4. Execution in Several Counterparts. This First Supplemental Indenture may be executed in any number of counterparts; each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 5. Governing Law. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 6. Incorporation By Reference. The City, the Trustee and the Bondowner Representative agree that the amendments contained in this First Supplemental Indenture shall be incorporated by this reference thereto into the Original Indenture, which Original Indenture as so amended shall serve as the sole operative Indenture in connection with the Bonds.

Section 7. Ratification and Reaffirmation of Original Indenture. Except as hereby expressly amended, the Original Indenture shall remain in full force and effect; and the Original Indenture, as amended hereby, is ratified and confirmed.

Section 8. Interpretation. In the event of any conflict between the provisions of the Original Indenture and the provisions of this First Supplemental Indenture, the provisions of this First Supplemental Indenture shall control. Any reference in this First Supplemental Indenture to a Section, without further qualification (such as, by way of example, "of this First Supplemental Indenture") shall mean the specified section of the Original Indenture, as amended and supplemented by this First Supplemental Indenture. All references to the Original Indenture in the Loan Agreement, the Regulatory Agreement or any other document executed in connection with any of the foregoing shall refer to the Original Indenture as amended by this First Supplemental Indenture.

Section 9. Binding Effect. This First Supplemental Indenture shall inure to the benefit of and shall be binding upon the City, the Trustee, the Bondowner Representative, the owner of the Bonds and their respective successors and assigns.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA has caused this First Supplemental Indenture to be signed in its name, WELLS FARGO BANK, NATIONAL ASSOCIATION, has caused this First Supplemental Indenture to be signed in its name, and U.S. BANK NATIONAL ASSOCIATION, has caused this First Supplemental Indenture to be signed in its name, all as of the day and year first above written.

CITY AND COUNTY OF SAN
FRANCISCO

By: _____

Its: _____

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____

Kenneth David Roux,
Deputy City Attorney

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By: _____

Its: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____

Its: _____

[signatures continued on next page]

The foregoing First Supplemental Indenture
is hereby consented to:

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Bondowner

By: _____

Its: _____

GEARY HOUSING PARTNERS, L.P.,
a California limited partnership

By: Northpoint Housing, Inc.,
a California nonprofit public benefit
corporation, its General Partner.

By: _____

Rebecca Clark,
Vice President

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