

1 [Multifamily Housing Revenue Bonds - Transbay Block 7 Affordable Housing - Not to Exceed  
2 \$35,000,000]

3  
4 **Resolution authorizing the issuance, sale, and delivery of multifamily housing revenue**  
5 **bonds in an aggregate principal amount not to exceed \$35,000,000 for the purpose of**  
6 **providing financing for the construction of a 120-unit multifamily rental housing project**  
7 **known as Transbay Block 7 Affordable Housing; approving the form of and authorizing**  
8 **the execution of an indenture of trust providing the terms and conditions of the bonds;**  
9 **approving the form of and authorizing the execution of a regulatory agreement and**  
10 **declaration of restrictive covenants; approving the form of and authorizing the**  
11 **execution of a loan agreement; authorizing the collection of certain fees; approving**  
12 **modifications, changes, and additions to the documents; ratifying and approving any**  
13 **action heretofore taken in connection with the bonds and the project; granting general**  
14 **authority to City officials to take actions necessary to implement this Resolution; and**  
15 **related matters.**

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 construction by Mercy Housing  
19 California 64, L.P., a California limited partnership (the “Borrower”), of a 120-unit (including  
20 one manager’s unit) residential rental development located at 222 Beale Street and 255  
21 Fremont Street, San Francisco, California 94105, known as “Transbay Block 7 Affordable  
22 Housing” (the “Project”), to provide housing for persons and families of low income and very  
23 low income through the issuance of multifamily housing revenue bonds; and

24 WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue  
25 revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of

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

5 WHEREAS, The interest on the Bonds (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 Bonds are approved in accordance with Section 147(f) of the Code; and

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

11 WHEREAS, The Mayor’s Office of Housing and Community Development held a public  
12 hearing at 11:00 am on April 6, 2016, notice of which hearing was published in a newspaper  
13 of general circulation in the City in accordance with Section 147(f) of the Code reflecting all of  
14 the addresses related to the Project, and an opportunity was provided for persons to comment  
15 on the execution and delivery of the Bonds in the not-to-exceed amount of \$35,000,000 and  
16 the plan of financing for the Project, the minutes of which hearing were presented to this  
17 Board; and

18 WHEREAS, On December 16, 2015, the California Debt Limit Allocation Committee in  
19 its Resolution Number 15-150 allocated \$35,000,000 in qualified private activity bonds to the  
20 Project (the “CDLAC Resolution”); and

21 WHEREAS, There has been prepared and presented to the Board for consideration at  
22 this meeting the documentation required for the issuance of the Bonds, and such  
23 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);  
24 and

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

4           WHEREAS, The Board finds that the public interest and necessity require that the City  
5 at this time make arrangements for the sale of the Bonds; and

6           WHEREAS, The Bonds will be a limited obligation of the City, the sole source of  
7 repayment of which shall be payments made by the Borrower under the Loan Agreement  
8 (hereinafter defined), together with investment income of certain funds and accounts held  
9 under the Indenture (hereinafter defined); and

10          WHEREAS, The City has engaged Squire Patton Boggs (US) LLP, and Curlls Bartling  
11 P.C., as co-bond counsel with respect to the Bonds (“Co-Bond Counsel”); and

12          WHEREAS, Wells Fargo Bank, National Association, has expressed its intention to  
13 purchase, or cause an affiliate to purchase, the Bonds authorized hereby; now, therefore, be it

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

16          Approval of Recitals. The Board hereby finds and declares that the above recitals are  
17 true and correct.

18          Approval of Issuance of Bonds. In accordance with the Act and the Indenture  
19 (hereinafter defined), the City is hereby authorized to issue and deliver revenue bonds of the  
20 City, such bonds to be issued in one or more series and subseries, and designated as “City  
21 and County of San Francisco Multifamily Housing Revenue Bonds (Transbay Block 7  
22 Affordable Housing), Series 2016F,” or such other designation as may be necessary or  
23 appropriate to distinguish such series from every other series of bonds, in an aggregate  
24 principal amount not to exceed \$35,000,000 (the “Bonds”), with a fixed and/or variable interest  
25 rate not to exceed twelve percent (12%) per annum for the Bonds, and which shall have a

1 final maturity date not later than forty (40) years from the date of issuance of the Bonds. The  
2 Bonds shall be in the form set forth in and otherwise in accordance with the Indenture and  
3 shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor").

4 Indenture. The Indenture of Trust (the "Indenture") in the form presented to the Board,  
5 a copy of which is on file with the Clerk of the Board, is hereby approved. The Indenture shall  
6 be entered into by and between the City and U.S. Bank, National Association, as trustee (the  
7 "Trustee"). Each of the Mayor, the Director of the Mayor's Office of Housing and Community  
8 Development and the Housing Development Director of the Mayor's Office of Housing and  
9 Community Development (collectively, the "Authorized Representatives" and each, an  
10 "Authorized Representative") is hereby authorized to execute the Indenture, approved as to  
11 form by the City Attorney of the City (the "City Attorney"), in substantially said form, together  
12 with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel  
13 may approve or recommend in accordance with Section 7 hereof.

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

22 Loan Agreement. The Loan Agreement (the "Loan Agreement") by and among the City  
23 and the Borrower, in the form presented to the Board, a copy of which is on file with the Clerk  
24 of the Board, is hereby approved. Each Authorized Representative is hereby authorized to  
25 execute the Loan Agreement in substantially said form, together with such additions thereto

1 and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend  
2 in accordance with Section 7 hereof.

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

13 Modifications, Changes, Additions. Any Authorized Representative executing the  
14 Indenture, the Regulatory Agreement or the Loan Agreement (collectively, the "City  
15 Agreements"), in consultation with the City Attorney and Co-Bond Counsel, is hereby  
16 authorized to approve and make such modifications, changes or additions to the City  
17 Agreements as may be necessary or advisable, provided that such modification does not  
18 authorize an aggregate principal amount of Bonds in excess of \$35,000,000, provide for a  
19 final maturity on the Bonds later than forty (40) years, or provide for the Bonds to bear interest  
20 at a rate in excess of twelve percent (12%) per annum. The approval of any modification,  
21 addition or change to any of the aforementioned documents shall be evidenced conclusively  
22 by the execution and delivery of the document in question.

23 Ratification. All actions heretofore taken by the officers and agents of the City with  
24 respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

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

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

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

15 By: \_\_\_\_\_  
16 HEIDI J. GEWERTZ  
17 Deputy City Attorney  
18 n:\spec\as2016\1500761\01095943.docx