

File No. 111087

Committee Item No. 7

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: October 12, 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 & Legislative Analyst Report          |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ethics Form 126                              |
| <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 type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |

#### OTHER

(Use back side if additional space is needed)

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Loan Agreement  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Regulatory Agreement and Declaration of Restrictive Covenants |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | *Indenture of Trust  |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____  |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____  |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____  |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____  |

Completed by: Victor Young

Date: October 7, 2011

Completed by: Victor Young

Date: \_\_\_\_\_

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

1 [Multifamily Housing Revenue Bonds, Series 2011B - Fell Street Apartments - Not to Exceed  
2 \$8,100,000]

3 **Resolution authorizing the issuance and delivery of multifamily housing revenue bonds**  
4 **in an aggregate principal amount not to exceed \$8,100,000 for the purpose of providing**  
5 **financing for the acquisition and rehabilitation of an 82 unit multifamily rental housing**  
6 **project, known as Fell Street Apartments; approving the form of and authorizing the**  
7 **execution of an indenture of trust providing the terms and conditions of the bonds;**  
8 **approving the form of and authorizing the execution of a regulatory agreement and**  
9 **declaration of restrictive covenants; approving the form of and authorizing the**  
10 **execution of a loan agreement; ratifying and approving any action heretofore taken in**  
11 **connection with the bonds and the project; granting general authority to City officials**  
12 **to take actions necessary to implement this resolution; and related matters.**

13  
14 WHEREAS; The Board of Supervisors of the City and County of San Francisco (the  
15 "Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by  
16 Gough Street Housing Associates, L.P., a California limited partnership (the "Borrower"), of an  
17 82-unit residential rental development located at 333 Fell Street, San Francisco, California,  
18 known as "Fell Street Apartments" (the "Project"), to provide housing for persons and families  
19 of low income through the issuance of revenue bonds; and,

20 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue  
21 revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of  
22 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of  
23 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of  
24 California ("Health and Safety Code"), as now in effect and as it may from time to time  
25 hereafter be amended or supplemented (collectively, the "Act"); and,

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

4           WHEREAS, This Board is the elected legislative body of the City and is the applicable  
5 elected representative required to approve the issuance of the Bonds within the meaning of  
6 Section 147(f) of the Code; and,

7           WHEREAS, On May 19, 2011, this Board in Resolution No. 201-11 approved the  
8 issuance of the Bonds for the purposes of Section 147(f) of the Code; and,

9           WHEREAS, There has been prepared and presented to the Board for consideration at  
10 this meeting the documentation required for the issuance of the Bonds, and such  
11 documentation is on file with the Clerk of the Board of Supervisors (the "Clerk of the Board");  
12 and,

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

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

18           WHEREAS, The City has engaged Quint & Thimmig LLP as bond counsel with respect  
19 to the Bonds ("Bond Counsel"); and,

20           WHEREAS, Wells Fargo Bank, National Association, a national banking association,  
21 has expressed its intention to purchase or cause its affiliate to purchase the Bonds authorized  
22 hereby; now, therefore be it

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

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

3 Section 2. Approval of Issuance of Bonds. In accordance with the Act and the  
4 Indenture (hereinafter defined), the City is hereby authorized to issue and deliver revenue  
5 bonds of the City, such bonds to be issued in one series and designated as "City and County  
6 of San Francisco, California Multifamily Housing Revenue Bonds, Series 2011B (Fell Street  
7 Apartments)," or such other designation as may be necessary or appropriate to distinguish  
8 such series from every other series of bonds, in an aggregate principal amount not to exceed  
9 \$8,100,000 (the "Bonds"), with an interest rate not to exceed twelve percent (12%) per annum  
10 for the Bonds, and which shall have a final maturity date not later than September 1, 2048.  
11 The Bonds shall be in the form set forth in and otherwise in accordance with the Indenture,  
12 and shall be executed by the manual or facsimile signature of the Mayor of the City (the  
13 "Mayor") and attested by the manual or facsimile signature of the Clerk of the Board.

14 Section 3. Indenture. The Indenture of Trust (the "Indenture"), by and between the City  
15 and Wells Fargo Bank, National Association, as Trustee, in the form presented to the Board, a  
16 copy of which is on file with the Clerk of the Board, is hereby approved. The Mayor, the  
17 Director of the Mayor's Office of Housing (the "Director") or any Authorized City  
18 Representative (as such term is defined in the Indenture) is hereby authorized to execute the  
19 Indenture, approved as to form by the City Attorney of the City (the "City Attorney"), in  
20 substantially said form, together with such additions thereto and changes therein as the City  
21 Attorney and Bond Counsel may approve or recommend in accordance with Section 6 hereof.

22 Section 4. Regulatory Agreement and Declaration of Restrictive Covenants. The  
23 Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory  
24 Agreement"), between the City and the Borrower, in the form presented to the Board, a copy  
25 of which is on file with the Clerk of the Board, is hereby approved. The Mayor, the Director or

1 any Authorized City Representative is hereby authorized to execute the Regulatory  
2 Agreement, approved as to form by the City Attorney, in substantially said form, together with  
3 such additions thereto and changes therein as the City Attorney and Bond Counsel may  
4 approve or recommend in accordance with Section 6 hereof.

5 Section 5. Loan Agreement. The Loan Agreement (the "Loan Agreement") by and  
6 between the City and the Borrower, in the form presented to the Board, a copy of which is on  
7 file with the Clerk of the Board, is hereby approved. The Mayor, the Director or any Authorized  
8 City Representative is hereby authorized to execute the Loan Agreement in substantially said  
9 form, together with such additions thereto and changes therein as the City Attorney and Bond  
10 Counsel may approve or recommend in accordance with Section 6 hereof.

11 Section 6. Modifications, Changes, Additions. Any Authorized City Representative  
12 executing the Indenture, the Regulatory Agreement or the Loan Agreement (collectively, the  
13 "City Agreements"), in consultation with the City Attorney and Bond Counsel, is hereby  
14 authorized to approve and make such modifications, changes or additions to the City  
15 Agreements as may be necessary or advisable, provided that such modification does not  
16 authorize an aggregate principal amount of Bonds in excess of \$8,100,000, provide for a final  
17 maturity on the Bonds later than September 1, 2048, or provide for the Bonds to bear interest  
18 at a rate in excess of twelve percent (12%) per annum. The approval of any modification,  
19 addition or change to any of the aforementioned documents shall be evidenced conclusively  
20 by the execution and delivery of the document in question.

21 Section 7. Ratification. All actions heretofore taken by the officers and agents of the  
22 City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and  
23 ratified.

24 Section 8. General Authority. The proper officers of the City are hereby authorized and  
25 directed, for and in the name and on behalf of the City, to do any and all things and take any

1 and all actions and execute and deliver any and all certificates, agreements and other  
2 documents, including but not limited to those documents described in the Indenture, the Loan  
3 Agreement, and the Regulatory Agreement, which they, or any of them, may deem necessary  
4 or advisable in order to consummate the lawful issuance and delivery of the Bonds and to  
5 effectuate the purposes thereof and of the documents herein approved in accordance with this  
6 Resolution.

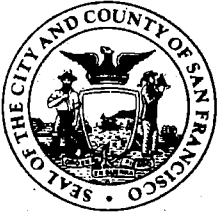
7 Section 9. File. All documents referenced herein as being on file with the Clerk of the  
8 Board are located in File No. 111087, which is hereby declared to be a part of this  
9 Resolution as if set forth fully herein.

10  
11 APPROVED AS TO FORM:

12 DENNIS J. HERRERA  
13 City Attorney

14  
15 By: Kenneth David Roux  
16 KENNETH DAVID ROUX  
Deputy City Attorney

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



**EDWIN M. LEE  
MAYOR**

**OLSON LEE  
DIRECTOR**

October 4, 2011

Honorable Ross Mirkarimi  
City and County of San Francisco  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**RE: Resolution Authorizing Issuance and Delivery of \$8,100,000 In Multifamily Housing Revenue Indebtedness for Fell Street Apartments.**

With this memo, I am submitting to you for introduction at the Board of Supervisors meeting on Tuesday, October 4, 2011, a resolution regarding qualified mortgage revenue indebtedness for Fell Street Apartments (the "Project"). The Project comprises the acquisition and rehabilitation of an 82 unit affordable residential housing development located at 333 Fell Street. The resolution would approve the form of documents and authorize me to execute: an indenture of trust which provides the terms and conditions of the bonds; a regulatory agreement and declaration of restrictive covenants and loan agreement. Funds generated from the execution and delivery of the Bonds would be used to pay certain costs incurred in connection with the Project.

Family incomes and rents at the Project are no higher than 60% Area Median Income (AMI). All units are affordable. Fell Street Apartments is currently home to 207 low-income residents with an average tenure of 11 years. The building includes 28 children and 62 seniors. The target population will not change as a result of this project, and current residents are going to be able to remain in their units during and after the rehabilitation project.

The Bond financing will be used to install photovoltaic and/or solar thermal systems; replace aging building elements with new greener and higher-performing alternative materials; repair aging skin and decayed structural elements where they occur; conform to updated codes; and prepare the building for another 20 years' worth of service as affordable housing.

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.  
This is the typical conduit financing structure where the City acts as the issuer of the bonds but is not at risk for the repayment of the bonds.

In order to meet the deadline of issuing the bonds, the resolution must be introduced at the Board no later than **October 4, 2011**, and be considered by the full Board by **October 25, 2011**. We would appreciate any assistance you can provide to help meet this schedule so that the City is able to meet the issuance deadline of **November 14, 2011**.

The attached resolution and substantially final form of documents have been approved as-to-form by Deputy City Attorney Kenneth Roux.

---

If you have any questions about the resolution or the project, please call me at 701-5515 or the project manager, Joan McNamara at 701-5532. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Teresa Yanga".

Teresa Yanga  
Director of Housing Development



---

---

**LOAN AGREEMENT**

by and between the

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

and

**GOUGH STREET HOUSING ASSOCIATES, L.P.,  
a California limited partnership**

dated as of October 1, 2011

relating to:  
\$8,100,000

**City and County of San Francisco, California  
Multifamily Housing Revenue Bonds, Series 2011B  
(Fell Street Apartments)**

---

---

Quint & Thimmig LLP

\*Complete copy of document located  
in File No. 111087

8/5/11  
8/19/11  
9/27/11  
10/4/11

**RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:**  
Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, California 94105-2874  
Attention: Paul J. Thimmig, Esq.

---

---

**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

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

and

**GOUGH STREET HOUSING ASSOCIATES, L.P.,  
a California limited partnership**

dated as of October 1, 2011.

relating to:  
\$8,100,000  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds, Series 2011B  
(Fell Street Apartments)

---

---

\*Complete copy of document located  
in File No. 111087

Quint & Thimmig LLP

8/5/11  
8/19/11  
9/27/11  
10/4/11

---

---

**INDENTURE OF TRUST**

by and between the

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

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

dated as of October 1, 2011

relating to:  
\$8,100,000

**City and County of San Francisco, California**  
**Multifamily Housing Revenue Bonds, Series 2011B**  
**(Fell Street Apartments)**

---

---

