

1 [Multifamily Housing Revenue Bond - 2675 Folsom Street and 970 Treat Avenue - Not to  
2 Exceed \$110,000,000]

3 **Resolution authorizing the issuance and sale of multifamily housing revenue bonds in**  
4 **an aggregate principal amount not to exceed \$110,000,000 for the purpose of providing**  
5 **financing for the acquisition, development and construction of a 117-unit, mixed**  
6 **income, multifamily rental housing project located at 2675 Folsom Street and 970 Treat**  
7 **Avenue; approving the form of and authorizing the execution of an indenture of trust**  
8 **providing the terms and conditions of the bonds and authorizing the issuance thereof;**  
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; approving the form of and authorizing the execution of**  
12 **a bond purchase agreement; authorizing the collection of certain fees; ratifying and**  
13 **approving any action heretofore taken in connection with the bonds and the project, as**  
14 **defined herein; granting general authority to City officials to take actions necessary to**  
15 **implement this Resolution; and related matters, as defined herein.**

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 acquisition, development and  
19 construction by 2675 Folsom Owner, LP, a California limited partnership, or an affiliate thereof  
20 (the "Borrower"), of a 117-unit, mixed income, multifamily rental housing development located  
21 at 2675 Folsom Street and 970 Treat Avenue in San Francisco, California (the "Project"), to  
22 provide rental housing for persons and families of very low income and market rate rental  
23 housing through the issuance of multifamily housing revenue bonds; and

1           WHEREAS, The City and County of San Francisco (the "City") is authorized to issue  
2 revenue bonds, notes and other obligations for such purpose pursuant to the Charter of the  
3 City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent  
4 applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health  
5 and Safety Code of the State of California (collectively, the "Act"); and

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

9           WHEREAS, This Board is the elected legislative body of the City, and either the Mayor  
10 or this Board is the applicable elected representative required to approve the issuance of the  
11 Bonds within the meaning of Section 147(f) of the Code; and

12           WHEREAS, Following a public hearing on September 18, 2017, at which there was an  
13 opportunity for persons to comment on the issuance of the Bonds, this Board, on October 3,  
14 2017, adopted Resolution No. 367-17, approving the issuance of the Bonds solely for the  
15 purposes of Section 147(f) of the Code in an amount not to exceed \$110,000,000; and

16           WHEREAS, On December 13, 2017, the California Debt Limit Allocation Committee  
17 ("CDLAC"), is expected to allocate to the Project \$80,000,000 in qualified private activity bond  
18 volume cap pursuant to Section 146 of the Code (in the amount actually allocated, and  
19 together with any supplemental allocation of private activity bond volume cap received, the  
20 "Allocation"); and

21           WHEREAS, There has been prepared and presented to the Board for consideration at  
22 this meeting the documentation required for the issuance and sale 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 issuance and sale of the Bonds; and

6           WHEREAS, The Bonds will be limited obligations 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 the investment income of certain funds and accounts held  
9 under the Trust Indenture (hereinafter defined); and

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

12          WHEREAS, The Borrower, as the party ultimately responsible for providing funds to  
13 repay the Bonds, has selected Hilltop Securities Inc., as initial private placement purchaser of  
14 the Bonds (the "Initial Purchaser"), and Deutsche Bank AG, New York Branch, or an affiliate,  
15 as the ultimate private placement purchaser of the Bonds (the "Bond Purchaser"); and

16          WHEREAS, The Borrower has requested the City to enter into a Bond Purchase  
17 Agreement (the "Bond Purchase Agreement"), by and among the Borrower, the City, the Initial  
18 Purchaser and the Bond Purchaser, pursuant to which the City will from time to time sell the  
19 Bonds authorized hereby to the Initial Purchaser and the Initial Purchaser will immediately  
20 redeliver such Bonds to the Bond Purchaser; now, therefore, be it

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

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

1           Section 2.    Approval of Issuance of the Bonds. In accordance with the Act and the  
2 Trust Indenture (hereinafter defined), the City is hereby authorized to issue the Bonds, such  
3 Bonds to be issued in one or more series and/or subseries, the interest on which may be  
4 either tax-exempt, taxable or both, and designated as "City and County of San Francisco,  
5 California Multifamily Housing Revenue Bonds, Series 2017H (2675 Folsom Street  
6 Apartments)" or such other designation as may be necessary or appropriate to distinguish  
7 such series from every other series of bonds or notes of the City, in an aggregate principal  
8 amount not to exceed \$110,000,000 (the "Bonds"), with an interest rate not to exceed 12%  
9 per annum for the Bonds, and which shall have a final maturity date not later than 40 years  
10 from the date of issuance; provided, however, that the aggregate principal amount of any  
11 Bonds the interest on which is exempt from federal income tax shall not exceed the amount of  
12 the Allocation. The Bonds shall be in substantially the form set forth in and otherwise in  
13 accordance with the Trust Indenture, and shall be executed by the manual signature of the  
14 Mayor of the City (the "Mayor") and as further provided in the Trust Indenture.

15           Section 3.    Approval of Trust Indenture. The Indenture of Trust (the "Trust  
16 Indenture"), by and between the City and a trustee to be named therein (the "Trustee"), 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. The Mayor, the Director of the Mayor's Office of Housing and Community  
19 Development (including any Acting or Interim Director, the "Director"), or any Authorized City  
20 Representative (as such term is defined in the Trust Indenture) is hereby authorized to  
21 execute the Trust Indenture (collectively, "Authorized Representatives" and each, an  
22 "Authorized Representative"), approved as to form by the City Attorney of the City (the "City  
23 Attorney"), in substantially said form, together with such additions thereto and changes therein  
24 as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with  
25 Section 8 hereof.

1           Section 4.    Approval of Regulatory Agreement and Declaration of Restrictive  
2 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the  
3 "Regulatory Agreement"), by and between the City and the Borrower, in the form presented to  
4 the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each  
5 Authorized Representative is hereby authorized to execute the Regulatory Agreement,  
6 approved as to form by the City Attorney, in substantially said form, together with such  
7 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
8 approve or recommend in accordance with Section 8 hereof.

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

15           Section 6.    Approval of Bond Purchase Agreement. The form of Bond Purchase  
16 Agreement, in the form presented to the Board, a copy of which is on file with the Clerk of the  
17 Board, is hereby approved. Each Authorized Representative is hereby authorized to execute  
18 the Bond Purchase Agreement in substantially said form, together with such additions thereto  
19 and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend  
20 in accordance with Section 8 hereof.

21           Section 7.    Issuer Fees. The City, acting through the Mayor's Office of Housing and  
22 Community Development ("MOHCD"), shall charge a fee for the administrative costs  
23 associated with issuing the Bonds in an amount not to exceed 0.25% of the maximum  
24 aggregate principal amount of the Bonds. Such fee shall be payable at the Bond closing and  
25 may be contingent on the issuance and delivery of the Bonds. The City shall also charge an

1 annual fee for monitoring compliance with the provisions of the Regulatory Agreement in an  
2 amount not to exceed 0.125% of the outstanding aggregate principal amount of the Bonds,  
3 but no less than \$2,500 annually, for the term of the Regulatory Agreement. The initial  
4 monitoring fee shall be payable at Bond closing. The Board hereby authorizes MOHCD to  
5 charge and collect the fees described in this section.

6 Section. 8. Modifications, Changes, Additions. Any Authorized Representative  
7 executing the Trust Indenture, the Regulatory Agreement, the Loan Agreement or the Bond  
8 Purchase Agreement (collectively, the "City Agreements"), in consultation with the City  
9 Attorney and Co-Bond Counsel, is hereby authorized to approve and make such  
10 modifications, changes or additions to the City Agreements as may be necessary or  
11 advisable, provided that any such modification does not authorize an aggregate principal  
12 amount of the Bonds in excess of \$110,000,000, provide for a final maturity on the Bonds later  
13 than 40 years from the date of issuance thereof, or provide for the Bonds to bear interest at a  
14 rate in excess of 12% per annum. The approval of any modification, addition or change to any  
15 of the aforementioned documents shall be evidenced conclusively by the execution and  
16 delivery of the document in question.

17 Section 9. Ratification. All actions heretofore taken by the officers and agents of the  
18 City with respect to the issuance of the Bonds, as consistent with the documents herein and  
19 this Resolution, are hereby approved, confirmed and ratified.

20 Section 10. General Authority. The proper officers of the City are hereby authorized  
21 and directed, for and in the name and on behalf of the City, to do any and all things and take  
22 any and all actions and execute and deliver any and all certificates, agreements and other  
23 documents, including but not limited to assignments, subordinations, tax documents and  
24 those documents described in the City Agreements, which they, or any of them, may deem  
25 necessary or advisable in order to consummate the lawful issuance of the Bonds. Any such

1 actions are solely intended to further the purposes of this Resolution, and are subject in all  
2 respects to the terms of the Resolution. No such actions shall increase the risk to the City or  
3 require the City to spend any resources not otherwise granted herein. Final versions of any  
4 such documents shall be provided to the Clerk of the Board for inclusion in the official file  
5 within 30 days of execution by all parties.

6 Section 11. File. All documents referenced herein as being on file with the Clerk of  
7 the Board are located in File No. \_\_\_\_\_, which is hereby declared to be a part of this  
8 Resolution as if set forth fully herein.

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10 APPROVED AS TO FORM:  
11 DENNIS J. HERRERA  
City Attorney

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13 By: \_\_\_\_\_  
14 KENNETH D. ROUX  
Deputy City Attorney  
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