

1 [Multifamily Housing Revenue Note - Tenderloin Family Housing - 201 Turk Street - Not to  
2 Exceed \$22,000,000]

3 **Resolution authorizing the execution, sale, and delivery of a multifamily housing**  
4 **revenue note in an aggregate principal amount not to exceed \$22,000,000 for the**  
5 **purpose of providing financing for the acquisition and rehabilitation of a 175-unit**  
6 **affordable multifamily residential rental housing project known as Tenderloin Family**  
7 **Housing; approving the form of and authorizing the execution of a funding loan**  
8 **agreement and a borrower loan agreement; providing the terms and conditions of the**  
9 **note and authorizing the execution and delivery thereof; approving the form of and**  
10 **authorizing the execution of a regulatory agreement and declaration of restrictive**  
11 **covenants; authorizing the collection of certain fees; approving modifications, changes**  
12 **and additions to the documents; granting general authority to City officials to take**  
13 **actions necessary to implement this Resolution; and ratifying and approving any**  
14 **action heretofore taken in connection with the note and the Project (as defined herein).**

15  
16 WHEREAS, The Board of Supervisors of the City and County of San Francisco  
17 ("Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by  
18 Tenderloin Family Housing, L.P., a California limited partnership ("Borrower"), of a 175-unit  
19 affordable multifamily residential rental housing development located at 201 Turk Street, San  
20 Francisco, California, known as "Tenderloin Family Housing" ("Project"), to provide housing  
21 for persons and families of low income and very low income through the execution of a  
22 multifamily mortgage revenue note; and

23 WHEREAS, The City and County of San Francisco ("City") is authorized to issue  
24 revenue obligations to provide financing for multifamily rental housing pursuant to the Charter  
25 of the City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent

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

4 WHEREAS, The interest on the Note (hereinafter defined) may qualify for tax  
5 exemption under Section 103 of the Internal Revenue Code of 1986, as amended, ("Code"),  
6 only if the issuance of the Note is approved in accordance with Section 147(f) of the Code;  
7 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 Note 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 duly  
12 noticed public hearing on April 18, 2012, ("April 18<sup>th</sup> Hearing"), at which hearing an opportunity  
13 was provided for persons to comment on the issuance of the Note and the Project; and

14 WHEREAS, on May 1, 2012, this Board, in Resolution 158-12, approved the issuance  
15 of the Note in the amount of \$20,000,000 for the purposes of Section 147(f) of the Code and  
16 directed the Director of the Mayor's Office of Housing and Community Development to submit  
17 an application to the California Debt Limit Allocation Committee ("CDLAC") along with a  
18 deposit in an amount not to exceed \$100,000 in connection with the application; and

19 WHEREAS, Due to an error in the Borrower's name that was corrected prior to the  
20 above-referenced May 1, 2012, meeting and Board action, the notice of the April 18th Hearing  
21 was defective and a new hearing was required; and

22 WHEREAS, On August 27, 2012, the Mayor's Office of Housing and Community  
23 Development placed notice of a new hearing in the San Francisco Examiner which notice  
24 listed the correct Borrower name and also increased the not to exceed amount of the Note by  
25 \$2,000,000 to \$22,000,000. On September 11, 2012, a public hearing was held pursuant to

1 that notice at which hearing an opportunity was provided for persons to comment on the  
2 issuance of the Note and the Project (“September 11th Hearing”); and

3 WHEREAS, Due to changes in the Project’s financing structure, caused in part by  
4 shifts in the financial markets, the Project was delayed subsequent to the September 11th  
5 Hearing and the applicable deadline to issue bonds or notes covered by the September 11th  
6 Hearing TEFRA period expired prior to the anticipated closing date of the proposed Note  
7 issuance; and

8 WHEREAS, The Mayor’s Office of Housing held a public hearing at 10:00 am on  
9 September 3, 2013, notice of which hearing was published in a newspaper of general  
10 circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was  
11 provided for persons to comment on the execution and delivery of the Note in the amount of  
12 \$22,000,000 and the plan of financing for the Project; and

13 WHEREAS, On September 18, 2013, CDLAC in its resolution number 13-56 allocated  
14 \$22,000,000 in qualified private activity bonds to the Project; and

15 WHEREAS, There has been prepared and presented to the Board for consideration at  
16 this meeting the documentation required for the execution and delivery of the Note, and such  
17 documentation is on file with the Clerk of the Board of Supervisors (“Clerk of the Board”); and

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

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

23 WHEREAS, The Note is a limited obligation of the City, the sole source of repayment of  
24 which shall be payments made by the Borrower under the Borrower Loan Agreement  
25

1 (hereinafter defined), together with investment income of certain funds and accounts held  
2 under the Funding Loan Agreement (hereinafter defined); and

3 WHEREAS, The City has engaged Orrick Herrington & Sutcliffe LLP and Curls Bartling  
4 P.C., as co-note counsel with respect to the Note ("Co-Note Counsel"); and

5 WHEREAS, Union Bank, N.A., a national banking association, has expressed its  
6 intention to purchase, or cause an affiliate to purchase, the Note authorized hereby; now,  
7 therefore, be it

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

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

12 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act and  
13 the Funding Loan Agreement, the City is hereby authorized to execute and deliver a revenue  
14 note of the City, which note comprises a Governmental Lender Note under the Funding Loan  
15 Agreement, such note to be designated as "City and County of San Francisco Multifamily  
16 Housing Revenue Note (Tenderloin Family Housing), 2013 Series C," or such other  
17 designation as may be necessary or appropriate to distinguish such Note from any other  
18 bonds or notes of the City, in an aggregate principal amount not to exceed Twenty-Two Million  
19 Dollars) (\$22,000,000.00) ("Note"), with an interest rate not to exceed twelve percent (12%)  
20 per annum for the Note, and which shall have a final maturity date not later than November 1,  
21 2043. The Note shall be in the form set forth in and otherwise in accordance with the Funding  
22 Loan Agreement, and shall be executed by the manual or facsimile signature of the Mayor of  
23 the City ("Mayor") and attested by the manual signature of the Clerk of the Board.

24 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement  
25 ("Funding Loan Agreement"), by and among the City, Union Bank, N.A., as funding lender

1 (“Funding Lender”) and Union Bank, N.A., as fiscal agent, in the form presented to the Board,  
2 a copy of which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor,  
3 the Director of the Mayor’s Office of Housing and Community Development, the Housing  
4 Development Director of the Mayor’s Office of Housing and Community Development or any  
5 Authorized Governmental Lender Representative (as such term is defined in the Funding  
6 Loan Agreement) (collectively, “Authorized Representatives” and each, an “Authorized  
7 Representative”) is hereby authorized to execute the Funding Loan Agreement, approved as  
8 to form by the City Attorney of the City ("City Attorney"), in substantially said form, together  
9 with such additions thereto and changes therein as the City Attorney and Co-Note Counsel  
10 may approve or recommend in accordance with Section 8 hereof.

11 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement  
12 ("Borrower Loan Agreement"), by and among the City, the Funding Lender and the Borrower,  
13 in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is  
14 hereby approved. Each Authorized Representative is hereby authorized to execute the  
15 Borrower Loan Agreement, approved as to form by the City Attorney, in substantially said  
16 form, together with such additions thereto and changes therein as the City Attorney and Co-  
17 Note Counsel may approve or recommend in accordance with Section 8 hereof.

18 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive  
19 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants ("Regulatory  
20 Agreement"), between the City and the Borrower, in the form presented to the Board, a copy  
21 of which is on file with the Clerk of the Board, is hereby approved. Each Authorized  
22 Representative is hereby authorized to execute the Regulatory Agreement, approved as to  
23 form by the City Attorney, in substantially said form, together with such additions thereto and  
24 changes therein as the City Attorney and Co-Note Counsel may approve or recommend in  
25 accordance with Section 8 hereof.

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

11           Section 7. Approval of Note Following a Public Hearing. This Board hereby approves  
12 the execution and delivery of the Note in an amount set forth in Section 2 above. It is the  
13 purpose and intent of this Board that this Resolution constitute approval of the execution and  
14 delivery of the Note by the applicable elected representative of the governmental unit having  
15 jurisdiction over the area in which the Project is located for the purposes of, and in  
16 accordance with, Section 147(f) of the Code.

17           Section 8. Modifications, Changes, Additions. Any Authorized Representative  
18 executing the Funding Loan Agreement, the Borrower Loan Agreement or the Regulatory  
19 Agreement (collectively, "City Agreements"), in consultation with the City Attorney and Co-  
20 Note Counsel, is hereby authorized to approve and make such modifications, changes or  
21 additions to the City Agreements as may be necessary or advisable, provided that such  
22 modification does not authorize an aggregate principal amount of the Note in excess of  
23 \$22,000,000, provide for a final maturity on the Note later than November 1, 2043, or provide  
24 for the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The  
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1 approval of any modification, addition or change to any of the aforementioned documents  
2 shall be evidenced conclusively by the execution and delivery of the document in question.

3 Section 9. General Authority. The proper officers of the City are hereby authorized and  
4 directed, for and in the name and on behalf of the City, to do any and all things and take any  
5 and all actions and execute and deliver any and all certificates, agreements and other  
6 documents, including but not limited to those documents described in the City Agreements,  
7 which they, or any of them, may deem necessary or advisable in order to consummate the  
8 lawful execution and delivery of the Note and to effectuate the purposes thereof and of the  
9 documents herein approved in accordance with this Resolution.

10 Section 10. Ratification of Prior Actions. All actions heretofore taken by the officers  
11 and agents of the City with respect to the issuance and delivery of the Note are hereby  
12 approved, confirmed and ratified.

13 Section 11. File. All documents referenced herein as being on file with the Clerk of the  
14 Board are located in File No. 131037, which is hereby declared to be a part of this Resolution  
15 as if set forth fully herein.

16  
17 APPROVED AS TO FORM:  
18 DENNIS J. HERRERA  
19 City Attorney

20  
21 By: \_\_\_\_\_  
22 MARK BLAKE  
23 Deputy City Attorney  
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