

1 [Multifamily Housing Revenue Bonds - Transbay/Block 6 Project - Not to Exceed \$15,000,000]

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3 **Resolution authorizing the issuance and delivery of multifamily housing revenue bonds**
4 **in an aggregate principal amount not to exceed \$15,000,000 for the purpose of**
5 **providing financing for the acquisition and construction of a 70-unit multifamily rental**
6 **housing project known as Transbay/Block 6 Project; approving the form of and**
7 **authorizing the execution of a trust indenture providing the terms and conditions of the**
8 **bonds; approving the form of and authorizing the execution of a regulatory agreement**
9 **and declaration of restrictive covenants; approving the form of and authorizing the**
10 **execution of a loan agreement; authorizing the collection of certain fees; ratifying and**
11 **approving any action heretofore taken in connection with the bonds and the project;**
12 **granting general authority to City officials to take actions necessary to implement this**
13 **Resolution; and related matters.**

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15 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
16 "Board") desires to provide for a portion of the costs of the acquisition and construction by
17 Mercy Housing California 62, L.P., a California limited partnership (the "Borrower"), of a 70-
18 unit residential rental development located at 280 Beale Street, in San Francisco, California,
19 known as "Transbay/Block 6 Project" (the "Project"), to provide housing for persons and
20 families of very low income through the issuance of revenue bonds; and

21 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue
22 revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of
23 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
24 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of

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1 California ("Health and Safety Code"), as now in effect and as it may from time to time
2 hereafter be amended or supplemented (collectively, the "Act"); and

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

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

9 WHEREAS, On November 26, 2013, this Board, in Resolution No. 419-13, approved
10 the issuance of the Bonds for the purposes of Section 147(f) of the Code; and

11 WHEREAS, On March 19, 2014, the California Debt Limit Allocation Committee
12 (CDLAC) in its Resolution Number 14-33 allocated \$15,000,000 in qualified private activity
13 bonds to the Project; and

14 WHEREAS, There has been prepared and presented to the Board for consideration at
15 this meeting the documentation required for the issuance of the Bonds, and such
16 documentation is on file with the Clerk of the Board of Supervisors (the "Clerk of the Board");
17 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 sale of the Bonds; and

23 WHEREAS, The City has engaged Squire Sanders (US) LLP and Amira Jackmon,
24 Attorney at Law, as co-bond counsel with respect to the Bonds ("Co-Bond Counsel"); and

1 WHEREAS, Silicon Valley Bank has expressed its intention to purchase, or cause an
2 affiliate to purchase, the Bonds authorized hereby; now, therefore, be it

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

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

7 Section 2. Approval of Issuance of Bonds. In accordance with the Act and the
8 Indenture (hereinafter defined), the City is hereby authorized to issue and deliver revenue
9 bonds of the City, such bonds to be issued in one or more series and subseries, and
10 designated as "City and County of San Francisco, California Multifamily Housing Revenue
11 Bonds (Transbay/Block 6 Project), Series 2014A," or such other designation as may be
12 necessary or appropriate to distinguish such series from every other series of bonds, in an
13 aggregate principal amount not to exceed \$15,000,000 (the "Bonds"), with an interest rate not
14 to exceed twelve percent (12%) per annum for the Bonds, and which shall have a final
15 maturity date not later than forty (40) years from the date of issuance of the Bonds. The
16 Bonds shall be in the form set forth in and otherwise in accordance with the Indenture, and
17 shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor")
18 and attested by the manual or facsimile signature of the Clerk of the Board.

19 Section 3. Indenture. The Trust Indenture (the "Indenture") in the form presented to the
20 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The
21 Indenture shall be entered into by and between the City and a trust company, a state banking
22 corporation or a national banking association with the authority to accept trusts in the State of
23 California selected by the City and otherwise meeting the requirements of the Indenture.
24 Each of the Mayor, the Director of the Mayor's Office of Housing and Community
25 Development and the Housing Development Director of the Mayor's Office of Housing and

1 Community Development (collectively, the “Authorized Representatives” and each, an
2 “Authorized Representative”) is hereby authorized to execute the Indenture, approved as to
3 form by the City Attorney of the City (the "City Attorney"), in substantially said form, together
4 with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel
5 may approve or recommend in accordance with Section 7 hereof.

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

14 Section 5. Loan Agreement. The Loan Agreement (the "Loan Agreement") by and
15 between the City and the Borrower, in the form presented to the Board, a copy of which is on
16 file with the Clerk of the Board, is hereby approved. Each Authorized Representative is hereby
17 authorized to execute the Loan Agreement in substantially said form, together with such
18 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
19 approve or recommend in accordance with Section 7 hereof.

20 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
21 Community Development, shall charge a fee for the administrative costs associated with
22 issuing the Bonds in an amount not to exceed 0.25% of the aggregate principal amount of the
23 Bonds. Such fee shall be payable at bond closing and may be contingent on the bond sale.
24 The City shall also charge an annual fee for monitoring the restricted units in an amount not to
25 exceed 0.125% of the outstanding aggregate principal amount of the Bonds, but no less than

1 \$2,500 annually, for the term of the Regulatory Agreement. The initial monitoring fee shall be
2 payable at bond closing. The Board hereby authorizes the Mayor's Office of Housing and
3 Community Development to charge and collect the fees described in this section.

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

14 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
15 City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and
16 ratified.

17 Section 9. General Authority. The proper officers of the City are hereby authorized and
18 directed, for and in the name and on behalf of the City, to do any and all things and take any
19 and all actions and execute and deliver any and all certificates, agreements and other
20 documents, including but not limited to those documents described in the Indenture, the Loan
21 Agreement, and the Regulatory Agreement, which they, or any of them, may deem necessary
22 or advisable in order to consummate the lawful issuance and delivery of the Bonds and to
23 effectuate the purposes thereof and of the documents herein approved in accordance with this
24 Resolution.

1 Section 10. File. All documents referenced herein as being on file with the Clerk of the
2 Board are located in File No. 140292, which is hereby declared to be a part of this Resolution
3 as if set forth fully herein.
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APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
HEIDI J. GEWERTZ
Deputy City Attorney