



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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INTERIM EXECUTIVE DIRECTOR
NANCEE ROBLES

March 15, 2023

Eric D. Shaw
Director
City and County of San Francisco
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Eric D. Shaw:

Enclosed is a copy of Resolution No. 23-119, approved by the Interim Executive Director under authority delegated by the Committee on July 20, 2022, transferring \$3,500,000.00 of the 2023 State Ceiling on Qualified Private Activity Bonds to Hunters View Phase 3 ("the Project"). This allocation is supplemental to the allocation awarded to the Project in Resolution No. 22-277, adopted on November 30, 2022. The Resolutions established the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, a performance deposit to one-half of one percent (0.5%) of the Allocation requested, not to exceed \$100,000, made payable to the Applicant, shall be evidenced within 20 calendar days following an award of an Allocation.

The performance deposit certified in support of this project (\$17,500) is to remain on deposit until you receive authorization from the Committee that it may be released. This written release will be provided once the Committee receives: the "Report of Action Taken" template indicating that the allocation transferred was used for the Project's issuance of bonds, a copy of the conformed regulatory agreement, and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Executive Director's approval if at least 80% of the allocation to this project is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. IRS Certification: The IRS-required certification (Certificate pursuant to Section 149(e)(2)(F) Internal Revenue Code of 1986, As Amended) will be prepared by CDLAC staff and sent to the Applicant's bond counsel once the Committee receives the Report of Action Taken template from the Applicant.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 23-119

**A RESOLUTION TRANSFERRING A PORTION OF THE STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC has received an application ("Application") from the City and County of San Francisco ("Applicant") for the transfer to the Applicant of a portion of the 2023 state ceiling for use by the Applicant to issue bonds or other obligations ("Bonds") for Hunters View Phase 3 ("Project") as described in Exhibit A; and

WHEREAS, CDLAC has delegated authority to the Interim Executive Director to grant supplemental awards pursuant to Section 5240(b) of the Committee's Regulations; and

WHEREAS, this allocation is a supplemental award and it is appropriate for CDLAC to make a transfer of a portion of the 2023 state ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, HV Partners 3, LP ("Project Sponsor") has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the state ceiling to the Applicant for the benefit of the Project, CDLAC staff has relied upon the facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is consistent with CDLAC's statutes and regulations for CDLAC to transfer a portion of the 2023 state ceiling.

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee the following:

Section 1. An amount of the 2023 state ceiling on the aggregate amount of private activity bonds equal to \$3,500,000 shall be transferred to the Applicant. This Allocation shall be used only by the Applicant and only for the issuance of the Bonds for the Project, as described in the Exhibit A of Resolution No. 22-277. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Resolution No. 22-277 are hereafter referred to collectively as "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in the appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, shall be bound by, and shall monitor compliance with, those terms and conditions. The Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, sections 10337(c) and 5220.

Section 3. A modification to the Project made prior to the issuance of the Bonds that impacts the Resolution shall be reported to the Executive Director and, if the Executive Director determines that modification to be material pursuant to CDLAC's statutes and regulations, the material modification shall be brought back to CDLAC for consideration before the Allocation may be used for the Project. After the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by CDLAC through an action for specific performance or other available remedy.

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Section 4. A material change in the structure of the Bonds sale prior to the issuance of the Bonds and not previously approved by CDLAC shall require approval of the CDLAC Chair or the Executive Director.

Section 5. The transfer of the proceeds from the sale of the Bonds to a project other than the Project may be allowed only with the prior approval of the Executive Director in consultation with the CDLAC Chair.

Section 6. The Applicant shall not be authorized to use the Allocation to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State except to CDLAC.

Section 7. The Allocation shall automatically revert to CDLAC unless the Applicant has issued Applicant has issued Bonds for the Project by the close of business on June 12, 2023. In a case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 8. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify CDLAC at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or qualified residential rental project, the date the Allocation was used, and the amount of the Allocation used.

Section 9. Within fifteen (15) calendar days of the Bonds closing, the Applicant or its counsel shall submit a completed "Report of Action Taken Regarding the Issuance of Private Activity Bonds", as made available by CDLAC.

Section 10. Differences between the amount of the Bonds issued and the amount of the Allocation granted in Section 1 shall automatically revert to CDLAC. If at any time prior to the reversion date set forth in Section 7 the Applicant determines that part or all the Allocation will not be used to issue the Bonds by that date, the Applicant shall promptly procure a resolution of its governing board or by action of its authorized officer to return that unused portion of the Allocation to CDLAC.

Section 11. CDLAC staff is directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy in the Applicant's official records for the term of the Bonds or the term of the income and rental restrictions, whichever is longer. CDLAC staff shall retain a copy of this Resolution in the files of CDLAC, or any successor agency, for the same term.

Section 12. In consideration of the Allocation, the Applicant and Project Sponsor shall comply with all the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. The Applicant and Project Sponsor shall expressly agree that the terms and conditions of this Resolution may be enforced by CDLAC through an action for specific performance or any other available remedy, provided CDLAC agrees not to take any action or enforce any remedy that would be materially adverse to the interests of Bondholders. The Applicant and Project Sponsor shall ensure the Bond documents, as appropriate, expressly state CDLAC is a third-party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. Either the “Certification of Compliance II for Qualified Residential Rental Projects” or “Certification of Compliance II for Non-Qualified Residential Rental Projects” shall be submitted by the Project Sponsor to the Applicant no later than March 1st annually until the Project's applicable “Certificate of Completion” has been submitted by the Project Sponsor to the Applicant. An “Annual Applicant Public Benefits and Ongoing Compliance Self-Certification” shall be annually submitted online by the Applicant to CDLAC until the applicable “Certificate of Completion” has been submitted by the Project Sponsor to the Applicant. Following the submission of the applicable “Certificate of Completion” to the Applicant, the applicable “Certification of Compliance II” shall be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter, pursuant to California Code of Regulations, title 4 section 5144. Verification to CDLAC of income and rental information shall not be required prior to the submission of the applicable “Certificate of Completion.” A copy of the applicable “Certification of Compliance II” may be found at: <http://www.treasurer.ca.gov/cdlac/forms.asp>. Failure to submit compliance documents may result in disqualification from future participation for qualified residential rental projects.

Section 14. All relevant bond documents for the Bonds shall permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. 146(i)(6) and shall require no less than thirty (30) days’ notice to CDLAC and the Applicant prior to the redemption of the Bonds at conversion to permanent financing.

Section 15. This Resolution shall take effect immediately upon its adoption.

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CERTIFICATION

I, Nancee Robles, Interim Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution.



Nancee Robles, Interim Executive Director

Date: March 15, 2023