

1 [Multifamily Housing Revenue Note - 227 Bay Street - Not to Exceed \$14,297,000]

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3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in an aggregate principal amount not to exceed \$14,297,000 for the purpose of**
5 **providing financing for the acquisition and rehabilitation of a 50-unit multifamily rental**
6 **housing project located at 227 Bay Street; approving the form of and authorizing the**
7 **execution of a funding loan agreement providing the terms and conditions of the note**
8 **and authorizing the execution and delivery thereof; approving the form of and**
9 **authorizing the execution of a regulatory agreement and declaration of restrictive**
10 **covenants; approving the forms of and authorizing the execution of certain loan**
11 **documents; authorizing the collection of certain fees; ratifying and approving any**
12 **action heretofore taken in connection with the note and the project, as defined herein;**
13 **granting general authority to City officials to take actions necessary to implement this**
14 **Resolution; and related matters.**

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16 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
17 "Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by
18 Bay Street, L.P., a California limited partnership (the "Borrower"), of a 50-unit affordable
19 multifamily housing residential rental development located at 227 Bay Street, San Francisco,
20 California (also known as 227 Bay Street) (the "Project"), to provide housing for persons and
21 families of low and very low income through the issuance of multifamily housing revenue
22 bonds or notes; and

23 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue
24 revenue bonds, notes and other obligations for such purpose pursuant to the Charter of the

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1 City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent
2 applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health
3 and Safety Code of the State of California ("Health and Safety Code"), as now in effect and as
4 it may from time to time hereafter be amended or supplemented (collectively, the "Act"); and

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

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

11 WHEREAS, Following a public hearing on March 27, 2015, at which there was an
12 opportunity for persons to comment on the execution and delivery of the Note, this Board, on
13 April 14, 2015, adopted Resolution No. 130-15, approving the execution and delivery of the
14 Note solely for the purposes of Section 147(f) of the Code in an amount not to exceed
15 \$21,000,000; and

16 WHEREAS, An application to the California Debt Limit Allocation Committee (CDLAC)
17 has been submitted with respect to the Project for an allocation of qualified private activity
18 bond volume cap in the amount of \$14,297,000 pursuant to Section 146 of the Code; and

19 WHEREAS, The City expects to receive that allocation from the CDLAC at its meeting
20 on September 16, 2015 (the "CDLAC Allocation"), the receipt of which is a condition to the
21 City's executing the documents described in, and otherwise consummating the transactions
22 contemplated by, this resolution; and

23 WHEREAS, There has been prepared and presented to the Board for consideration at
24 this meeting the documentation required for the execution and delivery of the Note, and such
25 documentation is on file with the Clerk of the Board of Supervisors in File No. 150889; 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 execution and delivery of the Note; and

6 WHEREAS, The Note is a limited obligation of the City, the sole source of repayment of
7 which shall be payments made by the Borrower under the Project Loan Agreement
8 (hereinafter defined), together with investment income of certain funds and accounts held
9 under the Funding Loan Agreement (hereinafter defined); and

10 WHEREAS, The City has engaged Squire Patton Boggs (US) LLP and Law Office of
11 Amira Jackmon, as co-bond counsel with respect to the Note ("Co-Bond Counsel"); and

12 WHEREAS, Bank of America, N.A. (the "Bank") has expressed its intention to enter
13 into the Funding Loan Agreement and make the loan evidenced by the Note authorized
14 hereby; now, therefore, be it

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

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

19 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act
20 and the Funding Loan Agreement (hereinafter defined), the City is hereby authorized to issue
21 and deliver a revenue note of the City, such note to be issued in one or more series and
22 subseries, and designated as "City and County of San Francisco Multifamily Housing
23 Revenue Note (227 Bay Street), 2015 Series U," or such other designation as may be
24 necessary or appropriate to distinguish such series from every other series of notes of the
25 City, in an aggregate principal amount not to exceed \$14,297,000 (the "Note"), with an

1 interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have
2 a final maturity date not later than forty (40) years from the date of issuance. The Note shall
3 be in the form set forth in and otherwise in accordance with the Funding Loan Agreement, and
4 shall be executed by the manual signature of the Mayor of the City (the "Mayor") and as
5 further provided in the Funding Loan Agreement. Anything herein to the contrary
6 notwithstanding, the execution and delivery of the Note and the City Agreements shall be
7 subject to the receipt of the CDLAC Allocation prior thereto.

8 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the
9 "Funding Loan Agreement"), by and between the Bank, the City, and U.S. Bank National
10 Association (the "Fiscal Agent"), in the form presented to the Board, a copy of which is on file
11 with the Clerk of the Board of Supervisors, in File No. 150889, is hereby approved. The
12 Mayor, the Director of the Mayor's Office of Housing and Community Development (the
13 "Director"), or any Authorized Officer of the City (as such term is defined in the Funding Loan
14 Agreement) is hereby authorized to execute the Funding Loan Agreement (collectively,
15 "Authorized Representatives" and each, an "Authorized Representative"), approved as to form
16 by the City Attorney of the City (the "City Attorney"), in substantially said form, together with
17 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
18 approve or recommend in accordance with Section 7 hereof.

19 Section 4. Approval of Regulatory Agreement and Declaration of Restrictive
20 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
21 "Regulatory Agreement"), by and among the City, the Borrower, and the Fiscal Agent, in the
22 form presented to the Board, a copy of which is on file with the Clerk of the Board of
23 Supervisors, in File No. 150889, is hereby approved. Each Authorized Representative is
24 hereby authorized to execute the Regulatory Agreement, approved as to form by the City
25 Attorney, in substantially said form, together with such additions thereto and changes therein

1 as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with
2 Section 7 hereof.

3 Section 5. Approval of City Loan Documents. The Project Loan Agreement by and
4 among the City, the Borrower, and the Fiscal Agent (the "Project Loan Agreement"), in the
5 form presented to the Board, a copy of which is on file with the Clerk of the Board of
6 Supervisors, in File No. 150889, is hereby approved. Each Authorized Representative is
7 hereby authorized to execute the Project Loan Agreement in substantially said form, together
8 with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel
9 may approve or recommend in accordance with Section 7 hereof.

10 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
11 Community Development, shall charge a fee for the administrative costs associated with
12 issuing the Note in an amount not to exceed 0.25% of the maximum aggregate principal
13 amount of the Note. Such fee shall be payable at closing and may be contingent on the
14 delivery of the Note. The City shall also charge an annual fee for monitoring compliance with
15 the provisions of the Regulatory Agreement in an amount not to exceed 0.125% of the
16 outstanding aggregate principal amount of the Note, but no less than \$2,500 annually, for the
17 term of the Regulatory Agreement. The initial monitoring fee shall be payable at Note closing.
18 The Board hereby authorizes the Mayor's Office of Housing and Community Development to
19 charge and collect the fees described in this section.

20 Section 7. Modifications, Changes, Additions. Any Authorized Representative
21 executing the Funding Loan Agreement, the Regulatory Agreement or the Project Loan
22 Agreement (collectively, the "City Agreements"), in consultation with the City Attorney and Co-
23 Bond Counsel, is hereby authorized to approve and make such modifications, changes or
24 additions to the City Agreements as may be necessary or advisable, provided that such
25 modification does not authorize an aggregate principal amount of the Note in excess of

1 \$14,297,000, provide for a final maturity on the Note later than forty (40) years from the date
2 of issuance thereof, or provide for the Note to bear interest at a rate in excess of twelve
3 percent (12%) per annum. The approval of any modification, addition or change to any of the
4 aforementioned documents shall be evidenced conclusively by the execution and delivery of
5 the document in question.

6 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
7 City with respect to the execution and delivery of the Note, as consistent with the documents
8 herein and this Resolution, are hereby approved, confirmed and ratified.

9 Section 9. General Authority. The proper officers of the City are hereby authorized
10 and directed, for and in the name and on behalf of the City, to do any and all things and take
11 any and all actions and execute and deliver any and all certificates, agreements and other
12 documents, including but not limited to assignments, subordinations, tax documents and
13 those documents described in the City Agreements, which they, or any of them, may deem
14 necessary or advisable in order to consummate the lawful execution and delivery of the Note.
15 Any such actions are solely intended to further the purposes of this Resolution, and are
16 subject in all respects to the terms of the Resolution. No such actions shall increase the risk
17 to the City or require the City to spend any resources not otherwise granted herein. Final
18 versions of any such documents shall be provided to the Clerk of the Board for inclusion in the
19 official file within 30 days of execution by all parties.

20 Section 10. File. All documents referenced herein as being on file with the Clerk of
21 the Board of Supervisors are located in File No. 150305, which is hereby declared to be a part
22 of this Resolution as if set forth fully herein.

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1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA
3 City Attorney

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4 By: _____
5 KENNETH DAVID ROUX
6 Deputy City Attorney

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