

1 [Multifamily Housing Revenue Note - 1101 Connecticut Street ("Potrero Block X") - Not to  
2 Exceed \$49,454,000]

3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**  
4 **note in one or more series in an aggregate principal amount not to exceed \$49,454,000**  
5 **for the purpose of providing financing for the construction of a 72-unit multifamily**  
6 **rental housing project known as "Potrero Block X," located in the City at 1101**  
7 **Connecticut Street; approving the form of and authorizing the execution of a funding**  
8 **loan agreement providing the terms and conditions of the loan from the funding lender**  
9 **to the City and the execution and delivery of the note; approving the form of and**  
10 **authorizing the execution of a borrower loan agreement providing the terms and**  
11 **conditions of the loan from the City to the borrower; approving the form of and**  
12 **authorizing the execution of a regulatory agreement and declaration of restrictive**  
13 **covenants; authorizing the collection of certain fees; approving modifications, changes**  
14 **and additions to the documents; ratifying and approving any action heretofore taken in**  
15 **connection with the back-to-back loans, the note and the project; granting general**  
16 **authority to City officials to take actions necessary to implement this Resolution; and**  
17 **related matters, as defined herein.**

18  
19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
20 "Board") desires to provide for a portion of the costs of the construction by Potrero Housing  
21 Associates I LP., a California limited partnership (the "Borrower"), of a 72-unit residential  
22 rental development located at 1101 Connecticut Street, in San Francisco, California, known  
23 as "Potrero Block X" (the "Project"), to provide housing for persons and families of low income  
24 and very low income through the issuance of a multifamily housing revenue note (the "Note");  
25 and

1           WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue  
2 revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of  
3 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of  
4 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of  
5 California (“Health and Safety Code”), as now in effect and as it may from time to time  
6 hereafter be amended or supplemented (collectively, the “Act”); and

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

10          WHEREAS, The Mayor’s Office of Housing and Community Development held a duly  
11 noticed public hearing on April 15, 2016 at which hearing an opportunity was provided for  
12 persons to comment on the issuance of the Note; and

13          WHEREAS, This Board, on May 17, 2016, adopted Resolution No. 193-16, (i)  
14 approving the execution and delivery of the Note solely for the purposes of Section 147(f) of  
15 the Code in an amount not to exceed \$56,000,000, and (ii) declaring its official intent to  
16 reimburse prior expenditures with proceeds of the Note pursuant to Section 1.150-2 of the  
17 United States Treasury Regulations; and

18          WHEREAS, On September 21, 2016, the California Debt Limit Allocation Committee  
19 (“CDLAC”) in its Resolution No. 16-128 allocated \$49,454,000 in qualified private activity  
20 obligations to the Project; and

21          WHEREAS, There has been prepared and presented to the Board for consideration at  
22 this meeting the documentation required for the execution and delivery of the Note, 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 funding loan, the borrower loan and the execution and  
6 delivery of the Note; and

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

11           WHEREAS, The City has engaged Ballard Spahr LLP and Fox Rothschild LLP, as co-  
12 special counsel with respect to the Note (“Co-Special Counsel”); and

13           WHEREAS, Citibank, N.A. (or an affiliate thereof) (the “Funding Lender”) has  
14 expressed its intention to lend the City and County of San Francisco the funding loan in  
15 exchange for the Note authorized hereby; now, therefore, be it

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

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

20           Section 2. Approval of Execution and Delivery of Note. In accordance with the Act, the  
21 Funding Loan Agreement (hereinafter defined) and the Borrower Loan Agreement (hereinafter  
22 defined), the City is hereby authorized to execute and deliver notes in one or more series and  
23 subseries, and a revenue note designated as “City and County of San Francisco Multifamily  
24 Housing Revenue Note (Potrero Block X), 2016 Series Y” or such other designation as may  
25 be necessary or appropriate to distinguish such series from every other series of bonds or

1 notes, in an aggregate principal amount not to exceed \$49,454,000 (the “Note”), with an  
2 interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have  
3 a final maturity date not later than forty (40) years from the date of execution and delivery of  
4 the Note. The Note shall be in the form set forth in and otherwise in accordance with the  
5 Funding Loan Agreement (hereinafter defined) and shall be executed by the manual or  
6 facsimile signature of the Mayor of the City (the “Mayor”) and as further provided in the  
7 Funding Loan Agreement.

8 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the  
9 “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file with  
10 the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered  
11 into by and among the City, the Funding Lender and a trust company, a state banking  
12 corporation or a national banking association with the authority to accept trusts in the State of  
13 California selected by the Director of the Mayor’s Office of Housing and Community  
14 Development (the “Director”) and otherwise meeting the requirements of the Funding Loan  
15 Agreement (the “Fiscal Agent”). Each of the Mayor, the Director, the Deputy Director for  
16 Housing of the Mayor’s Office of Housing and Community Development, or any other  
17 Authorized Governmental Lender Representative (as such term is defined in the Funding  
18 Loan Agreement) is hereby authorized to execute the Funding Loan Agreement, approved as  
19 to form by the City Attorney of the City (the “City Attorney”), in substantially said form, together  
20 with such additions thereto and changes therein as the City Attorney and Co-Special Counsel  
21 may approve or recommend in accordance with Section 7 hereof.

22 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the  
23 “Borrower Loan Agreement”) by and between the City and the Borrower and The Assignment  
24 of Multifamily Deed of Trust and Loan Documents, from the City to the Funding Lender (The  
25 “Assignment”), in the forms presented to the Board, copies of which are on file with the Clerk

1 of the Board, are hereby approved. Each Authorized Governmental Lender Representative is  
2 hereby authorized to execute the Borrower Loan Agreement and the Assignment in  
3 substantially said form, together with such additions thereto and changes therein as the City  
4 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7  
5 hereof.

6 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive  
7 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the  
8 “Regulatory Agreement” and, together with the Funding Loan Agreement, the Assignment and  
9 the Borrower Loan Agreement, the “City Documents”), between the City and the Borrower, in  
10 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is  
11 hereby approved. Each Authorized Governmental Lender Representative is hereby  
12 authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in  
13 substantially said form, together with such additions thereto and changes therein as the City  
14 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7  
15 hereof.

16 Section 6. Issuer Fees. The City, acting through the Mayor’s Office of Housing and  
17 Community Development, shall charge a fee for the administrative costs associated with  
18 executing and delivering the Note in an amount not to exceed 0.25% of the aggregate  
19 principal amount of the Note. Such fee shall be payable at funding loan closing and may be  
20 contingent on the funding loan closing. The City shall also charge an annual fee for  
21 monitoring the restricted units in an amount not to exceed 0.125% of the outstanding  
22 aggregate principal amount of the Note, but no less than \$2,500 annually, for the term of the  
23 Regulatory Agreement. The initial monitoring fee shall be payable at funding loan closing.  
24 The Board hereby authorizes the Mayor’s Office of Housing and Community Development to  
25 charge and collect the fees described in this section.

1           Section 7. Modifications, Changes, Additions. Any Authorized Governmental Lender  
2 Representative executing the City Documents, in consultation with the City Attorney and Co-  
3 Special Counsel, is hereby authorized to approve and make such modifications, changes or  
4 additions to the City Documents as may be necessary or advisable, provided that such  
5 modification does not authorize an aggregate principal amount of the Note in excess of  
6 \$49,454,000, provide for a final maturity of the Note later than forty (40) years, or provide for  
7 the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The approval  
8 of any modification, addition or change to any of the aforementioned documents shall be  
9 evidenced conclusively by the execution and delivery of the document in question.

10           Section 8. Ratification. All actions heretofore taken by the officers and agents of the  
11 City with respect to the funding loan and the execution and delivery of the Note as consistent  
12 with the City Documents are hereby approved, confirmed and ratified.

13           Section 9. General Authority. The proper officers of the City are hereby authorized  
14 and directed, for and in the name and on behalf of the City, to do any and all things and take  
15 any and all actions and execute and deliver any and all certificates, agreements (including  
16 such agreements to provide adequate or additional security or indemnities as required by  
17 lenders to consummate the financing) and other documents, including but not limited to those  
18 documents described in the City Documents, which they, or any of them, may deem  
19 necessary or advisable in order to consummate the lawful execution and delivery of the Note  
20 and to effectuate the purposes thereof and of the City Documents. Any such actions are  
21 solely intended to further the purposes of this Resolution, and are subject in all respects to the  
22 terms of the Resolution. No such actions shall increase the risk to the City or require the City  
23 to spend any resources not otherwise granted herein. Final versions of such documents shall  
24 be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution  
25 by all parties.

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

4

5 APPROVED AS TO FORM:  
6 DENNIS J. HERRERA  
7 City Attorney

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8 By: \_\_\_\_\_  
9 Heidi J. Gewertz  
10 Deputy City Attorney  
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