

1 [Multifamily Housing Revenue Bond - 500-510 Folsom ("Transbay Block 9") - Not to Exceed  
2 \$132,000,000]

3 **Resolution authorizing the issuance and sale of multifamily housing revenue bonds in**  
4 **an aggregate principal amount not to exceed \$132,000,000 for the purpose of providing**  
5 **financing for the construction of a 311-unit multifamily rental housing project known as**  
6 **Transbay Block 9, located in the City at 500-510 Folsom Street; approving the form of**  
7 **and authorizing the execution of an indenture of trust providing the terms and**  
8 **conditions of the bonds and authorizing the issuance thereof; approving the form of**  
9 **and authorizing the execution of a regulatory agreement and declaration of restrictive**  
10 **covenants; approving the form of and authorizing the execution of a loan agreement;**  
11 **approving the form of and authorizing the execution of a bond purchase agreement;**  
12 **authorizing the collection of certain fees; ratifying and approving any action heretofore**  
13 **taken in connection with the bonds and the project, as defined herein; granting general**  
14 **authority to City officials to take actions necessary to implement this Resolution, as**  
15 **defined herein; and related matters, as defined herein.**

16  
17 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
18 "Board") desires to provide for a portion of the costs of the construction by Block 9 MRU  
19 Residential, LLC, a Delaware limited liability company, and 500 Folsom, L.P., a California  
20 limited partnership (collectively, the "Borrowers"), of a 311-unit affordable multifamily housing  
21 residential rental development located at 500-510 Folsom Street in San Francisco, California  
22 (commonly known as "Transbay Block 9") (the "Project"), to provide housing for persons and  
23 families of low and very low income through the issuance of multifamily housing revenue  
24 bonds; and

1           WHEREAS, The City and County of San Francisco (the "City") is authorized to issue  
2 revenue bonds, notes and other obligations for such purpose pursuant to the Charter of the  
3 City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent  
4 applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health  
5 and Safety Code of the State of California (collectively, the "Act"); and

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

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

12           WHEREAS, Following a public hearing on March 18, 2016, at which there was an  
13 opportunity for persons to comment on the issuance of the Bonds, this Board, on April 26,  
14 2016, adopted Resolution No. 156-16, approving the issuance of the Bonds solely for the  
15 purposes of Section 147(f) of the Code in an amount not to exceed \$175,000,000; and

16           WHEREAS, On July 20, 2016, the California Debt Limit Allocation Committee  
17 ("CDLAC"), in its Resolution No. 16-84, allocated to the Project \$132,000,000 in qualified  
18 private activity bond volume cap pursuant to Section 146 of the Code; and

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

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

1           WHEREAS, The Board finds that the public interest and necessity require that the City  
2 at this time make arrangements for the issuance and sale of the Bonds; and

3           WHEREAS, The Bonds will be limited obligations of the City, the sole source of  
4 repayment of which shall be payments made by the Borrowers under the Loan Agreement  
5 (hereinafter defined), together with the investment income of certain funds and accounts held  
6 under the Trust Indenture (hereinafter defined); and

7           WHEREAS, The City has engaged Quint & Thimmig LLP and Amira Jackmon, Attorney  
8 at Law, as co-bond counsel with respect to the Bonds ("Co-Bond Counsel"); and

9           WHEREAS, Citibank, N.A. (the "Bank") and Deutsche Bank AG, New York Branch or  
10 an affiliate (together with the Bank, the "Bond Purchasers") have expressed their intention to  
11 purchase the Bonds authorized hereby; now, therefore, be it

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

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

16           Section 2. Approval of Issuance of the Bonds. In accordance with the Act and the Trust  
17 Indenture (hereinafter defined), the City is hereby authorized to issue the Bonds, such Bonds  
18 to be issued in one or more series and/or subseries, and designated as "City and County of  
19 San Francisco, California Multifamily Housing Revenue Bonds, Series 2016E (Lower 500  
20 Folsom Residential)" or such other designation as may be necessary or appropriate to  
21 distinguish such series from every other series of bonds or notes of the City, in an aggregate  
22 principal amount not to exceed \$132,000,000 (the "Bonds"), with an interest rate not to  
23 exceed twelve percent (12%) per annum for the Bonds, and which shall have a final maturity  
24 date not later than forty (40) years from the date of issuance. The Bonds shall be in  
25 substantially the form set forth in and otherwise in accordance with the Trust Indenture, and

1 shall be executed by the manual signature of the Mayor of the City (the "Mayor") and as  
2 further provided in the Trust Indenture.

3 Section 3. Approval of Trust Indenture. The Indenture of Trust (the "Trust Indenture"),  
4 by and between the City and U.S. Bank, National Association (the "Trustee"), in the form  
5 presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby  
6 approved. The Mayor, the Director of the Mayor's Office of Housing and Community  
7 Development (the "Director"), or any Authorized City Representative (as such term is defined  
8 in the Trust Indenture) is hereby authorized to execute the Trust Indenture (collectively,  
9 "Authorized Representatives" and each, an "Authorized Representative"), approved as to form  
10 by the City Attorney of the City (the "City Attorney"), in substantially said form, together with  
11 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
12 approve or recommend in accordance with Section 8 hereof.

13 Section 4. Approval of Regulatory Agreement and Declaration of Restrictive  
14 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the  
15 "Regulatory Agreement"), by and between the City and the Borrowers, in the form presented  
16 to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each  
17 Authorized Representative is hereby authorized to execute the Regulatory Agreement,  
18 approved as to form by the City Attorney, in substantially said form, together with such  
19 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
20 approve or recommend in accordance with Section 8 hereof.

21 Section 5. Approval of Loan Agreement. The Loan Agreement (the "Loan Agreement"),  
22 by and among the City and the Borrowers, in the form presented to the Board, a copy of which  
23 is on file with the Clerk of the Board, is hereby approved. Each Authorized Representative is  
24 hereby authorized to execute the Loan Agreement, in substantially said form, together with  
25

1 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
2 approve or recommend in accordance with Section 8 hereof.

3 Section 6. Approval of Bond Purchase Agreement. The form of bond purchase  
4 agreement relating to the Bonds (the "Bond Purchase Agreement"), by and among the Bond  
5 Purchasers, Hilltop Securities Inc., as Placement Agent, the City and the Borrowers, in the  
6 form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby  
7 approved. Each Authorized Representative is hereby authorized to execute the Bond  
8 Purchase Agreement, in substantially said form, together with such additions thereto and  
9 changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in  
10 accordance with Section 8 hereof.

11 Section 7. Issuer Fees. The City, acting through the Mayor's Office of Housing and  
12 Community Development ("MOHCD"), shall charge a fee for the administrative costs  
13 associated with issuing the Bonds in an amount not to exceed 0.25% of the maximum  
14 aggregate principal amount of the Bonds. Such fee shall be payable at the Bond closing and  
15 may be contingent on the issuance and delivery of the Bonds. The City shall also charge an  
16 annual fee for monitoring compliance with the provisions of the Regulatory Agreement in an  
17 amount not to exceed 0.125% of the outstanding aggregate principal amount of the Bonds,  
18 but no less than \$2,500 annually, for the term of the Regulatory Agreement. The initial  
19 monitoring fee shall be payable at Bond closing. The Board hereby authorizes MOHCD to  
20 charge and collect the fees described in this section.

21 Section. 8. Modifications, Changes, Additions. Any Authorized Representative  
22 executing the Trust Indenture, the Regulatory Agreement, the Loan Agreement or the Bond  
23 Purchase Agreement (collectively, the "City Agreements"), in consultation with the City  
24 Attorney and Co-Bond Counsel, is hereby authorized to approve and make such  
25 modifications, changes or additions to the City Agreements as may be necessary or

1     advisable, provided that any such modification does not authorize an aggregate principal  
2     amount of the Bonds in excess of \$132,000,000, provide for a final maturity on the Bonds later  
3     than forty (40) years from the date of issuance thereof, or provide for the Bonds to bear  
4     interest at a rate in excess of twelve percent (12%) per annum. The approval of any  
5     modification, addition or change to any of the aforementioned documents shall be evidenced  
6     conclusively by the execution and delivery of the document in question.

7             Section 9. Ratification. All actions heretofore taken by the officers and agents of the  
8     City with respect to the issuance of the Bonds, as consistent with the documents herein and  
9     this Resolution, are hereby approved, confirmed and ratified.

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

1           Section 11. 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

7

8 By: \_\_\_\_\_  
9 HEIDI GEWERTZ  
10 Deputy City Attorney  
11 n:\spec\as2016\1600120\01146327.docx

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25