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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 1. <u>Approval of Recitals</u>. The Board hereby finds and declares that the above recitals are true and correct.

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

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

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

Section 4. Approval of Regulatory Agreement and Declaration of Restrictive

Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the

"Regulatory Agreement"), by and between the City and the Borrowers, in the form presented
to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each
Authorized Representative is hereby authorized to execute the Regulatory Agreement,
approved as to form by the City Attorney, in substantially said form, together with such
additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
approve or recommend in accordance with Section 8 hereof.

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

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

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

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

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

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

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

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

Section 11. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 161201, which is hereby declared to be a part of this Resolution as if set forth fully herein. APPROVED AS TO FORM: DENNIS J. HERRERA City Attorney HEIDI GEWERTZ Deputy City Attorney n:\spec\as2016\1600120\01146327.docx 



## City and County of San Francisco **Tails**

City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

## Resolution

**File Number:** 

161201

Date Passed: November 29, 2016

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

November 16, 2016 Budget and Finance Committee - RECOMMENDED

November 29, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 161201

I hereby certify that the foregoing Resolution was ADOPTED on 11/29/2016 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo Clerk of the Board

**Date Approved**