

1 [Multifamily Housing Revenue Note - 490 South Van Ness Avenue - Not to Exceed
2 \$35,712,500]

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 \$35,712,500**
5 **for the purpose of providing financing for the construction of an 81-unit multifamily**
6 **rental housing project known as “490 South Van Ness Avenue”; approving the form of**
7 **and authorizing the execution of a funding loan agreement providing the terms and**
8 **conditions of the loan from the funding lender to the City and the execution and**
9 **delivery of the note; approving the form of and authorizing the execution of a borrower**
10 **loan agreement providing the terms and conditions of the loan from the City to the**
11 **borrower; approving the form of and authorizing the execution of a regulatory**
12 **agreement and declaration of restrictive covenants; authorizing the collection of**
13 **certain fees; approving modifications, changes and additions to the documents;**
14 **ratifying and approving any action heretofore taken in connection with the back-to-**
15 **back loans, the note and the project; granting general authority to City officials to take**
16 **actions necessary to implement this Resolution and related matters, as defined herein.**

17
18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 “Board”) desires to provide for the financing of a portion of the costs of the construction by 490
20 SVN Housing Associates, L.P., a California limited partnership (the “Borrower”), of an 81-unit
21 residential rental development project located at 490 South Van Ness Avenue, in San
22 Francisco, California, known as “490 South Van Ness Avenue” (the “Project”), to provide
23 housing for persons and families of low income through the issuance of a multifamily housing
24 revenue note (the “Note”); 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 may qualify for tax exemption under Section 103
8 of the Internal Revenue Code of 1986, as amended (the “Code”), only if the Note is approved
9 in accordance with Section 147(f) of the Code; and

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

13 WHEREAS, The Project is located wholly within the City; and

14 WHEREAS, On July 12, 2017, the City caused a notice stating that a public hearing
15 with respect to the issuance of the Note would be held by the Mayor’s Office of Housing and
16 Community Development and Community Development on July 27, 2017, to appear in The
17 San Francisco Examiner which is a newspaper of general circulation in the City; and

18 WHEREAS, The Mayor’s Office of Housing and Community Development held the
19 public hearing described above on July 27, 2017, and an opportunity was provided for
20 persons to comment on the issuance of the Note and the Project; and

21 WHEREAS, Due to the lapse of time since the public hearing held on July 27, 2017,
22 the City is required to hold another hearing pursuant to Section 147(f) of the Code; and

23 WHEREAS, On May 27, 2018, the City caused a notice stating that a public hearing
24 with respect to the issuance of the Note would be held by the Mayor’s Office of Housing and
25 Community Development on June 12, 2018, to appear in The San Francisco Examiner which

1 is a newspaper of general circulation in the City; and

2 WHEREAS, The Mayor’s Office of Housing and Community Development held the
3 public hearing described above on June 12, 2018, and an opportunity was provided for
4 persons to comment on the issuance of the Note and the Project; and

5 WHEREAS, the California Debt Limit Allocation Committee (“CDLAC”) has allocated an
6 amount not to exceed \$35,712,500 in qualified private activity obligations to the Project, which
7 will be confirmed by CDLAC on or about July 18, 2018; and

8 WHEREAS, There has been prepared and presented to the Board for consideration at
9 this meeting the documentation required for the execution and delivery of the Note, and such
10 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
11 and

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

15 WHEREAS, The Board finds that the public interest and necessity require that the City
16 at this time make arrangements for the funding loan, the borrower loan, and the execution and
17 delivery of the Note; and

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

22 WHEREAS, The City has engaged Squire Patton Boggs (US) LLP and Fox Rothschild
23 LLP, as co-special counsel with respect to the Note (“Co-Special Counsel”); and

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1 WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the “Funding Lender”) has
2 expressed its intention to make the City and County of San Francisco funding loan to be
3 evidenced by the Note authorized hereby; now, therefore, be it

4 RESOLVED, by this Board of Supervisors of the City and County of San Francisco as
5 follows:

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

8 Section 2. Approval of Execution and Delivery of Note. This Board of Supervisors,
9 as the applicable elected representative of the governmental unit having jurisdiction over the
10 area in which the Project is located, hereby approves the issuance of the Note for purposes of
11 Section 147(f) of the Code.

12 In accordance with the Act, the Funding Loan Agreement and the Borrower Loan
13 Agreement, the City is hereby authorized to execute and deliver notes in one or more series
14 designated as “City and County of San Francisco Multifamily Housing Revenue Note (490
15 South Van Ness Avenue), 2018 Series B” or such other designation as may be necessary or
16 appropriate to distinguish such series from every other series of bonds or notes, in an
17 aggregate principal amount not to exceed \$35,712,500 (the “Note”), with an interest rate not
18 to exceed twelve percent (12%) per annum for the Note, and which shall have a final maturity
19 date not later than forty (40) years from the date of execution and delivery of the Note. The
20 Note shall be in the form set forth in and otherwise in accordance with the Funding Loan
21 Agreement and shall be executed by the manual or facsimile signature of the Mayor of the
22 City (the “Mayor”) and as further provided in the Funding Loan Agreement.

23 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
24 (the “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file
25 with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be

1 entered into by and among the City, the Funding Lender and U.S. Bank, National Association,
2 a national banking association (the "Fiscal Agent"). Each of the Mayor, the Director for
3 Housing of the Mayor's Office of Housing and Community Development, the Deputy Director
4 for Housing of the Mayor's Office of Housing and Community Development, or any other
5 Authorized Governmental Lender Representative (as such term is defined in the Funding
6 Loan Agreement) is hereby authorized to execute the Funding Loan Agreement, approved as
7 to form by the City Attorney of the City (the "City Attorney"), in substantially said form, together
8 with such additions thereto and changes therein as the City Attorney and Co-Special Counsel
9 may approve or recommend in accordance with Section 7 hereof.

10 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement
11 (the "Borrower Loan Agreement") by and among the City, the Fiscal Agent and the Borrower
12 and the Assignment of Deed of Trust and Loan Documents, from the City to the Funding
13 Lender (the "Assignment"), in the forms presented to the Board, copies of which are on file
14 with the Clerk of the Board, are hereby approved. Each Authorized Governmental Lender
15 Representative is hereby authorized to execute the Borrower Loan Agreement and the
16 Assignment in substantially said form, together with such additions thereto and changes
17 therein as the City Attorney and Co-Special Counsel may approve or recommend in
18 accordance with Section 7 hereof.

19 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
20 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
21 "Regulatory Agreement" and, together with the Funding Loan Agreement, the Assignment and
22 the Borrower Loan Agreement, the "City Documents"), between the City and the Borrower, in
23 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
24 hereby approved. Each Authorized Governmental Lender Representative is hereby
25 authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in

1 substantially said form, together with such additions thereto and changes therein as the City
2 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7
3 hereof.

4 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
5 Community Development, shall charge a fee for the administrative costs associated with
6 executing and delivering the Note in an amount not to exceed 0.25% of the aggregate
7 principal amount of the Note. Such fee shall be payable at funding loan closing and may be
8 contingent on the funding loan closing. The City shall also charge an annual fee for
9 monitoring the restricted units in an amount not to exceed 0.125% of the outstanding
10 aggregate principal amount of the Note, but no less than \$2,500 annually, from completion of
11 construction through the term of the Regulatory Agreement. The initial monitoring fee shall be
12 payable at funding loan closing. The Board hereby authorizes the Mayor's Office of Housing
13 and Community Development to charge and collect the fees described in this section.

14 Section 7. Modifications, Changes, Additions. Any Authorized Governmental Lender
15 Representative executing the City Documents, in consultation with the City Attorney and Co-
16 Special Counsel, is hereby authorized to approve and make such modifications, changes or
17 additions to the City Documents as may be necessary or advisable, provided that such
18 modification does not authorize an aggregate principal amount of the Note in excess of
19 \$35,712,500 provide for a final maturity of the Note later than forty (40) years, or provide for
20 the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The approval
21 of any modification, addition or change to any of the aforementioned documents shall be
22 evidenced conclusively by the execution and delivery of the document in question.

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

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

14 Section 10. File. All documents referenced herein as being on file with the Clerk of
15 the Board are located in File No. 180687, which is hereby declared to be a part of this
16 Resolution as if set forth fully herein.

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18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA
20 City Attorney

21
22 By: _____
23 Kenneth D. Roux
24 Deputy City Attorney
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