

# AGENDA ITEM

**144 MARCH 2016**

**DATE:** March 10, 2016  
**TO:** Members, Board of Trustees  
**FROM:** Leah Wilson, Chief Operating Officer  
**SUBJECT:** Request for REVISED Resolution Authorizing the State Bar to Borrow Funds to Finance Tenant Improvements at 180 Howard Street

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## EXECUTIVE SUMMARY

At its February meeting, the Board of Trustees authorized the State Bar to obtain a loan from Bank of America for up to \$10 million dollars to fund tenant improvements on three floors at the State Bar's 180 Howard Street, San Francisco, headquarters building. The February agenda item is provided as Attachment A. There was an internal inconsistency in that item, with the Executive Summary referencing the fact that the loan would be taxable, while the Resolution, mirrored after that used to authorize the Los Angeles building loan, referenced a tax-exempt financing. The current agenda item clarifies that the Howard Street financing will be taxable, and amends the Board resolution accordingly.

## DISCUSSION

The Howard Street financing is expected to close on March 15, 2016. A review of documents in anticipation of the close of this transaction revealed an inconsistency in the authorizing Board action; the inconsistency was identified after the 10-day period for notice of the agenda for the March 11, 2016, Board of Trustees meeting.

Government Code section 11125.3(a)(2) permits the addition of an item after the 10-day period if the Board finds that immediate action is needed and if notice of the addition is provided as soon as practicable and at least 48 hours before the meeting. Immediate action by the Board is needed to avoid the unnecessary expense and delay of a separate special meeting of the full Board to approve the revised resolution. Notice was provided and posted on the State Bar's Web site on March 8, 2016.

## FISCAL/PERSONNEL IMPACT:

If this resolution is adopted, the State Bar will incur \$10 million of debt in the form of a commercial real estate term loan.

## BOARD BOOK IMPACT:

None.

## **PROPOSED BOARD OF TRUSTEES RESOLUTION (LATE AGENDA ITEM):**

If the Board approves this item, staff recommends that the Board of Trustees adopt the following resolution:

The Board of Trustees hereby adopts the following revised resolution:

WHEREAS, the language of the Board of Trustees resolution approving a loan from Bank of America, N.A. (the "Bank of America") that the Board approved at its February 1, 2016 meeting contained an erroneous reference to tax status; and

WHEREAS, the need to revise the previous resolution due to notice of this reference occurred after the 10-day period for notice of the agenda today's meeting of the Board of Trustees on March 11, 2016;

WHEREAS, Government Code section 11125.3(a)(2) permits the adding of an item after the 10-day period if the Board finds that immediate action is needed and if notice of the addition is provided as soon as practicable and at least 48 hours before the meeting; WHEREAS, notice was provided and posted on the State Bar's Web site on March 8, 2016;

RESOLVED, that the Board of Trustees hereby approves the adding of Item No. 144 to today's agenda of March 11, 2016, on the grounds pursuant to Government Code section 11125.3(a)(2) that there is a need for immediate action in order to avoid the unnecessary expense and delay of a separate special meeting of the full Board to approve the revised resolution.

## **PROPOSED BOARD OF TRUSTEES REVISED RESOLUTION:**

If the Board approves this item, staff recommends that the Board of Trustees adopt the following revised resolution:

The Board of Trustees hereby adopts the following revised resolution:

RESOLVED, the State Bar is authorized to borrow up to \$10,000,000 (the "Loan") from Bank of America, N.A. (the "Bank of America") solely for the purpose of paying costs associated with tenant improvements at 180 Howard Street, and to secure the Loan with a) a Deed of Trust encumbering the State Bar's property located at 180 Howard Street, San Francisco, CA and b) a pledge of State Bar revenue, all as permitted by Section 6001 of the California Business and Professions Code. The Loan will be evidenced by a Term Note; and it is

FURTHER RESOLVED, the Chief Executive Officer Elizabeth Parker and the Chief Operating Officer Leah Wilson are each authorized and directed to negotiate, execute, and deliver the Loan Agreement, Term Note and Deed of Trust, and any ancillary documents required by the Bank or bond counsel to the State Bar (collectively "Loan Documents") for the Loan, including making a decision regarding early call premium options, provided that the principal amount of the Loan may not exceed \$10,000,000; and it is

FURTHER RESOLVED, the Chief Executive Officer and the Chief Operating Officer are authorized and directed, for and in the name and on behalf of the State Bar, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, each may deem necessary or advisable in order to consummate the lawful execution and delivery of the Loan Documents in accordance with, and related to the transactions contemplated by, this Resolution.