Resolution authorizing the issuance and sale of multifamily housing revenue bonds in one or more series in an aggregate principal amount not to exceed $45,000,000 for the purpose of providing financing for the acquisition and rehabilitation of a 100-unit multifamily rental housing project known as "Dorothy Day Community Apartments;" approving the form of and authorizing the execution of a trust indenture providing the terms and conditions of the bonds and authorizing the issuance thereof; approving the form of and authorizing the execution of a loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; 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; 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 acquisition and rehabilitation by Mercy Housing California 75, L.P., a California limited partnership (the "Borrower"), of a 100-unit affordable residential rental development located at 54 McAllister Street, in San Francisco, California, known as "Dorothy Day Community Apartments" (the "Project"), to provide rental housing for senior citizens of low income and very low income through the issuance of one or more multifamily housing revenue bonds (collectively, the "Bonds"); and
WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue revenue bonds 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 (“Health and Safety Code”), as now in effect and as it may from time to time hereafter be amended or supplemented (collectively, the “Act”); and

WHEREAS, The interest on the Bonds 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, The Mayor’s Office of Housing and Community Development (“MOHCD”) held a duly noticed public hearing on April 26, 2017 at which hearing an opportunity was provided for persons to comment on the issuance of the Bonds; and

WHEREAS, This Board, on June 6, 2017, adopted Resolution No. 237-17, approving the issuance and sale of the Bonds solely for the purposes of Section 147(f) of the Code in an amount not to exceed $45,000,000; and

WHEREAS, On December 13, 2017, the California Debt Limit Allocation Committee (“CDLAC”) in its Resolution Number 17-147 allocated $45,000,000 in qualified private activity bonds to the Project; 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 Borrower under the Loan Agreement (hereinafter defined), together with investment income of certain funds and accounts held under the Trust Indenture (hereinafter defined); and

WHEREAS, The City has engaged Norton Rose Fulbright US LLP and Curls Bartling P.C., as co-bond counsel with respect to the Bonds ("Co-Bond Counsel"); and

WHEREAS, the Borrower, as the party ultimately responsible for providing funds to repay the Bonds, has selected California Bank & Trust as the private placement purchaser of the Bonds (the "Bond Purchaser") to be authorized hereby; now, therefore, be it

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

Section 1. Approval of Recitals. 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, the interest on which may be either tax-exempt, taxable or both, and designated as "City and County of San Francisco Multifamily Housing Revenue Bonds (Dorothy Day Community Apartments), Series 2018A" or such other designation as may be necessary or appropriate to distinguish such series from every other series of bonds or notes, in an aggregate principal amount not to exceed $45,000,000, 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 twenty-five (25) 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 or facsimile
signature of the Mayor of the City (the “Mayor”) and as further provided in the Trust Indenture.

Section 3. Approval of Trust Indenture. The Trust Indenture (the “Trust Indenture”),
by and between the City and a trustee to be named therein (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 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 7 hereof.

Section 4. Approval of Loan Agreement. The Loan Agreement (the “Loan
Agreement”) by and between the City and the Borrower 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 7 hereof.

Section 5. 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 Borrower, 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 7 hereof.

Section 6. Issuer Fees. The City, acting through the Mayor’s Office of Housing and
Community Development, 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 sale of the Bonds. The City shall also charge an annual fee for
monitoring the restricted units 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 the MOHCD to charge and collect the fees described in this section.

Section 7. Modifications, Changes, Additions. Any Authorized Representative
executing the Trust Indenture, the Regulatory Agreement, or the Loan 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 such modification
does not authorize an aggregate principal amount of the Bonds in excess of $45,000,000,
provide for a final maturity of the Bonds later than twenty-five (25) 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 8. Ratification. All actions heretofore taken by the officers and agents of the
City with respect to the issuance of the Bonds, as consistent with the City Agreements and
this Resolution, are hereby approved, confirmed and ratified.
Section 9. 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 (including such agreements to provide adequate or additional security or indemnities as required by lenders to consummate the financing) and other documents, including but not limited to those documents described in the City Agreements, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Bonds and to effectuate the purposes thereof and of the City Agreements. 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 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 10. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 180218, 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

By:  
KENNETH D. ROUX
Deputy City Attorney
Resolution authorizing the issuance and sale of multifamily housing revenue bonds in one or more series in an aggregate principal amount not to exceed $45,000,000 for the purpose of providing financing for the acquisition and rehabilitation of a 100-unit multifamily rental housing project known as "Dorothy Day Community Apartments;" approving the form of and authorizing the execution of a trust indenture providing the terms and conditions of the bonds and authorizing the issuance thereof; approving the form of and authorizing the execution of a loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; 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; and related matters, as defined herein.

March 22, 2018 Budget and Finance Sub-Committee - RECOMMENDED

April 03, 2018 Board of Supervisors - ADOPTED

Ayes: 10 - Breed, Cohen, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Stefani and Yee
Absent: 1 - Tang

File No. 180218

I hereby certify that the foregoing Resolution was ADOPTED on 4/3/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mark E. Farrell
Mayor

Date Approved