Resolution authorizing the execution and delivery of a multifamily housing revenue note in a principal amount not to exceed $68,000,000 for the purpose of providing financing for the construction of a 152-unit multifamily rental housing project known as “691 China Basin Apartments;” approving the form of and authorizing the execution of a funding loan agreement providing the terms and conditions of the loan from the funding lender identified therein to the City and the execution and delivery of the note; approving the form of and authorizing the execution of a borrower 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 back-to-back loans, the note and the project, as defined herein; and 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 the financing of a portion of the costs of the construction by Mercy Housing California 78, L.P., a California limited partnership (the “Borrower”), of a 152-unit residential rental housing development, with 7,000 square feet of commercial space, located at 691 China Basin Street, in San Francisco, California 94158, known as “691 China Basin Apartments” (the “Project”), to provide housing for persons and families of low income and very low income through the issuance of a multifamily housing revenue note; and

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Mayor Breed; Supervisor Haney
BOARD OF SUPERVISORS
WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue revenue notes 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 (the “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 such notes may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended, (the “Code”), only if the notes are approved in accordance with Section 147(f) of the Code; and

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

WHEREAS, This Board of Supervisors is the elected legislative body of the City and is the applicable elected representative authorized to approve the issuance of the Note (hereinafter defined) within the meaning of 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 July 16, 2018, at which hearing and opportunity was provided for persons to comment on the execution and delivery of the Note; and

WHEREAS, This Board on July 31, 2018, adopted Resolution No. 288-18 approving the execution and delivery of the Note for the purposes of Section 147(f) of the Code in an amount not to exceed $80,000,000; and

WHEREAS, On December 12, 2018, the California Debt Limit Allocation Committee (CDLAC) in its Resolution Number 18-152 allocated $68,000,000 in qualified private activity obligations to the Project; and

WHEREAS, There has been prepared and presented to the Board for consideration at this meeting the documentation required for the execution and delivery of the Note, and such documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
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 public interest and necessity require that the City at this time make arrangements for the execution and delivery of the Note and related documents; and

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

WHEREAS, The City has engaged Quint & Thimmig LLP and Curls Bartling P.C., as co-special counsel with respect to the Note (“Co-Special Counsel”); and

WHEREAS, Bank of America, N.A. (the “Funding Lender”) has expressed its intention to lend, or to cause an affiliate to lend, to the City the loan contemplated by the Funding Loan Agreement in exchange for the Note 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 Execution and Delivery of Note. In accordance with the Act, the Funding Loan Agreement and the Borrower Loan Agreement, the City is hereby authorized to execute and deliver the Note designated as “City and County of San Francisco Multifamily Housing Revenue Note (691 China Basin Apartments), Series 2019E,” in an aggregate principal amount not to exceed $68,000,000 (referred to in this Resolution as the “Note”), with
an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall
have a final maturity date not later than forty (40) years from the date of execution and
delivery of the Note. The Note shall be in the form set forth in and otherwise in accordance
with the Funding Loan Agreement and shall be executed by the manual or facsimile signature
of the Mayor of the City (the “Mayor”).

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the
“Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file with
the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered
into by and among the City, the Funding Lender and a trust company, a state banking
corporation or a national banking association with the authority to accept trusts in the State of
California, selected by the Director of the Mayor’s Office of Housing and Community
Development (the “Director”) and otherwise meeting the requirements of the Funding Loan
Agreement (the “Fiscal Agent”). Each of the Mayor, the Director, the Housing Development
Director of the Mayor’s Office of Housing and Community Development or any other
Authorized Representative (as such term is defined in the Funding Loan Agreement) of the
City, or a designee thereof, is hereby authorized to execute the Funding Loan Agreement,
approved as to form by the City Attorney of the City (the “City Attorney”), in said form, together
with such additions thereto and changes therein as the City Attorney and Co-Special Counsel
may approve or recommend in accordance with Section 7 hereof.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the
“Borrower Loan Agreement”) by and among the City, the Fiscal Agent 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 of the City, or a designee thereof, is
hereby authorized to execute the Borrower Loan Agreement, approved as to form by the City
Attorney, in said form, together with such additions thereto and changes therein as the City
Attorney and Co-Special 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" and, together with the Funding Loan Agreement and the Borrower Loan Agreement, the “City Documents”), 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 of the City, or a designee thereof, is hereby authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in said form, together with such additions thereto and changes therein as the City Attorney and Co-Special 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 executing and delivering the Note in an amount not to exceed 0.25% of the maximum aggregate principal amount of the Note. Such fee shall be payable at the time of the closing for the Note and payment may be contingent on the execution and delivery of the Note. The City shall also charge an annual fee for monitoring the compliance by the Borrower with certain provisions of the Regulatory Agreement in an amount not to exceed 0.125% of the outstanding aggregate principal amount of the Note, but no less than $2,500 annually, for the term of the Regulatory Agreement. The initial monitoring fee shall be payable at the time of, and contingent upon, the closing for the Note. The Board hereby authorizes MOHCD to charge and collect the fees described in this section.

Section 7. Modifications, Changes, Additions. Any Authorized Representative of the City executing the City Agreements, in consultation with the City Attorney and Co-Special 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 Note in excess of $68,000,000,
provide for a final maturity of the Note more than forty (40) years, or provide for the Note 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 by an Authorized
Representative of the City or a designee thereof.

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

Section 9. General Authority. The proper officers of the City (including the Authorized
Representatives of the City or designee thereof) 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 Documents, which they, or any of them, may deem necessary or advisable in order to
consummate the lawful execution and delivery of the Note and to effectuate the purposes
thereof and of the City Documents. 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. 190289, which is hereby declared to be a part of this Resolution as if set forth fully herein.

Section 11. Effectiveness. This Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: HEIDI J. GEWERTZ
Deputy City Attorney

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Resolution authorizing the execution and delivery of a multifamily housing revenue note in a principal amount not to exceed $68,000,000 for the purpose of providing financing for the construction of a 152-unit multifamily rental housing project known as "691 China Basin Apartments;" approving the form of and authorizing the execution of a funding loan agreement providing the terms and conditions of the loan from the funding lender identified therein to the City and the execution and delivery of the note; approving the form of and authorizing the execution of a borrower 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 back-to-back loans, the note and the project, as defined herein; and granting general authority to City officials to take actions necessary to implement this Resolution, and related matters, as defined herein.

April 03, 2019 Budget and Finance Sub-Committee - RECOMMENDED

April 09, 2019 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/9/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved