File No. 120709 Committee Item No. 1
Board Item No. 34

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Land Use and Economic Development **Date** July 9, 2012

Board of Supervisors Meeting **Date** July 17, 2012

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OTHER **(Use back side if additional space is needed)**

*☒	*☒	Funding Loan Agreement
*☒	*☒	Borrower Loan Agreement
*☒	*☒	Regulatory Agreement and Declaration of Restrictive Covenants
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Completed by: Alisa Miller **Date** July 3, 2012
Completed by: Alisa Miller **Date** July 10, 2012

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Issuance and Delivery - Multifamily Housing Revenue Note - 121 Golden Gate Avenue Senior Community Housing - Not to Exceed $25,370,000]

Resolution: 1) authorizing the issuance and delivery of a multifamily housing revenue note in a principal amount not to exceed $25,370,000 for the purpose of providing financing for the acquisition and construction of a 90-unit multifamily rental housing project known as 121 Golden Gate Avenue Senior Community; 2) approving the form of and authorizing the execution of a Funding Loan Agreement; 3) approving the form of and authorizing the execution of a Borrower Loan Agreement; 4) providing the terms and conditions of the note and authorizing the execution and delivery thereof; 5) approving the form of and authorizing the execution of a Regulatory Agreement and Declaration of Restrictive Covenants; 6) authorizing the collection of certain fees; 7) approving issuance of the note following a public hearing; 8) approving modifications, changes and additions to the documents; 9) granting general authority to City officials to take actions necessary to implement this resolution; and 10) ratifying and approving any action heretofore taken in connection with the note and the project.

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 construction by Mercy Housing California 50, a California limited partnership (the "Borrower"), of a 90-unit residential rental development located at 121 Golden Gate Avenue, San Francisco, California, known as "121 Golden Gate Avenue Senior Community" (the "Project"), to provide housing for persons and families of very low income through the issuance of a multifamily housing revenue note; and

WHEREAS, The City and County of San Francisco (the "City") is authorized to issue revenue obligations to provide financing for multifamily rental housing 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 Note (hereinafter defined) may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"), only if the issuance of the Note is approved in accordance with Section 147(f) of the Code; and,

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

WHEREAS, The Mayor's Office of Housing held a public hearing at 11:00 am on Monday, June 11, 2012, notice of which hearing was published in a newspaper of general circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was provided for persons to comment on the execution and delivery of the Note and the plan of financing for the Project; and

WHEREAS, There has been prepared and presented to the Board for consideration at this meeting the documentation required for the issuance of the Note, 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 sale of the Note; and,

WHEREAS, The City has engaged Sidley Austin LLP and Lofton & Jennings, as co-bond counsel with respect to the Note ("Co-Note Counsel"); and,

WHEREAS, Citibank, N.A., a national banking association has expressed its intention to purchase, or cause an affiliate to purchase, 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 Issuance of Note. In accordance with the Act and the Funding Loan Agreement (hereinafter defined), the City is hereby authorized to issue and deliver a revenue note of the City, which note comprises a Governmental Lender Note under the Funding Loan Agreement, such note to be designated as "City and County of San Francisco, California Multifamily Housing Revenue Note (121 Golden Gate Avenue Senior Community), 2012 Series B," or such other designation as may be necessary or appropriate to distinguish such Note from any other bonds or notes of the City, in an aggregate principal amount not to exceed $25,370,000 (Twenty-Five Million Three Hundred Seventy Thousand Dollars) (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 August 1, 2047. The Note

shall be in the form set forth in and otherwise in accordance with the Funding Loan Agreement (defined below), and shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor") and attested by the manual or facsimile signature of the Clerk of the Board.

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the "Funding Loan Agreement"), by and among the City, Citibank, N.A., as funding lender (the "Funding Lender") and U. S. Bank, National Association, as Fiscal Agent, in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor, the Director of the Mayor's Office of Housing, the Housing Development Director of the Mayor's Office of Housing or any Authorized Governmental Lender Representative (as such term is defined in the Funding Loan Agreement) (collectively, the "Authorized Representatives" and each, an "Authorized Representative) is hereby authorized to execute the Funding Loan Agreement, 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-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the "Borrower 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 Borrower Loan 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-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 5. Approval of Regulatory Agreement and Declaration of Restrictive Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), 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-Note Counsel may approve or recommend in accordance with Section 8 hereof.

Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing, shall charge a fee for the administrative costs associated with issuing the Note in an amount not to exceed 0.25% of the principal amount of the Note. Such fee shall be payable at bond closing and may be contingent on the delivery of the Note. The City shall also charge an annual fee for monitoring the restricted units in an amount not to exceed 0.125% of the outstanding 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 upon delivery of the Note. The Board hereby authorizes the Mayor's Office of Housing to charge and collect the fees described in this section.

Section 7. Approval of Note Following a Public Hearing. This Board hereby approves the execution and delivery of the Note in an amount set forth in Section 2 above. It is the purpose and intent of this Board that this Resolution constitute approval of the execution and delivery of the Note by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located for the purposes of, and in accordance with, Section 147(f) of the Code.

Section 8. Modifications, Changes, Additions. Any Authorized Representative executing the Funding Loan Agreement, the Borrower Loan Agreement or the Regulatory Agreement (collectively, the "City Agreements"), in consultation with the City Attorney and Co-Note 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 a principal amount of the Note in excess of $25,370,000, provide for a final maturity on the Note later than August 1, 2047, 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.

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 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 issuance and delivery of the Note and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

Section 10. Ratification of Prior Actions. All actions heretofore taken by the officers and agents of the City with respect to the issuance and delivery of the Note are hereby approved, confirmed and ratified.

Section 11. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 120709, 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 David Roux
KENNETH DAVID ROUX
Deputy City Attorney

MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

June 15, 2012

Honorable Jane Kim
City and County of San Francisco
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Resolution Authorizing the execution and delivery of a Multifamily Housing Revenue Indebtedness Note for 121 Golden Gate Avenue Senior Housing Community for an amount not to exceed $25,370,000

Dear Supervisor Kim:

The Mayor's Office of Housing (MOH) requests your support in introducing and sponsoring a resolution (attached) at the Board of Supervisors on Tuesday, June 19, 2012, which would authorize the City to enter into qualified mortgage revenue indebtedness for 121 Golden Gate Avenue Senior Housing Community (the "Project"). This is the follow-up legislation to the resolution you sponsored in July 2011 that authorized MOH to apply to the California Debt Limit Allocation Committee for an allocation of qualified mortgage revenue indebtedness. Mercy Housing California has received its HUD Firm Commitment, and is ready to proceed toward bond closing and start of construction. A new TEFRA Hearing was held on June 11, 2012, as referenced in the resolution, since the TEFRA hearing held last year is only valid for a limited time period.

121 Golden Gate Ave Senior Community is being developed by Mercy Housing California, and will provide 90 units of affordable senior housing with 18 units set aside for formerly homeless seniors. The housing will be developed in an air rights parcel above the Saint Anthony Foundation redeveloped dining room and social service space in the basement, first and second floors of the building. All senior households will earn less than 50% of AMI (typically under 20% AMI) and 100% of the units have rent subsidies; 87 of the units will have the HUD Project Rental Assistance Contract rent subsidy and 3 units are planned to have the City's Local

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 http://sf-moh.org/

Operating Subsidy Program (LOSP) rent subsidy. The Department of Public Health will provide services funding for the homeless seniors.

Mercy Housing California received a HUD Section 202 capital grant award in the amount of $12.9 million in 2010, as well as an Affordable Housing Program award from the Federal Home Loan Bank in the amount of $900,000. MOH is providing a permanent loan of $10.9 million, as well as a bridge loan in the amount of $810,000 to cover initial year operating costs prior to the final HUD closing.

The Mayor's Office of Housing has previously issued bonds for rental housing. These financings are conduit financings, which do not require the City to pledge City funds as repayment of the bonds. Rather, the bondholders' only recourse for payment are the project revenues themselves and any credit enhancement provided by lenders. The transaction for 121 Golden Gate Avenue Senior Community involves an alternative structure that requires loan documents rather than bond documents and therefore MOH is requesting approval of a mortgage revenue note. Just as with all of the other multifamily housing mortgage revenue bonds MOH has issued on behalf of its affordable housing projects and programs, this is a conduit, or pass-through, financing mechanism and it is not an obligation of the City to repay the Note from City funds.

We request that the resolution be introduced at the Board on **June 19, 2012**, and are assuming it would be referred to Land Use Committee either June 25 or July 2. We request that the resolution be approved by the Board on **July 17**. We anticipate that bond closing will occur in late July and construction will start in early August 2012.

The attached resolution has been reviewed by Deputy City Attorney Kenneth Roux and is in final form. If you have any questions about the resolution or the project, please contact my staff, Anne Romero at 701-5525, or Joan McNamara at 701-5532. Thank you for your assistance.

Sincerely,

Teresa Yanga
Director of Housing Development

FUNDING LOAN AGREEMENT

Among

CITIBANK, N.A.,
as Funding Lender

and

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender

And

U.S. BANK NATIONAL ASSOCIATION
as Fiscal Agent

Dated as of August 1, 2012

BORROWER LOAN AGREEMENT

Between

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender,

and

MERCY HOUSING CALIFORNIA 50, a California Limited Partnership,
as Borrower

Dated as of August 1, 2012

Relating to:

$_____

Funding Loan originated by CITIBANK, N.A., as Funding Lender

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Citibank, N.A., as funding lender (the "Funding Lender"), under that certain Funding Loan Agreement, of even date herewith, by and among the City and County of San Francisco (the "Governmental Lender"), the Fiscal Agent and the Funding Lender, under which the Funding Lender is originating a loan to the Governmental Lender to fund the Borrower Loan made under this Borrower Loan Agreement.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Sidley Austin LLP
555 California Street, Ste. 2000
San Francisco, CA 94104
Attention: Gisele Rainer

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

MERCY HOUSING CALIFORNIA 50,
a California limited partnership

Dated as of August 1, 2012

Relating to:

City and County of San Francisco
Multifamily Housing Revenue Note
(121 Golden Gate Avenue Senior Community),
2012 Series B

File No. 120709

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	**Members, SF Board of Supervisors**

Contractor Information *(Please print clearly.)*	
Name of contractor: **Mercy Housing California 50, a California Limited Partnership** **Mercy Housing West, managing general partner**	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. (1) and (2) - Please see attached Board of Directors/Officers of the Board and Corporation for Mercy Housing West (3), (4) and (5) - Not applicable	
Contractor address: 1360 Mission Street, Suite 300, San Francisco, CA 94103	
Date that contract was approved:	Amount of contract: Multifamily housing revenue note in a principal amount not to exceed $25,370,000 - City and County of San Francisco Multifamily Housing Revenue Note 2012 B
Describe the nature of the contract that was approved: Series 2012 - Not to exceed $25,370,000 of qualified mortgage revenue indebtedness - Citibank, N.A. as Funding Lender. The Multifamily Housing Revenue Note will provide a loan to Mercy Housing California 50, a California Limited Partnership, with Mercy Housing West, a California nonprofit public benefit corporation, as its general partner, for the construction of a 90 unit multifamily rental housing project knows as 121 Golden Gate Avenue Senior Community in the City and County of San Francisco.	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form (Mayor, Edwin Lee)

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer) — Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) — Date Signed

BOARD OF DIRECTORS
MERCY HOUSING WEST
Year 2012

Member:
Mercy Housing Inc.

CURRENT BOARD & TERM		OFFICERS	MEMBER(S)
1) Sr. Barbara Busch	11-13	*CEO/President*	Rose Marie Jasinski, CBS
2) Yvonne Camacho	11-13	L. Murphy	Rose Ann Aguilar, DC
3) Adrienne Crowe	10-12	*CFO*	Patricia Sullivan, RSM
4) Larry Dale (VCh)	06-12	S. Spears	Pat McDermott, RSM
5) Sr. Diane Hejna	12-14	*Exec. VP/COO*	Eleanor Gilmore, CSJP
6) Brad James (Ch)	05-12	J. Graf	Betty Marie Dunkel, DC
7) Sr RoseMarie Jasinski	09-12	*Sr. VP/CAO*	Joanne Lappetito, RSM
8) Barbara Kelley	10-12	M. Mamet	Diane Hejna, CSJ
9) Mark Korell	12-14	*Sr. VP/CIO*	
10) Sr Pat McDermott	08-14		
		C. Burckhardt	
11) Roger Pastore	04-13	*Sr. Vice President*	
12) Bob Simpson	10-12	J. Gould	
13) Rich Statuto	07-12	*VP/President MHM*	
14) Sr. Linda Werthman	09-14	C. O'Bryan	
15) Leslie Wittmann	08-13	*VP/Corp.Controller*	
16) Barry Zigas	05-13	G. Okonowsky	
		VP	
		C. Breslau	
		L. Coldiron	
		V. Dodds	
		J. Erixon	
		B. Goldsmith	
		C. Heywood	
		C. Holler	
		J. Marcolina	
		B. Rumpf	
		D. Shoemaker	
		C. Shott	
		J. Truax	
		Secretary	
		P.O'Roark	
		Asst Secty	
		S. Griffin	