

1 [Multifamily Housing Revenue Note (Bill Sorro Community) - Not to Exceed \$25,000,000]

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3 **Resolution authorizing the execution, sale, and delivery of a multifamily housing**
4 **revenue note in an aggregate principal amount not to exceed \$25,000,000 for the**
5 **purpose of providing financing for the construction of a 67-unit affordable rental**
6 **housing development known as Bill Sorro Community; approving the form of**
7 **and authorizing the execution of a funding loan agreement and a borrower loan**
8 **agreement; providing the terms and conditions of the note and authorizing the**
9 **execution and delivery thereof; approving the form of and authorizing the**
10 **execution of a regulatory agreement and declaration of restrictive covenants;**
11 **authorizing the collection of certain fees; approving modifications, changes, and**
12 **additions to the documents; granting general authority to City officials to take**
13 **actions necessary to implement this Resolution; and ratifying and approving any**
14 **action heretofore taken in connection with the note and the project, as defined**
15 **herein.**

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17 WHEREAS, The Board of Supervisors of the City and County of San Francisco
18 (the "Board") desires to provide for a portion of the costs of the construction by Mercy
19 Housing California 51, a California Limited Partnership (the "Borrower"), of a 67-unit
20 affordable multifamily and special needs rental housing development located at 1009
21 Howard Street, San Francisco, California, 94103, known as "Bill Sorro Community"
22 (the "Project"), to provide housing for persons and families of very low income and
23 special needs through the execution of a multifamily mortgage revenue note; and

24 WHEREAS, The City and County of San Francisco (the "City") is authorized to
25 issue revenue obligations to provide financing for multifamily rental housing pursuant to

1 the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City
2 and, to the extent applicable, Chapter 7 of Part 5 of Division 31 (commencing with
3 Section 52075) of the Health and Safety Code of the State of California (“Health and
4 Safety Code”), as now in effect and as it may from time to time hereafter be amended
5 or supplemented (collectively, the “Act”); and

6 WHEREAS, The interest on the Note (as herein defined) may qualify for tax
7 exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the
8 “Code”), only if the issuance of the Note is approved in accordance with Section 147(f)
9 of the Code; and

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

13 WHEREAS, The Mayor’s Office of Housing and Community Development held a
14 duly noticed public hearing on March 24, 2014, at which hearing an opportunity was
15 provided for persons to comment on the issuance of the Note and the Project; and

16 WHEREAS, On March 25, 2014, this Board, in Resolution 102-14, approved the
17 issuance of the Note in the amount not to exceed \$35,000,000 for the purposes of
18 Section 147(f) of the Code and authorized the Director of the Mayor’s Office of Housing
19 and Community Development, or his designee, on behalf of the City, to submit an
20 application to the California Debt Limit Allocation Committee (“CDLAC”) along with a
21 deposit in an amount not to exceed \$100,000 in connection with the application; and

22 WHEREAS, On July 16, 2014, CDLAC in its resolution number 14-80 allocated an
23 amount equal to \$25,000,000 in qualified private activity bonds to the Project; and

24 WHEREAS, There has been prepared and presented to the Board for
25 consideration at this meeting the documentation required for the execution and delivery

1 of the Note, and such documentation is on file with the Clerk of the Board of
2 Supervisors (the “Clerk of the Board”); and

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

6 WHEREAS, The Board finds that the public interest and necessity require that the
7 City at this time make arrangements for the execution and delivery of the Note; and

8 WHEREAS, The Note is a limited obligation of the City, the sole source of
9 repayment of which shall be payments made by the Borrower under the Borrower Loan
10 Agreement (hereinafter defined), together with investment income of certain funds and
11 accounts held under the Funding Loan Agreement (as herein defined); and

12 WHEREAS, The City has engaged Squire Patton Boggs (US) LLP and Curlls
13 Bartling P.C., as co-note counsel with respect to the Note (“Co-Note Counsel”); and

14 WHEREAS, MUFG Union Bank, N.A., has expressed its intention to purchase, or
15 cause an affiliate to purchase, the Note authorized hereby; now, therefore be it

16 RESOLVED, By this Board of Supervisors of the City and County of San
17 Francisco as follows:

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

20 Section 2. Approval of Execution and Delivery of Note. In accordance with the
21 Act and the Funding Loan Agreement, the City is hereby authorized to execute and
22 deliver a revenue note of the City, which note comprises a Governmental Lender Note
23 under the Funding Loan Agreement, such note to be designated as “City and County of
24 San Francisco Multifamily Housing Revenue Note, 2014 Series C (Bill Sorro
25 Community),” or such other designation as may be necessary or appropriate to

1 distinguish such note from any other bonds or notes of the City, in an aggregate
2 principal amount not to exceed Twenty-Five Million Dollars (\$25,000,000) (the “Note”),
3 with an interest rate not to exceed twelve percent (12%) per annum for the Note, and
4 which shall have a final maturity date not later than December 1, 2044. The Note shall
5 be in the form set forth in and otherwise in accordance with the Funding Loan
6 Agreement (herein defined), and shall be executed by the manual or facsimile
7 signature of the Mayor of the City (the “Mayor”) and as further provided in the Funding
8 Loan Agreement.

9 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
10 (“Funding Loan Agreement”), by and among the City, MUFG Union Bank, N.A., as
11 funding lender (the “Funding Lender”) and U.S. Bank N.A., as fiscal agent, in the form
12 presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby
13 approved. Each of the Mayor, the Director of the Mayor’s Office of Housing and
14 Community Development, the Housing Development Director of the Mayor’s Office of
15 Housing and Community Development or any Authorized Governmental Lender
16 Representative (as such term is defined in the Funding Loan Agreement) (collectively,
17 “Authorized Representatives” and each, an “Authorized Representative”) is hereby
18 authorized to execute the Funding Loan Agreement, approved as to form by the City
19 Attorney, in substantially said form, together with such additions thereto and changes
20 therein as the City Attorney and Co-Note Counsel may approve or recommend in
21 accordance with Section 8 hereof.

22 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan
23 Agreement (“Borrower Loan Agreement”), by and among the City, the Funding Lender
24 and the Borrower, in the form presented to the Board, a copy of which is on file with the
25 Clerk of the Board, is hereby approved. Each Authorized Representative is hereby

1 authorized to execute the Borrower Loan Agreement, approved as to form by the City
2 Attorney, in substantially said form, together with such additions thereto and changes
3 therein as the City Attorney and Co-Note Counsel may approve or recommend in
4 accordance with Section 8 hereof.

5 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
6 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants
7 (“Regulatory Agreement”), between the City and the Borrower, in the form presented to
8 the Board, a copy of which is on file with the Clerk of the Board, is hereby approved.
9 Each Authorized Representative is hereby authorized to execute the Regulatory
10 Agreement, approved as to form by the City Attorney, in substantially said form,
11 together with such additions thereto and changes therein as the City Attorney and Co-
12 Note Counsel may approve or recommend in accordance with Section 8 hereof.

13 Section 6. Issuer Fees. The City, acting through the Mayor’s Office of Housing
14 and Community Development, shall charge a fee for the administrative costs
15 associated with issuing the Note in an amount not to exceed 0.25% of the aggregate
16 principal amount of the Note. Such fee shall be payable at closing and may be
17 contingent on the delivery of the Note. The City shall also charge an annual fee for
18 monitoring compliance with the provisions of the Regulatory Agreement in an amount
19 not to exceed 0.125% of the outstanding principal amount of the Note, but no less than
20 \$2,500 annually, for the term of the Regulatory Agreement. The initial monitoring fee
21 shall be payable upon delivery of the Note. The Board hereby authorizes the Mayor’s
22 Office of Housing and Community Development to charge and collect the fees
23 described in this section.

24 Section 7. Approval of Note Following a Public Hearing. This Board hereby
25 approves the execution and delivery of the Note in an amount set forth in Section 2

1 above. It is the purpose and intent of this Board that this Resolution constitute
2 approval of the execution and delivery of the Note by the applicable elected
3 representative of the governmental unit having jurisdiction over the area in which the
4 Project is located for the purposes of, and in accordance with, Section 147(f) of the
5 Code.

6 Section 8. Modifications, Changes, Additions. Any Authorized Representative
7 executing the Funding Loan Agreement, the Borrower Loan Agreement or the
8 Regulatory Agreement (collectively, the “City Agreements”), in consultation with the
9 City Attorney and Co-Note Counsel, is hereby authorized to approve and make such
10 modifications, changes or additions to the City Agreements as may be necessary or
11 advisable, provided that such modification does not authorize an aggregate principal
12 amount of the Note in excess of \$25,000,000, provide for a final maturity on the Note
13 later than December 1, 2044, or provide for the Note to bear interest at a rate in excess
14 of twelve percent (12%) per annum. The approval of any modification, addition or
15 change to any of the aforementioned documents shall be evidenced conclusively by
16 the execution and delivery of the document in question.

17 Section 9. General Authority. The proper officers of the City are hereby
18 authorized and directed, for and in the name and on behalf of the City, to do any and

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1 all things and take any and all actions and execute and deliver any and all certificates,
2 agreements and other documents, including but not limited to those documents
3 described in the City Agreements, which they, or any of them, may deem necessary or
4 advisable in order to consummate the lawful execution and delivery of the Note and to
5 effectuate the purposes thereof and of the documents herein approved in accordance
6 with this Resolution, in consultation with the City Attorney, including, without limitation,
7 any such modification and subordination agreement as may be required with respect to
8 the Regulatory Agreement in connection with permanent financing for the Project to be
9 provided by the United States Department of Housing and Urban Development.

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

13 Section 11. File. All documents referenced herein as being on file with the Clerk
14 of the Board are located in File No. 140924, which is hereby declared to be a part of
15 this Resolution as if set forth fully herein.

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17 APPROVED AS TO FORM:

18 DENNIS J. HERRERA

19 City Attorney

20 By: _____

21 Heidi J. Gewertz

22 Deputy City Attorney

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