

1 [Multifamily Housing Revenue Note - 145 Guerrero Street - Francis of Assisi Community - Not
2 to Exceed \$50,000,000]

3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in one or more series in an aggregate principal amount not to exceed \$50,000,000**
5 **for the purpose of providing financing for the acquisition and rehabilitation of a 110-**
6 **unit multifamily rental housing project located at 145 Guerrero Street, known as**
7 **Francis of Assisi Community; approving the form of and authorizing the execution of a**
8 **funding loan agreement providing the terms and conditions of the loan from the**
9 **funding lender to the City, and the execution and delivery of the note; approving the**
10 **form of and authorizing the execution of a borrower loan agreement providing the**
11 **terms and conditions of the loan from the City to the borrower; approving the form of**
12 **and authorizing the execution of a regulatory agreement and declaration of restrictive**
13 **covenants; authorizing the collection of certain fees; approving modifications, changes**
14 **and additions to the documents; ratifying and approving any action heretofore taken in**
15 **connection with the back-to-back loans, the note, and the project, as defined herein;**
16 **granting general authority to City officials to take actions necessary to implement this**
17 **Resolution, as defined herein; and related matters.**

18
19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
20 "Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by
21 Mercy Housing California 69, L.P., a California limited partnership (the "Borrower"), of a 110-
22 unit residential rental development located at 145 Guerrero Street, in San Francisco,
23 California, known as "Francis of Assisi Community" (the "Project"), to provide housing for
24 persons and families of low income and very low income through the issuance of multifamily
25 housing revenue bonds or notes; and

1 WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue
2 revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of
3 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
4 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of
5 California (“Health and Safety Code”), as now in effect and as it may from time to time
6 hereafter be amended or supplemented (collectively, the “Act”); and

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

10 WHEREAS, The Mayor’s Office of Housing and Community Development held a duly
11 noticed public hearing on October 30, 2015 at which hearing an opportunity was provided for
12 persons to comment on the issuance of the Note; and

13 WHEREAS, This Board, on December 1, 2015, adopted Resolution No. 451-15,
14 approving the execution and delivery of the Note solely for the purposes of Section 147(f) of
15 the Code in an amount not to exceed \$50,000,000; and

16 WHEREAS, On May 18, 2016, the California Debt Limit Allocation Committee (CDLAC)
17 in its Resolution Number 16-70 allocated \$50,000,000 in qualified private activity obligations
18 to the Project; and

19 WHEREAS, There has been prepared and presented to the Board for consideration at
20 this meeting the documentation required for the execution and delivery of the Note, and such
21 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
22 and

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

1 WHEREAS, The Board finds that the public interest and necessity require that the City
2 at this time make arrangements for the funding loan, the borrower loan and the execution and
3 delivery of the Note; and

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

8 WHEREAS, The City has engaged Stradling Yocca Carlson & Rauth, a Professional
9 Corporation, and Amira Jackmon Attorney at Law, as co-special counsel with respect to the
10 Note (“Co-Special Counsel”); and

11 WHEREAS, Citibank, N.A. (or an affiliate thereof) (the “Funding Lender”) has
12 expressed its intention to lend the City and County of San Francisco the funding loan in
13 exchange for the Note authorized hereby; now, therefore, be it

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

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

18 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act, the
19 Funding Loan Agreement (hereinafter defined) and the Borrower Loan Agreement (hereinafter
20 defined), the City is hereby authorized to execute and deliver notes in one or more series and
21 subseries, and designated as “City and County of San Francisco Multifamily Housing
22 Revenue Note (Francis of Assisi Community), 2016 Series G,” or such other designation as
23 may be necessary or appropriate to distinguish such series from every other series of bonds
24 or notes, in an aggregate principal amount not to exceed \$50,000,000 (the “Note”), with an
25 interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have

1 a final maturity date not later than forty (40) years from the date of execution and delivery of
2 the Note. The Note shall be in the form set forth in and otherwise in accordance with the
3 Funding Loan Agreement (hereinafter defined) and shall be executed by the manual or
4 facsimile signature of the Mayor of the City (the "Mayor").

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

19 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the
20 "Borrower Loan Agreement") by and among the City, the Fiscal Agent and the Borrower, in
21 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
22 hereby approved. Each Authorized Governmental Lender Representative is hereby
23 authorized to execute the Borrower Loan Agreement in substantially said form, together with
24 such additions thereto and changes therein as the City Attorney and Co-Special Counsel may
25 approve or recommend in accordance with Section 7 hereof.

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

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

20 Section 7. Modifications, Changes, Additions. Any Authorized Governmental Lender
21 Representative executing the City Agreements, in consultation with the City Attorney and Co-
22 Special Counsel, is hereby authorized to approve and make such modifications, changes or
23 additions to the City Agreements as may be necessary or advisable, provided that such
24 modification does not authorize an aggregate principal amount of the Note in excess of
25 \$50,000,000, provide for a final maturity of the Note later than forty (40) years, or provide for

1 the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The approval
2 of any modification, addition or change to any of the aforementioned documents shall be
3 evidenced conclusively by the execution and delivery of the document in question.

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

7 Section 9. General Authority. The proper officers of the City are hereby authorized
8 and directed, for and in the name and on behalf of the City, to do any and all things and take
9 any and all actions and execute and deliver any and all certificates, agreements (including
10 such agreements to provide adequate or additional security or indemnities as required by
11 lenders to consummate the financing) and other documents, including but not limited to those
12 documents described in the City Documents, which they, or any of them, may deem
13 necessary or advisable in order to consummate the lawful execution and delivery of the Note
14 and to effectuate the purposes thereof and of the City Documents. Any such actions are
15 solely intended to further the purposes of this Resolution, and are subject in all respects to the
16 terms of the Resolution. No such actions shall increase the risk to the City or require the City
17 to spend any resources not otherwise granted herein. Final versions of such documents shall
18 be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution
19 by all parties.

20 Section 10. File. All documents referenced herein as being on file with the Clerk of the
21 Board are located in File No. 160896, which is hereby declared to be a part of this

1 Resolution as if set forth fully herein.

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APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

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By: _____
KENNETH DAVID ROUX
Deputy City Attorney
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