

1 [Multifamily Housing Revenue Notes - 691 China Basin Street (“691 China Basin Apartments”)
2 - Not to Exceed \$68,000,000]

3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in a principal amount not to exceed \$68,000,000 for the purpose of providing**
5 **financing for the construction of a 152-unit multifamily rental housing project known as**
6 **“691 China Basin Apartments;” approving the form of and authorizing the execution of**
7 **a funding loan agreement providing the terms and conditions of the loan from the**
8 **funding lender identified therein to the City and the execution and delivery of the note;**
9 **approving the form of and authorizing the execution of a borrower loan agreement**
10 **providing the terms and conditions of the loan from the City to the borrower; approving**
11 **the form of and authorizing the execution of a regulatory agreement and declaration of**
12 **restrictive covenants; authorizing the collection of certain fees; approving**
13 **modifications, changes and additions to the documents; ratifying and approving any**
14 **action heretofore taken in connection with the back-to-back loans, the note and the**
15 **project, as defined herein; and granting general authority to City officials to take**
16 **actions necessary to implement this Resolution, and related matters, as defined herein.**

17
18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 “Board”) desires to provide for the financing of a portion of the costs of the construction by
20 Mercy Housing California 78, L.P., a California limited partnership (the “Borrower”), of a 152-
21 unit residential rental housing development, with 7,000 square feet of commercial space,
22 located at 691 China Basin Street, in San Francisco, California 94158, known as “691 China
23 Basin Apartments” (the “Project”), to provide housing for persons and families of low income
24 and very low income through the issuance of a multifamily housing revenue note; and

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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 (the “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 such notes may qualify for tax exemption under
8 Section 103 of the Internal Revenue Code of 1986, as amended, (the “Code”), only if the
9 notes are approved in accordance with Section 147(f) of the Code; and

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

11 WHEREAS, This Board of Supervisors is the elected legislative body of the City and is
12 the applicable elected representative authorized to approve the issuance of the Note
13 (hereinafter defined) within the meaning of Section 147(f) of the Code; and

14 WHEREAS, The Mayor’s Office of Housing and Community Development (“MOHCD”)
15 held a duly noticed public hearing on July 16, 2018, at which hearing and opportunity was
16 provided for persons to comment on the execution and delivery of the Note; and

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

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

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

1 and

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

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

8 WHEREAS, The Note will be 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 on monies in certain funds
11 and accounts held under the Funding Loan Agreement (hereinafter defined); and

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

14 WHEREAS, Bank of America, N.A. (the “Funding Lender”) has expressed its intention
15 to lend, or to cause an affiliate to lend, to the City the loan contemplated by the Funding Loan
16 Agreement in exchange for the Note authorized hereby; now, therefore, be it

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

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

21 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act, the
22 Funding Loan Agreement and the Borrower Loan Agreement, the City is hereby authorized to
23 execute and deliver the Note designated as “City and County of San Francisco Multifamily
24 Housing Revenue Note (691 China Basin Apartments), Series 2019E,” in an aggregate
25 principal amount not to exceed \$68,000,000 (referred to in this Resolution as the “Note”), with

1 an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall
2 have a final maturity date not later than forty (40) years from the date of execution and
3 delivery of the Note. The Note shall be in the form set forth in and otherwise in accordance
4 with the Funding Loan Agreement and shall be executed by the manual or facsimile signature
5 of the Mayor of the City (the "Mayor").

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

20 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement (the
21 "Borrower Loan Agreement") by and among the City, the Fiscal Agent and the Borrower, in
22 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
23 hereby approved. Each Authorized Representative of the City, or a designee thereof, is
24 hereby authorized to execute the Borrower Loan Agreement, approved as to form by the City
25 Attorney, in said form, together with such additions thereto and changes therein as the City

1 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7
2 hereof.

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

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

23 Section 7. Modifications, Changes, Additions. Any Authorized Representative of the
24 City executing the City Agreements, in consultation with the City Attorney and Co-Special
25 Counsel, is hereby authorized to approve and make such modifications, changes or additions

1 to the City Agreements as may be necessary or advisable, provided that such modification
2 does not authorize an aggregate principal amount of the Note in excess of \$68,000,000,
3 provide for a final maturity of the Note more than forty (40) years, or provide for the Note to
4 bear interest at a rate in excess of twelve percent (12%) per annum. The approval of any
5 modification, addition or change to any of the aforementioned documents shall be evidenced
6 conclusively by the execution and delivery of the document in question by an Authorized
7 Representative of the City or a designee thereof.

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

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

1 Section 10. File. All documents referenced herein as being on file with the Clerk of the
2 Board are located in File No. _____, which is hereby declared to be a part of this
3 Resolution as if set forth fully herein.

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

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7 APPROVED AS TO FORM:
8 DENNIS J. HERRERA
9 City Attorney

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10 By: _____

11 HEIDI J. GEWERTZ
12 Deputy City Attorney
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