

1 [Issuance of Bonds - California Municipal Finance Authority - HealthRIGHT 360 - Not to
2 Exceed \$65,000,000]

3 **Resolution approving in accordance with Internal Revenue Code of 1986, Section**
4 **147(f), as amended, the issuance of revenue bonds or a loan by the California**
5 **Municipal Finance Authority in one or more series pursuant to a plan of financing and**
6 **in an aggregate issue price not to exceed \$65,000,000 (“Bonds”) to refinance all or a**
7 **portion of certain outstanding debt obligations that originally financed and refinanced**
8 **the acquisition, construction, improvement, equipping and furnishing of facilities**
9 **located at 890 Hayes Street, 815 Buena Vista West, 214 Haight Street, 1563 Mission**
10 **Street, 1735 Mission Street, and 154 Coleridge Street within the City and County of San**
11 **Francisco (“City”), owned and managed by HealthRIGHT 360, a California nonprofit**
12 **public benefit corporation, in connection with the provision of residential treatment**
13 **services in the City; finance additional improvements to and equipping and**
14 **maintenance of such facilities; pay capitalized interest on the Bonds; fund a reserve**
15 **fund for the Bonds; and pay certain expenses incurred in connection with the issuance**
16 **of the Bonds.**

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18 WHEREAS, HealthRIGHT 360, a California nonprofit public benefit corporation and an
19 organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the
20 “Borrower”), has requested that the California Municipal Finance Authority (“Authority”)
21 participate in the issuance of one or more series of revenue bonds in an aggregate principal
22 amount not to exceed \$65,000,000 (“Bonds”), of which approximately \$50,600,000 will be
23 allocable to projects located in the City and the remaining amount will be allocable to projects
24 in other cities; and

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1 WHEREAS, Proceeds of the Bonds will be applied to projects in the City as follows:

2 (a) not more than \$2,300,000 to refund the outstanding California Statewide
3 Communities Development Authority Insured Refunding Revenue Bonds (Walden
4 House, Inc.), 2004 Series A, issued to make a loan to Walden House, Inc., a
5 predecessor of the Borrower (“Walden House”), to refund bonds issued by the
6 California Health Facilities Financing Authority in 1992 issued to (i) finance the
7 acquisition of the real property (and improvements thereon) housing Walden House’s
8 100-bed adult residential treatment facility located at 890 Hayes Street, San Francisco,
9 California (the “Hayes Street Facility”), which Walden House previously leased; (ii)
10 finance various capital improvements to the Hayes Street Facility, Walden House’s
11 adult residential treatment facility located at 815 Buena Vista West, San Francisco,
12 California, and its adolescent residential facility located at 214 Haight Street, San
13 Francisco, California; (iii) reimburse Walden House for certain expenditures previously
14 made in connection with various capital improvement projects at Walden House’s
15 various facilities; and (iv) refinance certain existing indebtedness of Walden House,

16 (b) not more than \$29,700,000 to provide for the prepayment of a loan from
17 Bank of America, N.A. in 2016 to the Borrower, to finance a portion of the costs of the
18 acquisition and renovation of its headquarters building located at 1563 Mission Street
19 in San Francisco (“1563 Mission”),

20 (c) not more than \$7,600,000 to provide for the prepayment of a loan from Bank
21 of America, N.A. to the Borrower entered into in 2011, to finance a portion of the costs
22 of the acquisition and renovation of 1563 Mission, and for capital expenditures that
23 included elevator work, fire sprinkler work, and hot water boiler replacement to enable
24 the continued provision of services located at 890 Hayes Street, 815 Buena Vista West
25 Avenue, 1735 Mission Street, 154 Coleridge Street, and 214 Haight Street in San

1 Francisco, California, and

2 (d) not more than \$8,800,000 to provide for the prepayment of a loan from the
3 Nonprofit Finance Fund in 2016 to the Borrower, to finance a portion of the costs of the
4 acquisition and renovation of 1563 Mission, and

5 (e) not more than \$2,200,000 to finance renovations and equipment to facilities
6 providing residential substance use disorder treatment or outpatient services located at
7 890 Hayes Street, 214 Haight Street, 1563 Mission Street, 815 Buena Vista Avenue
8 West, 152 Coleridge and 1735 Mission Street in San Francisco. All or a portion of such
9 amount may be used on an individual facility and all or a portion of such amount may
10 be used in another city and none at all in the City,

11 (collectively the "Project") all leased, owned or to be owned and operated by the
12 Borrower in connection with the Borrower's provision of residential treatment services; and

13 WHEREAS, The issuance of the Bonds shall be subject to the approval of and
14 execution by the Authority of all financing documents relating thereto to which the Authority is
15 a party; and

16 WHEREAS, The issuance of the Bonds shall be subject to the approval of and
17 execution by the Authority of all financing documents relating thereto to which the Authority is
18 a party; and

19 WHEREAS, Interest on the Bonds may qualify for tax exemption under Section 103 of
20 the Internal Revenue Code of 1986, as amended ("Code") only if the Bonds are approved by
21 an "applicable elected representative" of the City in accordance with Section 147(f) of the
22 Code; and

23 WHEREAS, The Board of Supervisors of the City ("Board") is the elected legislative
24 body of the City and is therefore an "applicable elected representative" required to approve
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1 the Bonds within the meaning of Code, Section 147(f) and is the “governing body” of the City
2 required to approve the Bonds in accordance with Section 4 of the Agreement; and

3 WHEREAS, The Authority has requested the Board to approve the issuance of the
4 Bonds by the Authority for the purposes of financing the Project in order to satisfy the public
5 approval requirements of Code, Section 147(f) as applicable to the Bonds and the
6 requirements of Section 4 of the Agreement; and

7 WHEREAS, On September 6, 2019, the City caused a notice to appear in the *San*
8 *Francisco Examiner*, which is a newspaper of general circulation in the City, stating that a
9 public hearing with respect to the issuance of the Bonds would be held by the City’s Office of
10 Public Finance on September 16, 2019; and

11 WHEREAS, The Office of Public Finance held the public hearing described above on
12 September 16, 2019, and an opportunity was provided for persons to comment on the
13 issuance and sale of the Bonds in one or more series and the plan of financing of the Project,
14 and the Office of Public Finance has forwarded any comments received by such date to this
15 Board; and

16 WHEREAS, The Bonds will be limited obligations of the Authority, payable solely from
17 and secured solely by amounts received from or on behalf of the Borrower, and will not
18 constitute an indebtedness or obligation, or a pledge of the faith and credit of, the City or the
19 Authority, and the City shall have no obligation to advance any funds to ensure that the Bonds
20 are paid, and

21 WHEREAS, It is intended that this resolution shall constitute the approval of the
22 issuance of the Bonds issued as tax-exempt obligations required by Code Section 147(f) and
23 the approval of the Bonds and the Project required by Section 4 of the Agreement; and

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1 WHEREAS, The Controller’s Director of Public Finance (“Director”) recommends
2 approval of the issuance of the Bonds pursuant to Chapter 43, Article 9, Section 5 of the
3 Administrative Code; now, therefore, be it

4 RESOLVED, That this Board hereby finds and declares the above recitals are true and
5 correct; and, be it

6 FURTHER RESOLVED, That this Board hereby approves the issuance of the Bonds
7 by the Authority for the purpose of financing the Project; and, be it

8 FURTHER RESOLVED, That it is the purpose and intent of this Board that this
9 Resolution constitute approval of the issuance of the Bonds by the Authority in one or more
10 series and of the plan of financing of the Project, as the applicable elected representative of
11 the governmental unit having jurisdiction over the area in which the Project is located, for
12 purposes of and in accordance with (a) Code, Section 147(f) as applicable to the Bonds
13 issued as tax-exempt obligations and (b) Section 4 of the Agreement; and, be it

14 FURTHER RESOLVED, That the approval by the City of the issuance of the Bonds by
15 the Authority is neither an approval of the underlying credit of the Borrower or of the proposed
16 Project nor an approval of the financial structure of the Bonds; and neither the City, nor any
17 department thereof, shall have any responsibility or liability whatsoever with respect to the
18 Bonds or the Project; and, be it

19 FURTHER RESOLVED, That the Bonds shall not constitute a debt or obligation in any
20 respect of the City, and the faith and credit of the City is not pledged to the repayment of the
21 Bonds, and the payment of the principal, prepayment premium, if any, and interest on the
22 Bonds shall be solely the responsibility of the Borrower; and, be it

23 FURTHER RESOLVED, That the adoption of this Resolution shall not obligate the City
24 or any department of the City to (i) provide financing to the Borrower for the repayment of the
25 Loan or to issue the Bonds for purposes of such financing; (ii) make any contribution or

1 advance any funds to the Authority; or (iii) approve any application or request for, or take any
2 other action in connection with, any environmental, General Plan, zoning or any other permit
3 or other regulatory action sought in connection with the Project; and, be it

4 FURTHER RESOLVED, That the Controller and the Director and any other proper
5 officers of the City are hereby authorized and directed to execute such other agreements,
6 documents and certificates, and to perform such other acts as may be necessary or advisable
7 to effect the purposes of this Resolution; and, be it

8 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its
9 adoption.

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11 APPROVED AS TO FORM

12 DENNIS J. HERRERA

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14 By _____
15 Mark D. Blake
16 Deputy City Attorney

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