

1 [Multifamily Housing Revenue Bonds - 54 McAllister Street ("Dorothy Day Community
2 Apartments") - Not to Exceed \$45,000,000]

3 **Resolution authorizing the issuance and sale of multifamily housing revenue bonds in**
4 **one or more series in an aggregate principal amount not to exceed \$45,000,000 for the**
5 **purpose of providing financing for the acquisition and rehabilitation of a 100-unit**
6 **multifamily rental housing project known as "Dorothy Day Community Apartments;"**
7 **approving the form of and authorizing the execution of a trust indenture providing the**
8 **terms and conditions of the bonds and authorizing the issuance thereof; approving the**
9 **form of and authorizing the execution of a loan agreement providing the terms and**
10 **conditions of the loan from the City to the borrower; approving the form of and**
11 **authorizing the execution of a regulatory agreement and declaration of restrictive**
12 **covenants; authorizing the collection of certain fees; approving modifications, changes**
13 **and additions to the documents; ratifying and approving any action heretofore taken in**
14 **connection with the bonds and the Project, as defined herein; granting general**
15 **authority to City officials to take actions necessary to implement this Resolution; and**
16 **related matters, as defined herein.**

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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 75, L.P., a California limited partnership (the "Borrower"), of a 100-
22 unit affordable residential rental development located at 54 McAllister Street, in San
23 Francisco, California, known as "Dorothy Day Community Apartments" (the "Project"), to
24 provide rental housing for senior citizens of low income and very low income through the
25 issuance of one or more multifamily housing revenue bonds (collectively, the "Bonds"); and

1 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue
2 revenue bonds 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 Bonds may qualify for tax exemption under
8 Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), only if the
9 Bonds are approved in accordance with Section 147(f) of the Code; and

10 WHEREAS, The Mayor's Office of Housing and Community Development ("MOHCD")
11 held a duly noticed public hearing on April 26, 2017 at which hearing an opportunity was
12 provided for persons to comment on the issuance of the Bonds; and

13 WHEREAS, This Board, on June 6, 2017, adopted Resolution No. 237-17, approving
14 the issuance and sale of the Bonds solely for the purposes of Section 147(f) of the Code in an
15 amount not to exceed \$45,000,000; and

16 WHEREAS, On December 13, 2017, the California Debt Limit Allocation Committee
17 ("CDLAC") in its Resolution Number 17-147 allocated \$45,000,000 in qualified private activity
18 bonds 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 issuance and sale of the Bonds, 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 issuance and sale of the Bonds; and

3 WHEREAS, The Bonds will be limited obligations of the City, the sole source of
4 repayment of which shall be payments made by the Borrower under the Loan Agreement
5 (hereinafter defined), together with investment income of certain funds and accounts held
6 under the Trust Indenture (hereinafter defined); and

7 WHEREAS, The City has engaged Norton Rose Fulbright US LLP and Curls Bartling
8 P.C., as co-bond counsel with respect to the Bonds ("Co-Bond Counsel"); and

9 WHEREAS, the Borrower, as the party ultimately responsible for providing funds to
10 repay the Bonds, has selected California Bank & Trust as the private placement purchaser of
11 the Bonds (the "Bond Purchaser") to be authorized hereby; now, therefore, be it

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

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

16 Section 2. Approval of Issuance of the Bonds. In accordance with the Act and the
17 Trust Indenture (hereinafter defined), the City is hereby authorized to issue the Bonds, such
18 Bonds to be issued in one or more series and/or subseries, the interest on which may be
19 either tax-exempt, taxable or both, and designated as "City and County of San Francisco
20 Multifamily Housing Revenue Bonds (Dorothy Day Community Apartments), Series 2018A" or
21 such other designation as may be necessary or appropriate to distinguish such series from
22 every other series of bonds or notes, in an aggregate principal amount not to exceed
23 \$45,000,000, with an interest rate not to exceed twelve percent (12%) per annum for the
24 Bonds, and which shall have a final maturity date not later than twenty-five (25) years from the
25 date of issuance. The Bonds shall be in substantially the form set forth in and otherwise in

1 accordance with the Trust Indenture, and shall be executed by the manual or facsimile
2 signature of the Mayor of the City (the "Mayor") and as further provided in the Trust Indenture.

3 Section 3. Approval of Trust Indenture. The Trust Indenture (the "Trust Indenture"),
4 by and between the City and a trustee to be named therein (the "Trustee"), 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. The Mayor, the Director of the Mayor's Office of Housing and Community
7 Development (the "Director") or any Authorized Representative (as such term is defined in the
8 Trust Indenture) is hereby authorized to execute the Trust Indenture (collectively, "Authorized
9 Representatives" and each, an "Authorized Representative"), approved as to form by the City
10 Attorney of the City (the "City Attorney"), in substantially said form, together with such
11 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
12 approve or recommend in accordance with Section 7 hereof.

13 Section 4. Approval of Loan Agreement. The Loan Agreement (the "Loan
14 Agreement") by and between the City and the Borrower in the form presented to the Board, a
15 copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized
16 Representative is hereby authorized to execute the Loan Agreement in substantially said
17 form, together with such additions thereto and changes therein as the City Attorney and Co-
18 Bond Counsel may approve or recommend in accordance with Section 7 hereof.

19 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
20 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
21 "Regulatory Agreement") by and between the City and the Borrower, in the form presented to
22 the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each
23 Authorized Representative is hereby authorized to execute the Regulatory Agreement,
24 approved as to form by the City Attorney, in substantially said form, together with such
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1 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
2 approve or recommend in accordance with Section 7 hereof.

3 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
4 Community Development, shall charge a fee for the administrative costs associated with
5 issuing the Bonds in an amount not to exceed 0.25% of the maximum aggregate principal
6 amount of the Bonds. Such fee shall be payable at the Bond closing and may be contingent
7 on the issuance and sale of the Bonds. The City shall also charge an annual fee for
8 monitoring the restricted units in an amount not to exceed 0.125% of the outstanding
9 aggregate principal amount of the Bonds, but no less than \$2,500 annually, for the term of the
10 Regulatory Agreement. The initial monitoring fee shall be payable at Bond closing. The
11 Board hereby authorizes the MOHCD to charge and collect the fees described in this section.

12 Section 7. Modifications, Changes, Additions. Any Authorized Representative
13 executing the Trust Indenture, the Regulatory Agreement, or the Loan Agreement,
14 (collectively, the "City Agreements"), in consultation with the City Attorney and Co-Bond
15 Counsel, is hereby authorized to approve and make such modifications, changes or additions
16 to the City Agreements as may be necessary or advisable, provided that such modification
17 does not authorize an aggregate principal amount of the Bonds in excess of \$45,000,000,
18 provide for a final maturity of the Bonds later than twenty-five (25) years from the date of
19 issuance thereof, or provide for the Bonds to bear interest at a rate in excess of twelve
20 percent (12%) per annum. The approval of any modification, addition or change to any of the
21 aforementioned documents shall be evidenced conclusively by the execution and delivery of
22 the document in question.

23 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
24 City with respect to the issuance of the Bonds, as consistent with the City Agreements and
25 this Resolution, are hereby approved, confirmed and ratified.

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

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

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18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA
20 City Attorney

21 By: _____
22 KENNETH D. ROUX
23 Deputy City Attorney

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