

RESOLUTION NO. _____

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA,
SITTING AS THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY
OF THE COUNTY OF SAN MATEO**

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RESOLUTION (A) AUTHORIZING HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO (“HACSM”) TO TRANSFER AND REALLOCATE MIDWAY VILLAGE PROJECT RESERVE FUNDS FROM THE AFFORDABLE HOUSING AND PROPERTY DISPOSITION AGREEMENT FOR THE FIRST PHASE OF THE MIDWAY/BAYSHORE REDEVELOPMENT PROJECT (“PHASE 1 AHPDA”), IN AN AMOUNT UP TO TWELVE MILLION DOLLARS (\$12,000,000), TO THE SECOND PHASE OF THE MIDWAY/BAYSHORE REDEVELOPMENT PROJECT (“PHASE 2”); AND (B) AUTHORIZING THE EXECUTIVE DIRECTOR OF HACSM, OR DESIGNEE(S), ACTING IN CONSULTATION WITH COUNTY COUNSEL, TO NEGOTIATE AND EXECUTE, ON BEHALF OF HACSM, A PREDEVELOPMENT LOAN AGREEMENT WITH MP MIDWAY ASSOCIATES 2, L.P., OR A WHOLLY/COMMONLY-OWNED AND/OR CONTROLLED ENTITY OF MIDPEN HOUSING CORPORATION (“MIDPEN”) IN A TOTAL AMOUNT NOT TO EXCEED TWELVE MILLION DOLLARS (\$12,000,000) IN MIDWAY VILLAGE PROJECT RESERVE FUNDS FOR PHASE 2, AND ANY AND ALL DOCUMENTS NECESSARY TO IMPLEMENT THE SAME, PROVIDED THAT TO THE EXTENT THE FUNDS TO BE LOANED EXCEED SEVEN MILLION FIVE HUNDRED NINETY THOUSAND SEVEN HUNDRED SEVENTEEN DOLLARS AND FORTY CENTS (\$7,590,717.40), THEN ANY SUCH EXCESS AMOUNT SHALL BE REPAID AT THE CLOSE OF ESCROW AND CLOSE OF FINANCING UNDER THE PHASE 1 AHPDA

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, sitting as the Board of Commissioners of the Housing Authority of the County of San Mateo (“HACSM”), that

WHEREAS, Midway Village is a 150-unit affordable rental housing complex developed by HACSM on property located in the Bayshore neighborhood of Daly City; and

WHEREAS, HACSM owns the land upon which Midway Village is currently situated, and SAMCHAI, a California public benefit corporation, owns the improvements on the Midway Village site; and

WHEREAS, on June 29, 2017, HACSM released a Request for Proposals (“RFP”) seeking experienced and qualified developers interested in redeveloping, owning, operating and managing affordable housing, what is now referred to as the Midway /Bayshore Redevelopment Project (the “Project”) at Project site and MidPen Housing Corporation (“MidPen”) was selected through this RFP process; and

WHEREAS, on January 23, 2018, the Board of Supervisors sitting as the Board of Commissioners of HACSM (“Governing Board”) authorized the Executive Director of HACSM to enter into an Exclusive Negotiating Rights Agreement (“ENA”) with MidPen to establish terms including the early predevelopment milestones to be achieved prior to execution of a disposition/development agreement, the use of certain Midway Village reserves to facilitate achieving these milestones, and the roles and responsibilities of the parties; and

WHEREAS, on March 21, 2018, HACSM and MidPen executed the ENA; and

WHEREAS, on April 10, 2018, the Governing Board authorized the Executive Director of HACSM to enter into a predevelopment loan agreement with MidPen in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) in Midway Village project reserve funds (“Master Predevelopment Loan”) in order for MidPen to complete various tasks outlined in the ENA (Resolution No. 075825); and

WHEREAS, on June 26, 2018, HACSM and MidPen executed a predevelopment loan agreement for the Master Predevelopment Loan (“Master Predevelopment Loan Agreement”); and

WHEREAS, on January 7, 2020, the Governing Board authorized the Executive Director of HACSM to enter into a predevelopment loan agreement with MidPen in an amount not to exceed One Million Four Hundred Nine Thousand Seven Hundred Ninety-Five Dollars (\$1,409,795) in Midway Village project reserve funds (“Phase 1 Predevelopment Loan”) in order for MidPen to complete tasks associated with the first phase of Project (Resolution No. 077165); and

WHEREAS, MidPen and HACSM contemplate a total of four phases of development for the Project; and

WHEREAS, on January 30, 2020, HACSM and MidPen executed a predevelopment loan agreement for the Phase 1 Predevelopment Loan (“Phase 1 Predevelopment Loan Agreement”); and

WHEREAS, on September 15, 2020, the Governing Board authorized the Executive Director of HACSM to enter into an Affordable Housing and Property Disposition Agreement (“AHPDA”) for the first phase of the Project (“Phase 1 AHPDA”) with MP Midway Associates I, L.P., a limited partnership established by MidPen (the “Partnership”) which provides for, among other things, (1) HACSM to loan up to \$12,000,000 in Midway Village project reserves to the Partnership, secured by a deed of trust, (2) HACSM to ground lease to the Partnership a portion of Midway Village and a portion of the David R. Rowe Park (the “Park”) property, a neighborhood park located adjacent to Midway Village (“Phase 1 Property”), and (3) the Partnership to develop and

operate thereon a rental affordable housing development containing one hundred forty-seven (147) rental dwelling units, with all but two (2) of such units restricted for rental to and occupancy by income-restricted households at restricted rents (“Phase 1 of the Project”) (Resolution No. 077672); and

WHEREAS, on September 15, 2020, HACSM and MidPen executed the Phase 1 AHPDA; and

WHEREAS, on September 21, 2020, the City transferred fee title to the Park to HACSM (Resolution No. 077672); and

WHEREAS, on October 31, 2020, the Executive Director of HACSM executed the first amendment to the Master Predevelopment Loan Agreement, which added Two Hundred Thousand Dollars (\$200,000) in Midway Village project reserves to the Master Predevelopment Loan for a new total Master Predevelopment Loan amount not to exceed One Million Seven Hundred Thousand Dollars (\$1,700,000) (“First Amendment to the Master Predevelopment Loan Agreement”) to facilitate the completion of environmental reviews required for the Project; and

WHEREAS, also, on October 31, 2020, the Executive Director of HACSM executed an amended and restated Phase 1 Predevelopment Loan Agreement which replaced the Phase 1 Predevelopment Loan Agreement in its entirety and added One Million Three Hundred Thousand Dollars (\$1,300,000) in Midway Village project reserves to the Phase 1 Predevelopment Loan, for a new total Phase 1 Predevelopment Loan amount not to exceed Two Million Seven Hundred Nine Thousand Seven Hundred Ninety-Five Dollars (\$2,709,795) (Amended and Restated Phase 1 Predevelopment Loan Agreement); and

WHEREAS, Phase 1 AHPDA loan amount of up to \$12,000,000 in Midway Village project reserves is inclusive of (i) the Master Predevelopment Loan amount (i.e. \$1,700,000), and (ii) the Phase 1 Predevelopment Loan (i.e. \$2,709,795); and

WHEREAS, as of May 18, 2021, MidPen has spent the entire Phase 1 Predevelopment Loan and One Million Six Hundred Ninety-Nine Thousand Four Hundred Eighty-Seven and Sixty Cents (\$1,699,487.60) of the Master Predevelopment Loan; and

WHEREAS, \$12,000,000 less the Phase 1 Predevelopment Loan and One Million Six Hundred Ninety-Nine Thousand Four Hundred Eighty-Seven Dollars and Sixty Cents (\$1,699,487.60) of the Master Predevelopment Loan is Seven Million Five Hundred Ninety Thousand Seven Hundred Seventeen Dollars and Forty Cents (\$7,590,717.40) (“Undisbursed Midway Village Project Reserves”) and remains available for expenditure pursuant to the Phase 1 AHPDA; and

WHEREAS, Phase 1 of the Project includes a large parking garage (“Garage”) that, once constructed, will serve households residing in the units that will be built in Phase 1 of the Project, as well as households residing in the units that will be built in the second phase of the Project (“Phase 2” of the Project); and

WHEREAS, Garage must be built during the construction of Phase 1 of the Project because the units that will be built in Phase 1 of the Project wrap around, and be attached to the Garage; and

WHEREAS, Phase 1 of the Project is scheduled to begin construction in June 2021; and

WHEREAS, funding for the Garage must be provided by loans to the Partnership for the purposes of constructing Phase 1 of the Project, as well to MP Midway Associates 2, L.P., a limited partnership established by MidPen (the “Phase 2 Partnership”) for the purposes of constructing Phase 2 of the Project and the Phase 2 Partnership has not procured funding sources for Phase 2 of the Project because Phase 2 of the Project is not scheduled to begin construction until 2025; and

WHEREAS, to facilitate the construction of Phase 1 Project, HACSM staff recommend transferring and reallocating funds committed to Phase 1 of the Project pursuant to the Phase 1 AHPDA, in an amount not to exceed Twelve Million Dollars (\$12,000,000) in Midway Village P\project reserve funds, towards Phase 2 of the Project and authorizing the Executive Director of HACSM, or designee(s), to negotiate and execute a predevelopment loan agreement with Phase 2 Partnership in an amount not to exceed Twelve Million Dollars (\$12,000,000) (“Phase 2 Predevelopment Loan Agreement”), to be used to pay for approximately half of the costs associated with the construction of the Garage (“Phase 2 Garage Portion”); and

WHEREAS, as of May 18, 2021, MidPen contemplates that the Phase 2 Garage Portion will be approximately Seven Million Three Hundred Thousand Dollars (\$7,300,000); and

WHEREAS, should the Phase 2 Garage Portion exceed the Undisbursed Midway Village Project Reserves, HACSM staff recommend that at the close of escrow and close of financing under the Phase 1 AHPDA, the Partnership repay to HACSM any such excess amounts.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that HACSM is hereby authorized to transfer and reallocate Midway Village project reserve funds from the Affordable Housing and Property Disposition Agreement for the first phase of the Midway/Bayshore Redevelopment project (“Phase 1 AHPDA”), in an amount up to Twelve Million Dollars (\$12,000,000), to the second phase of the Midway/Bayshore Redevelopment project (“Phase 2”).

BE IT FURTHER RESOLVED THAT , the Executive Director of HACSM, or designee(s), in consultation with County Counsel is hereby authorized to negotiate and execute, on behalf of HACSM, a predevelopment loan agreement with MP Midway Associates 2, L.P., or a wholly/commonly-owned and/or controlled entity of MidPen in a total amount not to exceed Twelve Million Dollars (\$12,000,000) in Midway Village project reserve funds for Phase 2, and any and all documents necessary to implement the same, provided that to the extent the funds to be loaned exceed Seven Million Five Hundred Ninety Thousand Seven Hundred Seventeen Dollars and Forty Cents (\$7,590,717.40), then any such excess amount shall be repaid at the close of escrow and close of financing under the Phase 1 AHPDA.

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