Resolution authorizing the issuance and delivery of tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $71,076,486 and of taxable multifamily housing revenue bonds in an aggregate principal amount not to exceed $18,923,514 for the purpose of providing financing for the construction of a 221-unit, affordable multifamily residential rental housing project located at 600-7th Street within the City, for a total amount not to exceed $90,000,000; approving the form of and authorizing the execution of a trust indenture providing terms and conditions of the bonds; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; approving the form of and authorizing the execution of a loan agreement; authorizing the collection of certain fees, as defined herein; ratifying and approving any action heretofore taken in connection with the bonds and the project, as defined herein; granting general authority to City officials to take actions necessary to implement this Resolution, as defined herein; and related matters, as defined herein.

WHEREAS, The Board of Supervisors of the City and County of San Francisco (the “Board”) desires to provide for a portion of the costs of the construction by Mercy Housing California 97, L.P., a California limited partnership (the “Borrower”), of a 221-unit (including one manager’s unit), mixed use, residential rental housing development located at 600-7th Street, San Francisco, California, (the “Project”), to provide housing for persons and families of low and very low income through the issuance of multifamily housing revenue bonds; and

WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of

Mayor Breed; Supervisors Safai, Ronen, Dorsey
BOARD OF SUPERVISORS
the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of
California ("Health and Safety Code"), as now in effect and as it may from time to time
hereafter be amended or supplemented (collectively, the "Act"); and

WHEREAS, Any Bonds (hereinafter defined) to be issued to finance the Project will be
limited obligations of the City, the sole source of repayment for which shall be payments made
by the Borrower or collateral security pledged by or for the Borrower, together with investment
income on certain funds and accounts; and

WHEREAS, The interest on the Tax-Exempt Bonds (hereinafter defined) may qualify
for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended, (the
"Code"), only if the Tax-Exempt Bonds are approved in accordance with Section 147(f) of the
Code; and

WHEREAS, This Board is the elected legislative body of the City and is the applicable
elected representative required to approve the issuance of the Bonds within the meaning of
Section 147(f) of the Code; and

WHEREAS, On November 24, 2020, the City published a notice on the City’s website
regarding its intent to hold a public hearing with respect to the issuance of multifamily housing
revenue bonds in an amount not to exceed $90,000,000 to finance the Project, and said
hearing was held on December 7, 2020, by the Mayor’s Office of Housing and Community
Development and an opportunity was provided for persons to comment on the issuance of the
Bonds and the financing of the Project; and

WHEREAS, Thereafter, on July 27, 2021, pursuant to Resolution No. 372-21, this
Board approved the issuance of multifamily housing revenue bonds, in an amount not to
exceed $90,000,000, for the purposes of Section 147(f) of the Code, declared its intent to
issue multifamily housing revenue bonds and authorized officers of the City to submit an
application and related documents to the California Debt Limit Allocation Committee
("CDLAC") and take other actions in connection with the proposed financing of the Project;
and
WHEREAS, On December 8, 2021, CDLAC, in its Resolution No. 21-288, allocated
$71,076,486 in qualified private activity bond volume cap to the Project; and
WHEREAS, There has been prepared and presented to this Board for consideration at
this meeting the documentation required for the issuance of the Tax-Exempt Bonds (as
defined herein) and the Taxable Bonds (as defined herein, and together with the Tax-Exempt
Bonds, the "Bonds"), and such documentation is on file with the Clerk of the Board of
Supervisors (the "Clerk of the Board"); and
WHEREAS, It appears that each of the documents which is now before this Board is
substantially in appropriate form and is an appropriate instrument to be executed and
delivered for the purposes intended; and
WHEREAS, This Board finds that public interest and necessity require that the City at
this time make arrangements for the sale of the Bonds; and
WHEREAS, The City has engaged Squire Patton Boggs (US) LLP, and The Law Office
of Monica M. Baranovsky, as co-bond counsel with respect to the Bonds ("Co-Bond
Counsel"); and
WHEREAS, JPMorgan Chase Bank, N.A. has expressed its intention to purchase, or
cause an affiliate to purchase, the Bonds authorized hereby; now, therefore, be it
RESOLVED, By this Board of Supervisors of the City and County of San Francisco as
follows:
Section 1. Approval of Recitals. This Board hereby finds and declares that the above
recitals are true and correct.
Section 2. **Approval of Issuance of Bonds.** In accordance with the Act and the Indenture (hereinafter defined), the City is hereby authorized to issue and deliver (i) tax-exempt multifamily housing revenue bonds (the "Tax-Exempt Bonds") designated as "City and County of San Francisco, California Multifamily Housing Revenue Bonds (600-7th Street Apartments) Series 2022B-1," in an aggregate principal amount not to exceed $71,076,486, and (ii) taxable multifamily housing revenue bonds (the Taxable Bonds") designated as "City and County of San Francisco, California Taxable Multifamily Housing Revenue Bonds (600-7th Street Apartments) Series 2022B-2" in an aggregate principal amount not to exceed $18,923,514; each with such additional or other designation as may be necessary or appropriate to distinguish such series from every other series of bonds of the City, with an interest rate not to exceed twelve percent (12%) per annum, and each with a final maturity date not later than forty-five (45) years from the date of issuance of the Bonds. The Bonds shall be in the form set forth in and otherwise in accordance with the Indenture, and shall be executed by the manual signature of the Mayor of the City (the "Mayor") and as further provided in the Indenture.

Section 3. **Indenture.** The Trust Indenture (the "Indenture"), by and between the City and a trustee, to be determined after the adoption of this Resolution (the "Trustee"), in the form presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor, the Director of the Mayor's Office of Housing and Community Development or any other Authorized City Representative (as such term is defined in the Indenture) of the City (collectively, the "Authorized Officers") is hereby authorized to execute the Indenture in said form, together with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with Section 7 hereof.
Section 4. **Regulatory Agreement and Declaration of Restrictive Covenants.** The Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), by and between the City and the Borrower, in the form presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized Officer is hereby authorized to execute the Regulatory Agreement, in said form, together with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with Section 7 hereof.

Section 5. **Approval of Loan Agreement.** The Loan Agreement (the “Loan Agreement”), by and between the City and the Borrower, in the form presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized Officer is hereby authorized to execute the Loan Agreement in said form, together with such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with Section 7 hereof.

Section 6. **Issuer Fees.** The City, acting through the Mayor’s Office of Housing and Community Development, shall charge a fee for the administrative costs associated with issuing the Bonds (the “Issuance Fee”) in an amount not to exceed 0.25% of the maximum aggregate principal amount of the Bonds. Such fee shall be payable at closing and may be contingent on the issuance of the Bonds. The City shall also charge an annual fee (the “Annual Fees”) for monitoring compliance with the provisions of the Regulatory Agreement in an amount not to exceed 0.125% of the outstanding aggregate principal amount of the Bonds, but no less than $2,500 annually, for the term of the Regulatory Agreement. The Board hereby authorizes the Mayor’s Office of Housing and Community Development to charge and collect, or appoint an agent, which may be the Trustee, to collect on behalf of the City, the fees described in this section. Notwithstanding the foregoing provisions of this Section, the City, acting through the Mayor’s Office of Housing and Community Development, is
authorized to charge an Issuance Fee or Annual Fees, or both, that is or are lower than the fees prescribed in this Section if, upon the advice of Co-Bond Counsel, lower fees are necessary or advisable to ensure that the Tax-Exempt Bonds do not become “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or to ensure that interest on the Tax-Exempt Bonds does not become includable in gross income for federal income tax purposes.

Section 7. Modifications, Changes, Additions. Any Authorized Officer executing the Indenture, the Loan Agreement or the Regulatory Agreement (collectively, the “City Agreements”), in consultation with the City Attorney and Co-Bond Counsel, is hereby authorized to approve and make such modifications, changes or additions to the City Agreements as may be necessary or advisable, provided that such modification does not authorize an aggregate principal amount of the Tax-Exempt Bonds in excess of $71,076,486 and the Taxable Bonds in excess of $18,923,514, provide for a final maturity on either series of Bonds later than forty-five (45) years from the date of issuance of the Bonds, or provide for the Bonds to bear interest at a rate in excess of twelve percent (12%) per annum. The approval of any modification, addition or change to any of the City Agreements shall be evidenced conclusively by the execution and delivery of the document in question.

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

Section 9. General Authority. The proper officers of the City, including but not limited to the Authorized Officers, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents (including but not limited to any certificates necessary to allocate a portion of the previously-obtained voter approval of
low rent housing projects pursuant to Article 34 of the State Constitution to the Project, if applicable), subordinations, assignments, tax documents and those documents described in the City Agreements, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the City Agreements. Any such actions are solely intended to further the purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise granted herein. Final versions of any such documents shall be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution by all parties.

Section 10. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 220512, which is hereby declared to be a part of this Resolution as set forth fully herein.

APPROVED AS TO FORM:
DAVID CHIU
City Attorney

By: /s/Heidi J. Gewertz
Heidi J. Gewertz
Deputy City Attorney

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Resolution authorizing the issuance and delivery of tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $71,076,486 and of taxable multifamily housing revenue bonds in an aggregate principal amount not to exceed $18,923,514 for the purpose of providing financing for the construction of a 221-unit, affordable multifamily residential rental housing project located at 600-7th Street within the City, for a total amount not to exceed $90,000,000; approving the form of and authorizing the execution of a trust indenture providing terms and conditions of the bonds; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; approving the form of and authorizing the execution of a loan agreement; authorizing the collection of certain fees, as defined herein; ratifying and approving any action heretofore taken in connection with the bonds and the project, as defined herein; granting general authority to City officials to take actions necessary to implement this Resolution, as defined herein; and related matters, as defined herein.

May 18, 2022 Budget and Finance Committee - RECOMMENDED

May 24, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 220512

I hereby certify that the foregoing Resolution was ADOPTED on 5/24/2022 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

Date Approved

4/3/22