

1 [Multifamily Housing Revenue Bonds - 600-7th Street - Not to Exceed \$90,000,000]

2

3 **Resolution authorizing the issuance and delivery of tax-exempt multifamily housing**
4 **revenue bonds in an aggregate principal amount not to exceed \$71,076,486 and of**
5 **taxable multifamily housing revenue bonds in an aggregate principal amount not to**
6 **exceed \$18,923,514 for the purpose of providing financing for the construction of a**
7 **221-unit, affordable multifamily residential rental housing project located at 600-7th**
8 **Street within the City, for a total amount not to exceed \$90,000,000; approving the form**
9 **of and authorizing the execution of a trust indenture providing terms and conditions of**
10 **the bonds; approving the form of and authorizing the execution of a regulatory**
11 **agreement and declaration of restrictive covenants; approving the form of and**
12 **authorizing the execution of a loan agreement; authorizing the collection of certain**
13 **fees, as defined herein; 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, as**
16 **defined herein; 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 a portion of the costs of the construction by Mercy Housing
20 California 97, L.P., a California limited partnership (the "Borrower"), of a 221-unit (including
21 one manager's unit), mixed use, residential rental housing development located at 600-7th
22 Street, San Francisco, California, (the "Project"), to provide housing for persons and families
23 of low and very low income through the issuance of multifamily housing revenue bonds; and

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

1 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
2 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of
3 California (“Health and Safety Code”), as now in effect and as it may from time to time
4 hereafter be amended or supplemented (collectively, the “Act”); and

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

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

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

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

22 WHEREAS, Thereafter, on July 27, 2021, pursuant to Resolution No. 372-21, this
23 Board approved the issuance of multifamily housing revenue bonds, in an amount not to
24 exceed \$90,000,000, for the purposes of Section 147(f) of the Code, declared its intent to
25 issue multifamily housing revenue bonds and authorized officers of the City to submit an

1 application and related documents to the California Debt Limit Allocation Committee
2 (“CDLAC”) and take other actions in connection with the proposed financing of the Project;
3 and

4 WHEREAS, On December 8, 2021, CDLAC, in its Resolution No. 21-288, allocated
5 \$71,076,486 in qualified private activity bond volume cap to the Project; and

6 WHEREAS, There has been prepared and presented to this Board for consideration at
7 this meeting the documentation required for the issuance of the Tax-Exempt Bonds (as
8 defined herein) and the Taxable Bonds (as defined herein, and together with the Tax-Exempt
9 Bonds, the “Bonds”), and such documentation is on file with the Clerk of the Board of
10 Supervisors (the “Clerk of the Board”); and

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

14 WHEREAS, This Board finds that public interest and necessity require that the City at
15 this time make arrangements for the sale of the Bonds; and

16 WHEREAS, The City has engaged Squire Patton Boggs (US) LLP, and The Law Office
17 of Monica M. Baranovsky, as co-bond counsel with respect to the Bonds (“Co-Bond
18 Counsel”); and

19 WHEREAS, JPMorgan Chase Bank, N.A. has expressed its intention to purchase, or
20 cause an affiliate to purchase, the Bonds authorized hereby; now, therefore, be it

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

23 Section 1. Approval of Recitals. This Board hereby finds and declares that the above
24 recitals are true and correct.

25

1 Section 2. Approval of Issuance of Bonds. In accordance with the Act and the
2 Indenture (hereinafter defined), the City is hereby authorized to issue and deliver (i) tax-
3 exempt multifamily housing revenue bonds (the “Tax-Exempt Bonds”) designated as “City and
4 County of San Francisco, California Multifamily Housing Revenue Bonds (600-7th Street
5 Apartments) Series 2022B-1,” in an aggregate principal amount not to exceed \$71,076,486,
6 and (ii) taxable multifamily housing revenue bonds (the Taxable Bonds”) designated as “City
7 and County of San Francisco, California Taxable Multifamily Housing Revenue Bonds (600-
8 7th Street Apartments) Series 2022B-2” in an aggregate principal amount not to exceed
9 \$18,923,514; each with such additional or other designation as may be necessary or
10 appropriate to distinguish such series from every other series of bonds of the City, with an
11 interest rate not to exceed twelve percent (12%) per annum, and each with a final maturity
12 date not later than forty-five (45) years from the date of issuance of the Bonds. The Bonds
13 shall be in the form set forth in and otherwise in accordance with the Indenture, and shall be
14 executed by the manual signature of the Mayor of the City (the “Mayor”) and as further
15 provided in the Indenture.

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

25

1 Section 4. Regulatory Agreement and Declaration of Restrictive Covenants. The
2 Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory
3 Agreement”), by and between the City and the Borrower, in the form presented to this Board,
4 a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized
5 Officer is hereby authorized to execute the Regulatory Agreement, in said form, together with
6 such additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
7 approve or recommend in accordance with Section 7 hereof.

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

14 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
15 Community Development, shall charge a fee for the administrative costs associated with
16 issuing the Bonds (the “Issuance Fee”) in an amount not to exceed 0.25% of the maximum
17 aggregate principal amount of the Bonds. Such fee shall be payable at closing and may be
18 contingent on the issuance of the Bonds. The City shall also charge an annual fee (the
19 “Annual Fees”) for monitoring compliance with the provisions of the Regulatory Agreement in
20 an amount not to exceed 0.125% of the outstanding aggregate principal amount of the Bonds,
21 but no less than \$2,500 annually, for the term of the Regulatory Agreement. The Board
22 hereby authorizes the Mayor's Office of Housing and Community Development to charge and
23 collect, or appoint an agent, which may be the Trustee, to collect on behalf of the City, the
24 fees described in this section. Notwithstanding the foregoing provisions of this Section, the
25 City, acting through the Mayor’s Office of Housing and Community Development, is

1 authorized to charge an Issuance Fee or Annual Fees, or both, that is or are lower than the
2 fees prescribed in this Section if, upon the advice of Co-Bond Counsel, lower fees are
3 necessary or advisable to ensure that the Tax-Exempt Bonds do not become “arbitrage
4 bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended,
5 or to ensure that interest on the Tax-Exempt Bonds does not become includable in gross
6 income for federal income tax purposes.

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

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

21 Section 9. General Authority. The proper officers of the City, including but not limited
22 to the Authorized Officers, are hereby authorized and directed, for and in the name and on
23 behalf of the City, to do any and all things and take any and all actions and execute and
24 deliver any and all certificates, agreements and other documents (including but not limited to
25 any certificates necessary to allocate a portion of the previously-obtained voter approval of

1 low rent housing projects pursuant to Article 34 of the State Constitution to the Project, if
2 applicable), subordinations, assignments, tax documents and those documents described in
3 the City Agreements, which they, or any of them, may deem necessary or advisable in order
4 to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes
5 thereof and of the City Agreements. Any such actions are solely intended to further the
6 purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No
7 such actions shall increase the risk to the City or require the City to spend any resources not
8 otherwise granted herein. Final versions of any such documents shall be provided to the
9 Clerk of the Board for inclusion in the official file within 30 days of execution by all parties.

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

13
14 APPROVED AS TO FORM:
15 DAVID CHIU
16 City Attorney

17 By: /s/Heidi J. Gewertz
18 Heidi J. Gewertz
19 Deputy City Attorney

20 n:\financlas2022\2100192\01597662.docx