

1 [Multifamily Housing Revenue Notes - Mercy Housing California 120, L.P. - 1687 Market
2 Residences - Not to Exceed \$30,000,000]

3 **Resolution authorizing the execution and delivery of multifamily housing revenue**
4 **notes in one or more series in an aggregate principal amount not to exceed \$30,000,000**
5 **for the purpose of providing financing for the construction of a 94-unit multifamily**
6 **rental housing project known as “1687 Market Residences”; approving the form of and**
7 **authorizing the execution of a funding loan agreement providing the terms and**
8 **conditions of the construction loan from the funding lender to the City, and the**
9 **execution and delivery of the notes; approving the form of and authorizing the**
10 **execution of a borrower loan agreement providing the terms and conditions of the**
11 **construction loan from the City to the borrower; approving the form of and authorizing**
12 **the execution of a regulatory agreement and declaration of restrictive covenants for the**
13 **project; authorizing the collection of certain fees; approving, for purposes of the**
14 **Internal Revenue Code of 1986, as amended, the issuance and sale of residential**
15 **mortgage revenue notes by the City in an aggregate principal amount not to exceed**
16 **\$30,000,000; approving modifications, changes and additions to the documents;**
17 **ratifying and approving any action heretofore taken in connection with the funding**
18 **loan, the borrower loan, the notes and the project; granting general authority to City**
19 **officials to take actions necessary to implement this Resolution; and related matters,**
20 **as defined herein.**

21
22 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
23 “Board”) desires to provide for the financing of a portion of the costs of the acquisition and
24 new construction by Mercy Housing California 120, L.P., a California limited partnership (the
25 “Borrower”), of a 94-unit residential rental development project known as “1687 Market

1 Residences” (the “Project”) located at 1687 Market Street, in San Francisco, California, to
2 provide housing for low-income persons and families through the issuance of multifamily
3 housing revenue notes, in one or more series which may be taxable or tax-exempt
4 (collectively, the “Notes”); and

5 WHEREAS, The City and County of San Francisco (the “City”) is authorized to issue
6 revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of
7 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of
8 Division 31 (commencing with Section 52075) of the California Health and Safety Code
9 (“Health and Safety Code”), as now in effect and as it may from time to time hereafter be
10 amended or supplemented (collectively, the “Act”); and

11 WHEREAS, On January 24, 2023, the Board adopted its Resolution No. 009-23,
12 authorizing the Mayor of the City (the “Mayor”) to execute and deliver a certificate or other
13 written instrument in the name of and on behalf of the City (an “Inducement Certificate”),
14 without further action of the Board, for the purposes of (i) declaring the intent of the City to
15 reimburse certain expenditures of a multifamily rental housing project from proceeds of future
16 bonded indebtedness, and (ii) authorizing the Director (the “Director”) of the Mayor’s Office of
17 Housing and Community Development (“MOHCD”) to submit an application to the California
18 Debt Limit Allocation Committee (“CDLAC”) to permit the issuance of bonded indebtedness
19 for a multifamily rental housing project, and the Mayor approved such resolution on
20 February 3, 2023; and

21 WHEREAS, On August 15, 2025, the Mayor executed and delivered an Inducement
22 Certificate declaring the intent of the City to reimburse certain Project expenditures from
23 proceeds of future tax-exempt multifamily housing revenue bonds for purposes of
24 Section 1.150-2 of the U.S. Treasury Regulations, and authorizing the Director to submit an
25 application to CDLAC to permit the issuance of tax-exempt bonded indebtedness; and

1 WHEREAS, On December 10, 2025, CDLAC adopted its Resolution No. 25-355,
2 allocating an amount not to exceed \$26,102,000 (the "Allocation Amount") in qualified private
3 activity bond volume cap to the Project; and

4 WHEREAS, The interest on the Notes may qualify for federal tax exemption under the
5 Internal Revenue Code of 1986, as amended (the "Code"), only if the Notes are approved in
6 accordance with the Section 147(f) of the Code; and

7 WHEREAS, The Board is the elected legislative body of the City and is the applicable
8 elected representative authorized to approve the execution and delivery of the Notes within
9 the meaning of Section 147(f) of the Code; and

10 WHEREAS, The Project is located wholly within the City; and

11 WHEREAS, On January 26, 2026, the City caused a notice stating that a public
12 hearing with respect to the issuance of multifamily affordable housing mortgage revenue
13 notes and their respective projects, pursuant to plans of financing, would be held by the
14 MOHCD on February 3, 2026, to be published and appear in the Notices section of the
15 MOHCD's website (at <https://sf.gov/information/mohcd-department-notice>), which is on file
16 with the Clerk of the Board and incorporated herein by reference; and

17 WHEREAS, At the date and time and the location specified in such notice the MOHCD
18 held such public hearing at which an opportunity was provided for persons to comment on the
19 plan of financing; and

20 WHEREAS, The minutes of such public hearing were provided to this Board prior to
21 this meeting; and

22 WHEREAS, The documentation required for the execution and delivery of the Notes is
23 on file with the Clerk of the Board of Supervisors (the "Clerk of the Board"); and

1 WHEREAS, Each of the documents now before the Board in File No. 260426 is
2 substantially in final form and is an appropriate instrument to be executed and delivered for
3 the purposes intended; and

4 WHEREAS, The Board finds that the public interest and necessity require that the City
5 at this time make arrangements for the funding loan, the borrower loan, and the execution and
6 delivery of the Notes; and

7 WHEREAS, The Notes will be limited obligations of the City, the sole source of
8 repayment of which shall be payments made by the Borrower under the Borrower Loan
9 Agreement (as hereinafter defined), together with investment income, if any, of certain funds
10 and accounts held under the Funding Loan Agreement (as hereinafter defined); and

11 WHEREAS, The City has engaged Jones Hall LLP as bond counsel with respect to the
12 Notes ("Bond Counsel"); and

13 WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the "Funding Lender")
14 intends to make the construction funding loan, to be evidenced by the Notes, and in
15 connection therewith, the City, the Funding Lender, and the Borrower are to enter into certain
16 documents for the construction funding loan, including without limitation the Funding Loan
17 Agreement, the Borrower Loan Agreement, and certain assignments, allonges, and other
18 ancillary documents; and

19 WHEREAS, The Borrower provided to the City the following information as a good faith
20 estimate of the cost of the Notes financing and the City disclosed such information in
21 accordance with Section 5852.1 of the California Government Code: (i) the true interest cost
22 of the Notes, (ii) the finance charge of the Notes, including all third party expenses, (iii) the
23 amount of proceeds received by the City for the execution and delivery of the Notes less the
24 finance charge of the Notes and any reserves or capitalized interest paid or funded with the
25 proceeds of the Notes and (iv) the total payment amount (the "Financing Information"); and

1 WHEREAS, Such Financing Information has been disclosed in connection with the
2 Board meeting in which this Resolution is approved; now, therefore, be it

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

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

7 Section 2. Approval of Execution and Delivery of Notes. The Board, as the
8 applicable elected representative of the governmental unit having jurisdiction over the area in
9 which the Project is located, hereby approves the plan of financing and the execution and
10 delivery of its multifamily housing revenue Notes in one or more series, pursuant to and for
11 purposes of Section 147(f) of the Code. It is intended that this Resolution constitute approval
12 of the Notes by the applicable elected representative of the issuer of the Notes and the
13 applicable elected representative of the governmental unit having jurisdiction over the area in
14 which the Project is located, in accordance with said Section 147(f). Additionally, in
15 accordance with the Act and the Funding Loan Agreement, the City is hereby authorized to
16 execute and deliver the Notes in one or more series designated as "City and County of San
17 Francisco Multifamily Housing Revenue Notes (1687 Market Residences), Series 2026C" or
18 such other or such additional designations as may be necessary or appropriate to distinguish
19 such series from every other series of bonds or notes, in an aggregate principal amount not to
20 exceed \$30,000,000, provided that any tax-exempt portion of the Notes shall not exceed the
21 Allocation Amount. The Notes shall bear interest at a rate not to exceed twelve percent (12%)
22 per annum, and shall have a final maturity date not later than forty (40) years from their date
23 of execution and delivery. The Notes shall be in the forms set forth in and otherwise in
24 accordance with the Funding Loan Agreement, and shall be executed by the manual or
25 facsimile signature of the Mayor.

1 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
2 (the "Funding Loan Agreement") in the form presented to the Board, a copy of which is on file
3 with the Clerk of the Board in File No. 260426, is hereby approved. The Funding Loan
4 Agreement shall be entered into by and among the City, the Funding Lender and U.S. Bank
5 Trust Company, National Association, as Fiscal Agent (the "Fiscal Agent"). Each of the
6 Mayor, the Director, the Deputy Director of Housing of MOHCD, and any other Authorized
7 Officer of the Governmental Lender (as such terms are defined in the Funding Loan
8 Agreement), acting individually or collectively (each, an "Authorized City Representative"), is
9 hereby authorized to execute the Funding Loan Agreement, 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 Bond Counsel may approve or
12 recommend in accordance with Section 7 hereof.

13 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement
14 (the "Borrower Loan Agreement") by and among the City, the Fiscal Agent and the Borrower,
15 in the form presented to the Board, a copy of which is on file with the Clerk of the Board in File
16 No. 260426, is hereby approved. Each Authorized City Representative is hereby authorized
17 to execute the Borrower Loan Agreement in substantially said form, together with such
18 additions thereto and changes therein as the City Attorney and Bond Counsel may approve or
19 recommend in accordance with Section 7 hereof.

20 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
21 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
22 "Regulatory Agreement" and, together with the Funding Loan Agreement and the Borrower
23 Loan Agreement, the "City Documents"), between the City and the Borrower, in the form
24 presented to the Board, a copy of which is on file with the Clerk of the Board in File
25 No. 260426, is hereby approved. Each Authorized City Representative is hereby authorized

1 to execute the Regulatory Agreement, approved as to form by the City Attorney, in
2 substantially said form, together with such additions thereto and changes therein as the City
3 Attorney and Bond Counsel may approve or recommend in accordance with Section 7 hereof.

4 Section 6. Issuer Fees. The City, acting through MOHCD, shall charge an issuance
5 fee and an annual issuer fee for monitoring compliance by the Borrower with certain
6 provisions of the Regulatory Agreement up to the amounts provided for under its standard
7 issuer fee policies, or at some lesser amount if required upon the advice of Bond Counsel that
8 such lesser amount is necessary or advisable under the Code. The annual monitoring fee
9 due during the construction period may be payable at funding loan closing. The Board hereby
10 authorizes MOHCD to charge and collect the fees described in this section.

11 Section 7. Modifications, Changes, Additions. Any Authorized City Representative
12 executing the City Documents, in consultation with the City Attorney and Bond Counsel, is
13 hereby authorized to approve and make such modifications, amendments, changes or
14 additions to the City Documents as may be necessary or advisable, including, without implied
15 limitation, changes to the titles of any City Documents, provided that such modification does
16 not authorize an aggregate principal amount of the Notes in excess of \$30,000,000 or an
17 aggregate principal amount of the tax-exempt portion of the Notes in excess of the Allocation
18 Amount, provide for a final maturity of the Notes later than forty (40) years from the date of
19 execution and delivery thereof, or provide for the Notes to bear interest at a rate in excess of
20 twelve percent (12%) per annum. The approval of any modification, addition or change to any
21 of the aforementioned documents shall be evidenced conclusively by the execution and
22 delivery of the document in question.

23 Section 8. Execution of Documents. Any document authorized herein may be
24 executed in multiple counterparts, and any document authorized herein may be executed

1 using electronic means, to the extent permitted by applicable law and in consultation with the
2 City Attorney and Bond Counsel.

3 Section 9. Ratification. All actions heretofore taken by the officers and agents of the
4 City with respect to the Project, the funding loan, the borrower loan, and the execution and
5 delivery of the Notes consistent with the purposes of this resolution and the City Documents
6 are hereby approved, confirmed and ratified.

7 Section 10. General Authority. The proper officers of the City are hereby authorized
8 and directed, for and in the name and on behalf of the City, to do any and all things and take
9 any and all actions and execute and deliver any and all certificates, agreements (including,
10 without implied limitation, any tax-exemption documents, assignments, allonges,
11 endorsements, subordinations and such other agreements to provide adequate or additional
12 security or indemnities as required by lenders to consummate the financing) and other
13 documents and amendments, including but not limited to those documents described in the
14 City Documents, which they, or any of them, in consultation with the City Attorney, may deem
15 necessary or advisable in order to consummate the lawful execution and delivery of the Notes
16 and to effectuate the purposes thereof and of the City Documents. Any such actions are
17 solely intended to further the purposes of this Resolution, and are subject in all respects to the
18 terms of the Resolution. No such actions shall increase the risk to the City or require the City
19 to spend any resources not otherwise contemplated herein. Final versions of such documents
20 shall be provided to the Clerk of the Board for inclusion in the official file within 30 days of
21 execution by all parties.

22 Section 11. File. All documents referenced herein as being on file with the Clerk of
23 the Board are located in File No. 260426, which is hereby declared to be a part of this
24 Resolution as if set forth fully herein.

1 Section 12. Effective Date. This Resolution shall take effect from and after its
2 adoption by the Board and approval by the Mayor.

3
4 APPROVED AS TO FORM:
5 DAVID CHIU
6 City Attorney

7 By: /s/ Kenneth David Roux
8 Kenneth David Roux
9 Deputy City Attorney



City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 260426

Date Passed: May 12, 2026

Resolution authorizing the execution and delivery of multifamily housing revenue notes in one or more series in an aggregate principal amount not to exceed \$30,000,000 for the purpose of providing financing for the construction of a 94-unit multifamily rental housing project known as "1687 Market Residences"; approving the form of and authorizing the execution of a funding loan agreement providing the terms and conditions of the construction loan from the funding lender to the City, and the execution and delivery of the notes; approving the form of and authorizing the execution of a borrower loan agreement providing the terms and conditions of the construction loan from the City to the borrower; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants for the project; authorizing the collection of certain fees; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue notes by the City in an aggregate principal amount not to exceed \$30,000,000; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the funding loan, the borrower loan, the notes and the project; granting general authority to City officials to take actions necessary to implement this Resolution; and related matters, as defined herein.

May 06, 2026 Budget and Finance Committee - RECOMMENDED

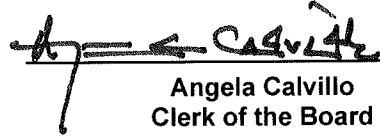
May 12, 2026 Board of Supervisors - ADOPTED


Ayes: 10 - Chan, Chen, Dorsey, Mahmood, Mandelman, Melgar, Sauter, Sherrill,
Walton and Wong

Excused: 1 - Fielder

File No. 260426

I hereby certify that the foregoing
Resolution was ADOPTED on 5/12/2026 by
the Board of Supervisors of the City and
County of San Francisco.


Angela Calvillo
Clerk of the Board


Daniel Lurie
Mayor

MAY 21, 2026
Date Approved