FILE NO. 250659 RESOLUTION NO. 307-25

[Multifamily Housing Revenue Note - Sunnydale Block 7 Housing Partners, L.P. - Sunnydale HOPE SF Block 7 - 65 Santos Street - Not to Exceed $76,000,000 - Rescinding Resolution No. 162-25]

Resolution (this "Resolution") approving for purposes of the Internal Revenue Codes of 1986, as amended, authorizing the execution and delivery of a multifamily housing revenue note in one or more series in an aggregate principal amount not to exceed $76,000,000 for the purpose of providing financing for the construction of a 89-unit (including one manager unit) multifamily rental housing project located at 65 Santos Street, known as "Sunnydale HOPE SF Block 7"; approving the form of and authorizing the execution of a funding loan agreement, providing the terms and conditions of the loan from the funding lender to the City, and the execution and delivery of the note; approving the form of and authorizing the execution of a borrower loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of an amended and restated funding loan agreement which amends and restates the funding loan agreement on and after conversion; approving the form of and authorizing the execution of an amended and restated borrower loan agreement which amends and restates the borrower loan agreement on and after conversion; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the back-to-back loans, the note and the project; granting general authority to City officials to take actions necessary to implement this Resolution; rescinding Resolution No. 162-25; 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 the financing of a portion of the costs of the construction by Sunnydale Block 7 Housing Partners, L.P., a California limited partnership (the "Borrower"), of an 89-unit (including one manager's unit) residential rental development project located at 65 Santos Street, San Francisco, California, known as "Sunnydale HOPE SF Block 7" (the "Project"), to provide housing for persons and families of low income through the execution and delivery of a multifamily housing revenue note in one or more series which may be taxable or tax-exempt (collectively, the "Note"); and

WHEREAS, The City and County of San Francisco (the "City") is authorized to issue revenue notes for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of 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 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, The interest on the Note may qualify for federal tax exemption under the Internal Revenue Code of 1986, as amended (the "Code"), only if the Note is approved in accordance with the Section 147(f) of the Code; and

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

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

WHEREAS, On January 3, 2025, the City caused a notice stating that a public hearing with respect to the issuance of multifamily affordable housing mortgage revenue bonds or notes and their respective projects, pursuant to plans of financing, would be held by the

Mayor's Office of Housing and Community Development ("MOHCD") on January 15, 2025, to be published and appear in the Notices section of the MOHCD's website (at https://sf.gov/information/mohcd-department-notices), which is on file with the Clerk of the Board and incorporated herein by reference; and

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

WHEREAS, On December 11, 2024, the California Debt Limit Allocation Committee ("CDLAC") in its Resolution No. 24-263, allocated an amount not to exceed $53,305,000 (together with any future supplemental CDLAC allocation for the Project, the "Allocation Amount") in qualified private activity volume cap to the Project; and

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

WHEREAS, Each of the documents now before the Board in File No. 250659 is substantially in final form and is an appropriate instrument to be executed and delivered for the purposes intended; and

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

WHEREAS, The Note will be a limited obligation of the City, the sole source of repayment of which shall be payments made by the Borrower under the Borrower Loan Agreement and the Amended and Restated Borrower Loan Agreement (each as hereinafter defined), together with investment income, if any, of certain funds and accounts held under the Funding Loan Agreement and the Amended and Restated Funding Loan Agreement (each as hereinafter defined); and

WHEREAS, The City has engaged Kutak Rock LLP and Amira Jackmon, Attorney at Law, as co-special counsel with respect to the Note ("Co-Special Counsel"); and

WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the "Construction Funding Lender") has expressed its intention to make the construction funding loan, to be evidenced by the Note, and in connection therewith, the City, the Construction Funding Lender and the Borrower are to enter into certain documents for the construction funding loan, including without limitation the Funding Loan Agreement, the Borrower Loan Agreement, and certain assignments, allonges and other ancillary documents; and

WHEREAS, Citibank, N.A. (or an affiliate thereof) (the "Permanent Funding Lender") has expressed its intention to make the permanent funding loan, to be evidenced by the Note, and, in connection therewith, the City, the Permanent Funding Lender and the Borrower are to enter into certain documents for the permanent funding loan, including without limitation amended and restated versions of the Funding Loan Agreement (the "Amended and Restated Funding Loan Agreement"), the Borrower Loan Agreement (the "Amended and Restated Borrower Loan Agreement") and certain assignments, allonges and other ancillary documents; and

WHEREAS, Once construction is completed, a portion of the aforesaid tax-exempt funding loan will convert to a permanent funding loan from the Permanent Funding Lender, and will not represent new or additional indebtedness of the Project that must be separately authorized by this Board; and

WHEREAS, The Borrower provided to the City the following information as a good faith estimate of the cost of the Note financing and the City disclosed such information in accordance with Section 5852.1 of the California Government Code: (a) the true interest cost of the Note, (b) the finance charge of the Note, including all third party expenses, (c) the amount of proceeds received by the City for the execution and delivery of the Note less the finance charge of the Note and any reserves or capitalized interest paid or funded with the proceeds of the Note and (d) the total payment amount (the "Financing Information");

WHEREAS, Such Financing Information has been disclosed in connection with the Board meeting in which this Resolution is approved; and

WHEREAS, On April 15, 2025, this Board adopted Resolution No. 162-25 (the "Original Resolution") authorizing the issuance of the Note with a principal amount not to exceed $53,305,000; and

WHEREAS, The Construction Lender has agreed to a taxable series of the Note in a principal amount not to exceed $19,801,000 which was not included in the "not to exceed" amount of the Original Resolution; and

WHEREAS, The City desires to rescind the Original Resolution and adopt this Resolution to increase the aggregate authorized principal amount of the Note to $76,000,000 as further set forth herein; now, therefore, be it

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

Section 1. <u>Approval of Recitals</u>. The Board hereby finds and declares that the above recitals are true and correct.

Section 2. <u>Approval of Execution and Delivery of Note</u>. The Board, as the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, hereby approves the plan of financing and the execution and delivery of its multifamily housing revenue note in one or more series, including, but not limited to the Note, pursuant to and for purposes of Section 147(f) of the Code. It is intended that this Resolution constitute approval of the Note by the applicable elected representative of the issuer of the Note and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

Additionally, in accordance with the Act and the Funding Loan Agreement, the City is hereby authorized to execute and deliver a note or notes in one or more series and subseries and designated as "City and County of San Francisco Multifamily Housing Revenue Note (Sunnydale HOPE SF Block 7) Series 2025E" or such other or with such additional designation as may be necessary or appropriate to distinguish such series from every other series of bonds or notes, in an aggregate principal amount not to exceed $76,000,000, provided that any tax-exempt portion of the Note shall not exceed the Allocation Amount, with an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have a final maturity date not later than forty (40) years from the date of execution and delivery of the Note. The Note shall be in the form set forth in and otherwise in accordance with the Funding Loan Agreement and shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor").

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the "Funding Loan Agreement") in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered into by and among the City, the Construction Funding Lender and a fiscal agent to be named therein, as Fiscal Agent (the "Fiscal Agent"). Each of the Mayor, the Director (the "Director") of the MOHCD, the Deputy Director of Housing of MOHCD, and any other Authorized Officer (as such term is defined in the Funding Loan Agreement) or Authorized Governmental Lender Representative (as such term is defined in the Amended and Restated Funding Loan Agreement), acting individually or collectively (or a designee of such officer in writing, each, an "Authorized City Representative") is hereby authorized to execute the Funding Loan Agreement, approved as to form by the City Attorney of the City (the "City Attorney"), in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9 hereof.

Section 4. Approval of Project Loan Agreement. The Borrower Loan Agreement (the "Borrower Loan Agreement") by and among the City, the Fiscal Agent and the Borrower, and the Assignment of Deed of Trust and Loan Documents, from the City to the Fiscal Agent for the benefit of the Funding Lender (the "Assignment"), in the forms presented to the Board, copies of which are on file with the Clerk of the Board, are hereby approved. Each Authorized City Representative is hereby authorized to execute the Borrower Loan Agreement and the Assignment, each approved as to form by the City Attorney, in substantially said forms, together with such additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9 hereof.

Section 5. Approval of Amended and Restated Funding Loan Agreement. The Amended and Restated Funding Loan Agreement in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Amended and Restated Funding Loan Agreement shall be entered into by and among the City, Permanent Funding Lender and the Fiscal Agent. Each Authorized City Representative is hereby authorized to execute the Amended and Restated Funding Loan Agreement, approved as to form by the City Attorney, in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9 hereof.

Section 6. Approval of Amended and Restated Borrower Loan Agreement. The Amended and Restated Borrower Loan Agreement by and between the City and the Borrower, and the Assignment of Deed of Trust and Loan Documents, from the City to the Fiscal Agent for the benefit of the Permanent Lender (the "Permanent Lender Assignment"), in the forms presented to the Board, copies of which are on file with the Clerk of the Board, are hereby approved. Each Authorized City Representative is hereby authorized to execute the Amended and Restated Borrower Loan Agreement and the Permanent Lender Assignment in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9 hereof.

Section 7. Approval of Regulatory Agreement and Declaration of Restrictive Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement" and, together with the Funding Loan Agreement, the Assignment, the Borrower Loan Agreement, the Amended and Restated Funding Loan Agreement, the Amended and Restated Borrower Loan Agreement and the Permanent Lender Assignment, the "City Documents"), between the City and the Borrower, in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized City Representative is hereby authorized to execute the Regulatory Agreement, approved as to form by the City Attorney, in substantially said form, together with such additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9 hereof.

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

Section 9. Modifications, Changes, and Additions. Any Authorized City Representative executing the City Documents, in consultation with the City Attorney and Co-

Special Counsel, is hereby authorized to approve and make such modifications, amendments, changes or additions to the City Documents as may be necessary or advisable, provided that such modification does not authorize an aggregate principal amount of the Note in excess of $76,000,000 or an aggregate principal amount of the tax-exempt portion of the Note in excess of the Allocation Amount, provide for a final maturity of the Note later than forty (40) years from the date of execution and delivery thereof, or provide for the Note 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 aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 10. Execution of Documents. Any document authorized herein may be executed in multiple counterparts and any document authorized herein, except the Note, the Regulatory Agreement, the Assignment, and the Permanent Lender Assignment, may be signed using electronic means.

Section 11. Recission. The Original Resolution is hereby rescinded and repealed.

Section 12. Ratification. All actions heretofore taken by the officers and agents of the City with respect to the funding loan and the execution and delivery of the Note consistent with the purposes of this resolution and the City Documents are hereby approved, confirmed and ratified.

Section 13. General Authority. The proper officers of the City (including the Authorized City Representatives) 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 (including, without implied limitation, any tax-exemption documents, assignments allonges, endorsements, subordinations and such other agreements to provide adequate or additional security or indemnities as required by lenders to consummate the financing) and other documents and amendments, including but not limited to those documents described in the City Documents, in consultation with the City Attorney, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Note and to effectuate the purposes thereof and of the City Documents. 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 contemplated herein. Final versions of 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 14. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 250659, which is hereby declared to be a part of this Resolution as if set forth fully herein.

Section 15. Effectiveness. This Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.

APPROVED AS TO FORM:
DAVID CHIU
City Attorney

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

n:\financ\as2025\2500056\01846639.docx

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

File Number: 250659 **Date Passed:** July 01, 2025

Resolution (this "Resolution") approving for purposes of the Internal Revenue Codes of 1986, as amended, authorizing the execution and delivery of a multifamily housing revenue note in one or more series in an aggregate principal amount not to exceed $76,000,000 for the purpose of providing financing for the construction of a 89-unit (including one manager unit) multifamily rental housing project located at 65 Santos Street, known as "Sunnydale HOPE SF Block 7"; approving the form of and authorizing the execution of a funding loan agreement, providing the terms and conditions of the loan from the funding lender to the City, and the execution and delivery of the note; approving the form of and authorizing the execution of a borrower loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of an amended and restated funding loan agreement which amends and restates the funding loan agreement on and after conversion; approving the form of and authorizing the execution of an amended and restated borrower loan agreement which amends and restates the borrower loan agreement on and after conversion; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the back-to-back loans, the note and the project; granting general authority to City officials to take actions necessary to implement this Resolution; rescinding Resolution No. 162-25; and related matters, as defined herein.

June 27, 2025 Government Audit and Oversight Committee - RECOMMENDED AS COMMITTEE REPORT

July 01, 2025 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Chen, Dorsey, Engardio, Fielder, Mahmood, Mandelman, Melgar, Sauter, Sherrill and Walton

File No. 250659

I hereby certify that the foregoing Resolution was ADOPTED on 7/1/2025 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Daniel Lurie
Mayor

7/2/25

Date Approved