

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

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

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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

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

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

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

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

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

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

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

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

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

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

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

21 WHEREAS, The Borrower provided to the City the following information as a good faith
22 estimate of the cost of the Note financing and the City disclosed such information in
23 accordance with Section 5852.1 of the California Government Code: (a) the true interest cost
24 of the Note, (b) the finance charge of the Note, including all third party expenses, (c) the
25 amount of proceeds received by the City for the execution and delivery of the Note less the

1 finance charge of the Note and any reserves or capitalized interest paid or funded with the
2 proceeds of the Note and (d) the total payment amount (the “Financing Information”);

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

5 WHEREAS, On April 15, 2025, this Board adopted Resolution No. 162-25 (the “Original
6 Resolution”) authorizing the issuance of the Note with a principal amount not to exceed
7 \$53,305,000; and

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

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

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

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

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

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

13 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
14 (the “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file
15 with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be
16 entered into by and among the City, the Construction Funding Lender and a fiscal agent to be
17 named therein, as Fiscal Agent (the “Fiscal Agent”). Each of the Mayor, the Director (the
18 “Director”) of the MOHCD, the Deputy Director of Housing of MOHCD, and any other
19 Authorized Officer (as such term is defined in the Funding Loan Agreement) or Authorized
20 Governmental Lender Representative (as such term is defined in the Amended and Restated
21 Funding Loan Agreement), acting individually or collectively (or a designee of such officer in
22 writing, each, an “Authorized City Representative”) is hereby authorized to execute the
23 Funding Loan Agreement, approved as to form by the City Attorney of the City (the “City
24 Attorney”), in substantially said form, together with such additions thereto and changes therein

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1 as the City Attorney and Co-Special Counsel may approve or recommend in accordance with
2 Section 9 hereof.

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

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

21 Section 6. Approval of Amended and Restated Borrower Loan Agreement. The
22 Amended and Restated Borrower Loan Agreement by and between the City and the
23 Borrower, and the Assignment of Deed of Trust and Loan Documents, from the City to the
24 Fiscal Agent for the benefit of the Permanent Lender (the "Permanent Lender Assignment"), in
25 the forms presented to the Board, copies of which are on file with the Clerk of the Board, are

1 hereby approved. Each Authorized City Representative is hereby authorized to execute the
2 Amended and Restated Borrower Loan Agreement and the Permanent Lender Assignment in
3 substantially said form, together with such additions thereto and changes therein as the City
4 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9
5 hereof.

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

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

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

1 Special Counsel, is hereby authorized to approve and make such modifications, amendments,
2 changes or additions to the City Documents as may be necessary or advisable, provided that
3 such modification does not authorize an aggregate principal amount of the Note in excess of
4 \$76,000,000 or an aggregate principal amount of the tax-exempt portion of the Note in excess
5 of the Allocation Amount, provide for a final maturity of the Note later than forty (40) years
6 from the date of execution and delivery thereof, or provide for the Note to bear interest at a
7 rate in excess of twelve percent (12%) per annum. The approval of any modification, addition
8 or change to any of the aforementioned documents shall be evidenced conclusively by the
9 execution and delivery of the document in question.

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

14 Section 11. Rescission. The Original Resolution is hereby rescinded and repealed.

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

19 Section 13. General Authority. The proper officers of the City (including the
20 Authorized City Representatives) are hereby authorized and directed, for and in the name and
21 on behalf of the City, to do any and all things and take any and all actions and execute and
22 deliver any and all certificates, agreements (including, without implied limitation, any tax-
23 exemption documents, assignments allonges, endorsements, subordinations and such other
24 agreements to provide adequate or additional security or indemnities as required by lenders to
25 consummate the financing) and other documents and amendments, including but not limited

1 to those documents described in the City Documents, in consultation with the City Attorney,
2 which they, or any of them, may deem necessary or advisable in order to consummate the
3 lawful execution and delivery of the Note and to effectuate the purposes thereof and of the
4 City Documents. Any such actions are solely intended to further the purposes of this
5 Resolution, and are subject in all respects to the terms of the Resolution. No such actions
6 shall increase the risk to the City or require the City to spend any resources not otherwise
7 contemplated herein. Final versions of such documents shall be provided to the Clerk of the
8 Board for inclusion in the official file within 30 days of execution by all parties.

9 Section 14. File. All documents referenced herein as being on file with the Clerk of
10 the Board are located in File No. 250659, which is hereby declared to be a part of this
11 Resolution as if set forth fully herein.

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

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15 APPROVED AS TO FORM:
16 DAVID CHIU
17 City Attorney

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

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