

1 [Multifamily Housing Revenue Notes - 242 Hahn Street (Sunnydale Block 6) - Not to Exceed
2 \$106,680,000]

3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note (tax-exempt) in an aggregate principal amount not to exceed \$76,680,000 and of a**
5 **multifamily housing revenue note (taxable) in an aggregate principal amount not to**
6 **exceed \$30,000,000 for the purpose of providing financing for the construction of a**
7 **167-unit multifamily rental housing project located at 242 Hahn Street (Sunnydale Block**
8 **6); approving the form of and authorizing the execution of funding loan agreement**
9 **providing the terms and conditions of the loans from the funding lender to the City and**
10 **the execution and delivery of the notes; approving the form of and authorizing the**
11 **execution of a project loan agreement providing the terms and conditions of the loans**
12 **from the City to the borrower; approving the form of and authorizing the execution of a**
13 **regulatory agreement and declaration of restrictive covenants; authorizing the**
14 **collection of certain fees; approving modifications, changes and additions to the**
15 **documents; ratifying and approving any action heretofore taken in connection with the**
16 **back-to-back loans, the notes and the project, as defined herein; granting general**
17 **authority to City officials to take actions necessary to implement this Resolution, as**
18 **defined herein; and related matters, as defined herein.**

19
20 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
21 "Board") desires to provide for the financing of a portion of the costs of the construction by
22 Sunnydale Block 6 Housing Partnership LP, a California limited partnership (the "Borrower"),
23 of a 167-unit (including one manager's unit) residential rental housing development project
24 located at 242 Hahn Street, in San Francisco, California, known as "Sunnydale Block 6" (the
25 "Project"), to provide housing for persons and families of low and very low income through the

1 issuance of multifamily housing revenue notes as described herein; and

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

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

9 WHEREAS, On March 1, 2019, the City caused a notice of public hearing to appear in
10 March 15, 2019, a newspaper of general circulation in the City, which date was at least two
11 weeks prior to the schedule date of such hearing; and

12 WHEREAS, At the date and time and at the location specified in such notice, the
13 Mayor’s Office of Housing and Community Development held such public hearing, in which an
14 opportunity was provided for persons to comment on the issuance of multifamily housing
15 revenue notes for the Project; and

16 WHEREAS, The minutes of such public hearing were provided to the Board of
17 Supervisors prior to this meeting; and

18 WHEREAS, On July 17, 2019, the California Debt Limit Allocation Committee
19 (“CDLAC”) in its Resolution Number 19-106, allocated an amount not to exceed \$76,680,000
20 in qualified private activity bond volume cap to the Project; and

21 WHEREAS, There has been prepared and presented to the Board for consideration at
22 this meeting the documentation required for the execution and delivery of the Tax-Exempt
23 Note (hereinafter defined) and the Taxable Note (hereinafter defined and together with the
24 Tax-Exempt Note, the “Notes”), and such documentation is on file with the Clerk of the Board
25 of Supervisors (the “Clerk of the Board”); and

1 WHEREAS, It appears that each of the documents which is now before this Board 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 loans, the project loans 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 Project Loan
9 Agreement (hereinafter defined), together with investment income of certain funds and
10 accounts held under the Funding Loan Agreement (hereinafter defined); and

11 WHEREAS, The City has engaged Squire Patton Boggs (US) LLP and Curlls Bartling
12 P.C., as co-special counsel with respect to the Notes (“Co-Special Counsel”); and

13 WHEREAS, Wells Fargo Bank, National Association (or an affiliate thereof) (the
14 “Funding Lender”) has expressed its intention to make the funding loans, to be evidenced by
15 the Notes, to the City; now, therefore, be it

16 RESOLVED, by this Board of Supervisors of the City and County of San Francisco as
17 follows:

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

20 Section 2. Approval of Execution and Delivery of Notes. In accordance with the Act
21 and the Funding Loan Agreement, the City is hereby authorized to execute and deliver: (a) a
22 tax-exempt multifamily housing revenue note (the “Tax-Exempt Note”) designated as “City
23 and County of San Francisco Multifamily Housing Revenue Note (Sunnydale Block 6), Series
24 2019M-1 (Tax-Exempt)” in an aggregate principal amount not to exceed \$76,680,000 and (b)
25 a taxable multifamily housing revenue (the “Taxable Note”) designated as “City and County of

1 San Francisco Multifamily Housing Revenue Note (Sunnydale Block 6), Series 2019M-2
2 (Taxable)” in an aggregate principal amount not to exceed \$30,000,000; each with such
3 additional or other designation as may be necessary or appropriate to distinguish each such
4 series from every other series of bonds or notes, with an interest rate not to exceed twelve
5 percent (12%) per annum, and each with a final maturity date not later than forty (40) years
6 from the date of execution and delivery of said Notes. The Notes shall be in the form set forth
7 in and otherwise in accordance with the Funding Loan Agreement and shall be executed by
8 the manual or facsimile signature of the Mayor of the City (the “Mayor”).

9 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
10 (the “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file
11 with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be
12 entered into by and among the City, the Funding Lender and U.S. Bank, National Association
13 (the “Fiscal Agent”). Each of the Mayor, the Director of, and the Housing Development
14 Director of, the Mayor’s Office of Housing and Community Development (“MOHCD”) and any
15 Authorized Officer (as such term is defined in the Funding Loan Agreement), acting
16 individually or collectively (each, an “Authorized City Representative”) is hereby authorized to
17 execute the Funding Loan Agreement, approved as to form by the City Attorney of the City
18 (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 7 hereof.

21 Section 4. Approval of Project Loan Agreement. The Project Loan Agreement (the
22 “Project Loan Agreement”) by and among the City, the Fiscal Agent and the Borrower and the
23 Assignment of Deed of Trust and Loan Documents, from the City to the Fiscal Agent (the
24 “Assignment”), in the forms presented to the Board, copies of which are on file with the Clerk
25 of the Board, are hereby approved. Each Authorized City Representative is hereby

1 authorized to execute the Project Loan Agreement and the Assignment in substantially said
2 form, together with such additions thereto and changes therein as the City Attorney and Co-
3 Special Counsel may approve or recommend in accordance with Section 7 hereof.

4 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
5 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
6 “Regulatory Agreement” and, together with the Funding Loan Agreement, the Assignment and
7 the Project Loan Agreement, the “City Documents”), between the City and the Borrower, in
8 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
9 hereby approved. Each Authorized City Representative is hereby authorized to execute the
10 Regulatory Agreement, approved as to form by the City Attorney, in substantially said form,
11 together with such additions thereto and changes therein as the City Attorney and Co-Special
12 Counsel may approve or recommend in accordance with Section 7 hereof.

13 Section 6. Issuer Fees. The City, acting through the MOHCD, shall charge a fee for
14 the administrative costs associated with executing and delivering the Notes in an amount not
15 to exceed 0.25% of the aggregate principal amount of the Notes, subject to any adjustment
16 required to comply with federal tax law. Such fee shall be payable on closing and may be
17 contingent on the delivery of the Notes. The City shall also charge an annual fee for
18 monitoring compliance by the Borrower with certain provisions of the Regulatory Agreement in
19 an amount not to exceed: (a) 0.125% of the outstanding aggregate principal amount of the
20 Taxable Note; and (b) 0.125% of the largest principal amount outstanding on the Tax-Exempt
21 Note during the prior 12-month period, but no less than \$2,500 annually, from completion of
22 construction through the term of the Regulatory Agreement, subject to any adjustment
23 required to comply with federal tax law. The annual monitoring fee due during the
24 construction period shall be payable at closing. The Board hereby authorizes the MOHCD to
25 charge and collect the fees described in this section.

1 Section 7. Modifications, Changes, Additions. Any Authorized City Representative
2 executing the City Documents, in consultation with the City Attorney and Co-Special Counsel,
3 is hereby authorized to approve and make such modifications, changes or additions to the
4 City Documents as may be necessary or advisable, provided that such modification does not
5 authorize an aggregate principal amount of the Tax-Exempt Note in excess of \$76,680,000
6 and the Taxable Note in excess of \$30,000,000, provide for a final maturity of either Note of
7 later than forty (40) years, or provide for the Notes to bear interest at a rate in excess of
8 twelve percent (12%) per annum. The approval of any modification, addition or change to any
9 of the aforementioned documents shall be evidenced conclusively by the execution and
10 delivery of the document in question by an Authorized City Representative.

11 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
12 City with respect to the execution and delivery of the Notes, as consistent with the City
13 Documents authorized herein, are hereby approved, confirmed and ratified.

14 Section 9. General Authority. The proper officers of the City (including the
15 Authorized City Representative) are hereby authorized and directed, for and in the name and
16 on behalf of the City, to do any and all things and take any and all actions and execute and
17 deliver any and all certificates, agreements (including, but not limited to, tax documents and
18 such agreements to provide adequate or additional security or indemnities as required by
19 lenders to consummate the financing) and other documents, including but not limited to those
20 documents described in the City Documents, which they, or any of them, may deem
21 necessary or advisable in order to consummate the lawful execution and delivery of the Notes
22 and to effectuate the purposes thereof and of the City Documents in consultation with the City
23 Attorney. Any such actions are solely intended to further the purposes of this Resolution, and
24 are subject in all respects to the terms of the Resolution. No such actions shall increase the
25 risk to the City or require the City to spend any resources not otherwise granted herein. Final

1 versions of such documents (showing marked changes, if any) shall be provided to the Clerk
2 of the Board for inclusion in the official file within 30 days of execution by all parties.

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

6 Section 11. Effectiveness. This Resolution shall take effect from and after its adoption
7 by the Board and approval by the Mayor.

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9 APPROVED AS TO FORM:
10 DENNIS J. HERRERA
11 City Attorney

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14 By: _____
15 HEIDI J. GEWERTZ
16 Deputy City Attorney
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