

1 [Multifamily Housing Revenue Notes - Transbay 2 Senior, L.P. - Not to Exceed \$67,680,000]

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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 \$67,680,000**
5 **for the purpose of providing financing for the construction of a 151-unit multifamily**
6 **rental housing project known as “Transbay Block 2 West” located at 200 Folsom**
7 **Street; approving the form of and authorizing the execution of a funding loan**
8 **agreement providing the terms and conditions of the construction loan from the**
9 **funding lender to the City, and the execution and delivery of the notes; approving the**
10 **form of and authorizing the execution of a project loan agreement providing the terms**
11 **and conditions of the construction loan from the City to the borrower; approving the**
12 **form of and authorizing the execution of a regulatory agreement and declaration of**
13 **restrictive covenants for the project; authorizing the collection of certain fees;**
14 **approving, for purposes of the Internal Revenue Code of 1986, as amended, the**
15 **issuance and sale of residential mortgage revenue notes by the City in an aggregate**
16 **principal amount not to exceed \$67,680,000; approving modifications, changes and**
17 **additions to the documents; ratifying and approving any action heretofore taken in**
18 **connection with the funding loan, the project loan, the notes and the project, as defined**
19 **herein; granting general authority to City officials to take actions necessary to**
20 **implement this Resolution, as defined herein; and related matters, 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 Transbay 2 Senior, L.P., a California limited partnership (the “Borrower”),
25 of a 151-unit residential rental development project (the “Project”) located at the corner of

1 Folsom Street and Beale Street at 200 Folsom Street, West, in San Francisco, California, to
2 provide housing for persons and families of low income 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 Health and Safety Code of the State of
9 California (“Health and Safety Code”), as now in effect and as it may from time to time
10 hereafter be 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 February
20 3, 2023; and

21 WHEREAS, On May 15, 2023, the Mayor executed and delivered an Inducement
22 Certificate with respect to the Project; and

23 WHEREAS, On August 23, 2023, CDLAC adopted its Resolution No. 23-206, allocating
24 an amount not to exceed \$65,180,000 (together with any future supplemental CDLAC
25

1 allocation for the Project, the “Allocation Amount”) in qualified private activity bond volume cap
2 to the Project; and

3 WHEREAS, There has been prepared and presented to the Board for consideration at
4 this meeting the documentation required for the execution and delivery of the Notes, and such
5 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
6 and

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

10 WHEREAS, The Board finds that the public interest and necessity require that the City
11 at this time make arrangements for the funding loan, the project loan and the execution and
12 delivery of the Notes; and

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

17 WHEREAS, The City has engaged Jones Hall, A Professional Law Corporation and the
18 Law Offices of Alexis S.M. Chiu, as co-bond counsel with respect to the Notes (“Co-Bond
19 Counsel”); and

20 WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the “Funding Lender”) has
21 expressed its intention to make the construction funding loan, to be evidenced by the Notes,
22 and in connection therewith, the City, the Funding Lender and the Borrower are to enter into
23 certain documents for the construction funding loan, including without limitation the Funding
24 Loan Agreement, the Project Loan Agreement, and certain assignments, allonges and other
25 ancillary documents; and

1 WHEREAS, The interest on the Notes may qualify for tax exemption under Section 103
2 of the Internal Revenue Code of 1986, as amended (“Code”), only if the Notes are approved
3 by an applicable elected representative of a governmental unit having jurisdiction over the
4 area in which the Project is located in accordance with Section 147(f) of the Code; and

5 WHEREAS, The City is a governmental unit having jurisdiction over the area in which
6 the Project is located and now wishes to approve the issuance of the Notes in order to satisfy
7 the public approval requirements of Section 147(f) of the Code; and

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

9 WHEREAS, On October 11, 2023, the City caused a notice stating that a public
10 hearing with respect to the issuance of the Notes would be held by MOHCD on October 18,
11 2023, published in the Notices section of the MOHCD website (at [https://sfmohcd.org/notices-](https://sfmohcd.org/notices-0)
12 0); now, therefore, be it

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

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

17 Section 2. Approval of Execution and Delivery of Notes. In accordance with the Act
18 and the Funding Loan Agreement, the City is hereby authorized to execute and deliver the
19 Notes in one or more series designated as “City and County of San Francisco Multifamily
20 Housing Revenue Notes (Transbay Block 2 West), Series 2024A” or such other or such
21 additional designations as may be necessary or appropriate to distinguish such series from
22 every other series of bonds or notes, in an aggregate principal amount not to exceed
23 \$67,680,000, provided that any tax-exempt portion of the Notes shall not exceed the
24 Allocation Amount. The Notes shall bear interest at a rate not to exceed twelve percent (12%)
25 per annum, and shall have a final maturity date not later than forty (40) years from their date

1 of execution and delivery. The Notes shall be in the forms set forth in and otherwise in
2 accordance with the Funding Loan Agreement, and shall be executed by the manual or
3 facsimile signature of the Mayor.

4 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
5 (the "Funding Loan Agreement") in the form presented to the Board, a copy of which is on file
6 with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be
7 entered into by and among the City, the Funding Lender and U.S. Bank Trust Company,
8 National Association, as Fiscal Agent (the "Fiscal Agent"). Each of the Mayor, the Director,
9 the Deputy Director of Housing of MOHCD, and any other Authorized Officer of the
10 Governmental Lender (as such terms are defined in the Funding Loan Agreement), acting
11 individually or collectively (each, an "Authorized City Representative"), is hereby authorized to
12 execute the Funding Loan Agreement, approved as to form by the City Attorney of the City
13 (the "City Attorney"), in substantially said form, together with such additions thereto and
14 changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in
15 accordance with Section 7 hereof.

16 Section 4. Approval of Project Loan Agreement. The Project Loan Agreement (the
17 "Project Loan Agreement") by and among the City, the Fiscal Agent and the Borrower, in the
18 form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby
19 approved. Each Authorized City Representative is hereby authorized to execute the Project
20 Loan Agreement in substantially said form, together with such additions thereto and changes
21 therein as the City Attorney and Co-Bond Counsel may approve or recommend in accordance
22 with Section 7 hereof.

23 Section 5. Approval of Regulatory Agreements and Declarations of Restrictive
24 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
25 "Regulatory Agreement" and, together with the Funding Loan Agreement and the Project Loan

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

7 Section 6. Issuer Fees. The City, acting through MOHCD, shall charge an annual
8 issuer fee for monitoring the restricted units in the Project up to an amount provided for under
9 its standard issuer fee policies, or at some lesser amount if required by federal tax law
10 applicable to the Notes. The annual monitoring fee due during the construction period shall
11 be payable at funding loan closing. The Board hereby authorizes MOHCD to charge and
12 collect the fees described in this section.

13 Section 7. Modifications, Changes, Additions. Any Authorized City Representative
14 executing the City Documents, in consultation with the City Attorney and Co-Bond Counsel, is
15 hereby authorized to approve and make such modifications, amendments, changes or
16 additions to the City Documents as may be necessary or advisable, including, without implied
17 limitation, changes to the titles of any City Documents, provided that such modification does
18 not authorize an aggregate principal amount of the Notes in excess of \$67,680,000 or an
19 aggregate principal amount of the tax-exempt portion of the Notes in excess of the Allocation
20 Amount, provide for a final maturity of the Notes later than forty (40) years from the date of
21 execution and delivery thereof, or provide for the Notes to bear interest at a rate in excess of
22 twelve percent (12%) per annum. The approval of any modification, addition or change to any
23 of the aforementioned documents shall be evidenced conclusively by the execution and
24 delivery of the document in question.

1 Section 8. Public Approval. The Board, as the applicable elected representative of
2 the governmental unit having jurisdiction over the area in which the Project is located, hereby
3 approves the issuance of the Notes in the aggregate principal amount not to exceed
4 \$65,180,000, for purposes of Section 147(f) of the Code.

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

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

23 Section 11. File. All documents referenced herein as being on file with the Clerk of
24 the Board are located in File No. 240026, which is hereby declared to be a part of this
25 Resolution as if set forth fully herein.

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

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

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

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