

1 [Multifamily Housing Revenue Note - Balboa Lee Avenue, L.P. - Balboa Reservoir - Building E
2 - Expected to be 505 Mayor Edwin M. Lee Avenue (Formerly Known as 11 Frida Kahlo Way) -
3 Not to Exceed \$84,116,000]

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4 **Resolution approving for purposes of the Internal Revenue Code of 1986, as amended,**
5 **authorizing the execution and delivery of a multifamily housing revenue note in one or**
6 **more series in an aggregate principal amount not to exceed \$84,116,000 for the**
7 **purpose of providing financing for the construction of a 127-unit (plus one manager’s**
8 **unit) multifamily rental housing project expected to be located at 505 Mayor Edwin M.**
9 **Lee Avenue (formerly known as 11 Frida Kahlo Way) (Assessor’s Parcel Block No:**
10 **3180-202), known as “Balboa Reservoir - Building E”; approving the form of and**
11 **authorizing the execution of a funding loan agreement, providing the terms and**
12 **conditions of the loan from the funding lender to the City, and the execution and**
13 **delivery of the note; approving the form of and authorizing the execution of a project**
14 **loan agreement providing the terms and conditions of the loan from the City to Balboa**
15 **Lee Avenue, L.P. (the “Borrower”); approving the form of and authorizing the execution**
16 **of a regulatory agreement and declaration of restrictive covenants; authorizing the**
17 **collection of certain fees; approving modifications, changes and additions to the**
18 **documents; ratifying and approving any action heretofore taken in connection with the**
19 **back-to-back loans, the note and the project; granting general authority to City officials**
20 **to take actions necessary to implement this Resolution and related matters, as defined**
21 **herein.**

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23 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
24 “Board”) desires to provide for the financing of a portion of the costs of the construction by

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1 Balboa Lee Avenue, L.P., a California limited partnership (the “Borrower”), of a 127-unit (plus
2 one manager’s unit) residential rental development project expected to be located at 505
3 Mayor Edwin M. Lee Avenue (formerly 11 Frida Kahlo Way) (APN: 3180-202), San Francisco,
4 California 94112, known as “Balboa Reservoir - Building E” (the “Project”), to provide housing
5 for persons and families of low income through the issuance of a multifamily housing revenue
6 note in one or more series which may be taxable or tax-exempt (collectively, the “Note”); and

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

13 WHEREAS, The Interest on the Note may qualify for federal tax exemption under the
14 Internal Revenue Code of 1986, as amended (the “Code”), only if the Note is approved in
15 accordance with Section 147(f) of the Code; and

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

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

20 WHEREAS, On June 6, 2025, the City caused a notice stating that a public hearing
21 with respect to the issuance of multifamily affordable housing mortgage revenue bonds or
22 notes and their respective projects, pursuant to plans of financing, would be held by the
23 Mayor’s Office of Housing and Community Development (“MOHCD”) on June 23, 2025, to be
24 published and appear in the Notices section of the MOHCD’s website (at
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1 <https://sf.gov/information/mohcd-department-notice>), which is on file with the Clerk of the
2 Board of Supervisors (the “Clerk of the Board”) and incorporated herein by reference; and

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

6 WHEREAS, On December 11, 2024, the California Debt Limit Allocation Committee
7 (“CDLAC”) in its Resolution Number 24-245, allocated an amount not to exceed \$73,004,348
8 (the “Initial Allocation Amount”) in qualified private activity volume cap to the Project; and

9 WHEREAS, On April 16, 2025, CDLAC in its Resolution Number 25-163, allocated a
10 supplemental amount not to exceed \$1,111,652 (the “Supplemental Amount” and together
11 with the Initial Allocation Amount, the “Allocation Amount”) in qualified private activity volume
12 cap to the Project; and

13 WHEREAS, The documentation required for the execution and delivery of the Note is
14 on file with the Clerk of the Board; and

15 WHEREAS, Each of the documents now before the Board in File No. 250828 is
16 substantially in final form and is an appropriate instrument to be executed and delivered for
17 the purposes intended; and

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

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

1 WHEREAS, The City has engaged Kutak Rock LLP as bond counsel with respect to
2 the Note (“Bond Counsel”); and

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

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

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

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

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

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

1 constitute approval of the Note by the applicable elected representative of the issuer of the
2 Note and the applicable elected representative of the governmental unit having jurisdiction
3 over the area in which the Project is located, in accordance with said Section 147(f).

4 Additionally, in accordance with the Act and the Funding Loan Agreement, the City is
5 hereby authorized to execute and deliver a note or notes in one or more series and subseries
6 and designated as “City and County of San Francisco Multifamily Housing Revenue Note
7 (Balboa Reservoir – Building E) Series 2025F” or such other or with such additional
8 designation as may be necessary or appropriate to distinguish such series from every other
9 series of bonds or notes, in an aggregate principal amount not to exceed \$84,116,000,
10 provided that any tax-exempt portion of the Note shall not exceed the Allocation Amount, with
11 an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall
12 have a final maturity date not later than forty (40) years from the date of execution and
13 delivery of the Note. The Note shall be in the form set forth in and otherwise in accordance
14 with the Funding Loan Agreement and shall be executed by the manual or facsimile signature
15 of the Mayor of the City (the “Mayor”).

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

1 and changes therein as the City Attorney and Bond Counsel may approve or recommend in
2 accordance with Section 7 hereof.

3 Section 4. Approval of Project Loan Agreement. The Project Loan Agreement (the
4 “Project Loan Agreement”) by and among the City, the Fiscal Agent and the Borrower, in the
5 form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby
6 approved. Each Authorized City Representative is hereby authorized to execute the Project
7 Loan Agreement, approved as to form by the City Attorney, in substantially said form, together
8 with such additions thereto and changes therein as the City Attorney and Bond Counsel may
9 approve or recommend in accordance with Section 7 hereof.

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

19 Section 6. Issuer Fees. The City, acting through MOHCD, shall charge an annual
20 issuer fee for monitoring compliance by the Borrower with certain provisions of the Regulatory
21 Agreement up to an amount provided for under its standard issuer fee policies, or at some
22 lesser amount if required upon the advice of Bond Counsel that such lesser amount is
23 necessary or advisable by the Code. The annual monitoring fee due during the construction
24 period shall be payable at Note closing. The Board hereby authorizes MOHCD to charge and
25 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 Bond Counsel, is
3 hereby authorized to approve and make such modifications, amendments, changes or
4 additions to the City Documents as may be necessary or advisable, provided that such
5 modification does not authorize an aggregate principal amount of the Note in excess of
6 \$84,116,000 or an aggregate principal amount of the tax-exempt portion of the Note in excess
7 of the Allocation Amount, provide for a final maturity of the Note later than forty (40) years
8 from the date of execution and delivery thereof, or provide for the Note to bear interest at a
9 rate in excess of twelve percent (12%) per annum. The approval of any modification, addition
10 or change to any of the aforementioned documents shall be evidenced conclusively by the
11 execution and delivery of the document in question.

12 Section 8. Execution of Documents. Any document authorized herein may be
13 executed in multiple counterparts and any document authorized herein, except the Note and
14 the Regulatory Agreement, may be signed by electronic means.

15 Section 9. 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 10. 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 11. File. All documents referenced herein as being on file with the Clerk of
10 the Board are located in File No. 250828, which is hereby declared to be a part of this
11 Resolution as if set forth fully herein.

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

14 APPROVED AS TO FORM:
15 DAVID CHIU, City Attorney

16 By: /s/ HEIDI J. GEWERTZ
17 HEIDI J. GEWERTZ
Deputy City Attorney

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