

1 [Multifamily Housing Revenue Notes - 160 Freelon Housing Partners, L.P. - 160 Freelon
2 Street - Not to Exceed \$76,000,000]

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 \$76,000,000**
5 **for the purpose of providing financing for the construction of an 85-unit multifamily**
6 **rental housing project located at 160 Freelon Street, known as “160 Freelon”;**
7 **approving the form of and authorizing the execution of a funding loan agreement**
8 **providing the terms and conditions of the construction loan from the construction**
9 **funding lender identified therein to the City and for the execution and delivery of the**
10 **construction note; approving the form of and authorizing the execution of a borrower**
11 **loan agreement providing the terms and conditions of the construction loan from the**
12 **City to 160 Freelon Housing Partners, L.P. (the borrower); approving the form of and**
13 **authorizing the execution of an amended and restated funding loan agreement**
14 **providing the terms and conditions of the permanent loan from the permanent funding**
15 **lender to the City and for the execution and delivery of the permanent note; approving**
16 **the form of and authorizing the execution of an amended and restated borrower loan**
17 **agreement providing the terms and conditions of the permanent loan from the City to**
18 **the borrower; approving the form of and authorizing the execution of a regulatory**
19 **agreement and declaration of restrictive covenants; authorizing the execution of an**
20 **assignment of deed of trust and related documents; authorizing the collection of**
21 **certain fees; approving, for purposes of the Internal Revenue Code of 1986, as**
22 **amended, the execution and delivery of federally tax-exempt residential mortgage**
23 **revenue notes by the City in an aggregate principal amount not to exceed \$48,900,000;**
24 **approving modifications, changes and additions to the documents; ratifying and**
25

1 **approving any action heretofore taken in connection with the back-to-back loans, the**
2 **notes and the project; granting general authority to City officials to take actions**
3 **necessary to implement this Resolution, as defined herein; and related matters, as**
4 **defined herein.**

5
6 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
7 “Board”) desires to provide for the financing of a portion of the costs of the acquisition and
8 new construction by 160 Freelon Housing Partners, L.P., a California limited partnership (the
9 “Borrower”), of an 85-unit residential rental housing development located at 160 Freelon
10 Street, known as “160 Freelon” (the “Project”), to provide housing for persons and families of
11 low income and very low income through the issuance of a multifamily housing revenue
12 Construction Note (hereinafter defined) and a multifamily housing revenue Permanent Note
13 (hereinafter defined), each in one or more series which may be taxable or tax-exempt
14 (collectively, the “Notes”); and

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

21 WHEREAS, On January 24, 2023, the Board adopted its Resolution No. 009-23,
22 authorizing the Mayor of the City (the “Mayor”) to execute and deliver a certificate or other
23 written instrument in the name of and on behalf of the City (an “Inducement Certificate”),
24 without further action of the Board, for the purposes of (i) declaring the intent of the City to
25 reimburse certain expenditures of a multifamily rental housing project from proceeds of future

1 bonded indebtedness, and (ii) authorizing the Director (the “Director”) of the Mayor’s Office of
2 Housing and Community Development (“MOHCD”) to submit an application to the California
3 Debt Limit Allocation Committee (“CDLAC”) to permit the issuance of bonded indebtedness
4 for the Project, and the Mayor approved such Resolution on February 3, 2023; and

5 WHEREAS, The Mayor on August 21, 2023, executed an Inducement Certificate
6 declaring the intent of the City to reimburse certain Project expenditures from proceeds of
7 future tax-exempt multifamily housing revenue bonds, for purposes of Section 1.150-2 of the
8 U.S. Treasury Regulations and authorizing the Director to submit an application to CDLAC to
9 permit the issuance of tax-exempt bonded indebtedness in an amount not to exceed
10 \$80,000,000; and

11 WHEREAS, On December 11, 2024, CDLAC in its Resolution Number 24-284
12 allocated an amount not to exceed \$48,900,000 (the “Allocation Amount”) in qualified private
13 activity tax-exempt bond allocation cap to the Project; and

14 WHEREAS, On January 3, 2025, the City caused a notice to be published in the
15 Notices section of the Mayor’s Office of Housing and Community Development website (at
16 <https://sfmohcd.org/notices-0>) stating that a public hearing with respect to the issuance of the
17 tax-exempt multifamily housing revenue bonds for the Project, pursuant to Section 147(f) of
18 the Code, would be held by MOHCD on January 15, 2025; and

19 WHEREAS, MOHCD held the duly noticed public hearing described above on
20 January 15, 2025, at which hearing an opportunity was provided for persons to comment on
21 the execution and delivery of the Notes and the Project; and

22 WHEREAS, The minutes of such public hearing were provided to this Board prior to
23 this meeting; and
24
25

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

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

8 WHEREAS, This Board finds that public interest and necessity require that the City at
9 this time make arrangements for the funding loan, the borrower loan, and the execution and
10 delivery of the Notes and related documents; and

11 WHEREAS, The Notes will be limited obligations of the City, the sole source of
12 repayment of which shall be payments made by the Borrower under the Borrower Loan
13 Agreement and the Amended and Restated Borrower Loan Agreement (each as hereinafter
14 defined) together with investment income on monies in certain funds and accounts held under
15 the Funding Loan Agreement and the Amended and Restated Funding Loan Agreement
16 (each as hereinafter defined); and

17 WHEREAS, The City has engaged Stradling Yocca Carlson & Rauth LLP and the Law
18 Offices of Alexis S. M. Chiu, as co-special counsel with respect to the Notes ("Co-Special
19 Counsel"); and

20 WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the "Construction Funding
21 Lender") has expressed its intention to make the construction funding loan, to be evidenced
22 by a multifamily housing revenue construction note (the "Construction Note"), and in
23 connection therewith, the City, the Construction Funding Lender and the Borrower are to enter
24 into certain documents for the construction funding loan, including without limitation the
25

1 Funding Loan Agreement, the Borrower Loan Agreement, and certain assignments, allonges
2 and other ancillary documents; and

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

11 WHEREAS, The aforesaid permanent funding loan and related Permanent Note are
12 intended to replace a like amount of the aforesaid construction funding loan and the related
13 Construction Note; as such, the permanent funding loan and Permanent Note will not
14 represent new or additional indebtedness of the Project and will not require separate
15 authorization by this Board; and

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

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

21 WHEREAS, This Board of Supervisors is the elected legislative body of the City and is
22 the applicable elected representative authorized to approve the issuance of the Notes within
23 the meaning of Section 147(f) of the Code, and this approval is also intended to constitute the
24 approval of the applicable elected representative of the governmental unit having jurisdiction
25 over the area in which the Project is located; now, therefore, be it

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

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

5 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act, the
6 Funding Loan Agreement and the Amended and Restated Funding Loan Agreement, the City
7 is hereby authorized to execute and deliver the Notes in one or more series designated as
8 “City and County of San Francisco Multifamily Housing Revenue Note (160 Freelon) Series
9 2025D” and such other or additional designations as may be necessary or appropriate to
10 distinguish such series from every other series of bonds or notes, in an aggregate principal
11 amount not to exceed \$76,000,000 provided that any tax-exempt portion of the Notes shall not
12 exceed the Allocation Amount, with an interest rate not to exceed twelve percent (12%) per
13 annum for the Notes, and which shall have final maturity dates not later than forty (40) years
14 from the date of execution and delivery of the Notes. The Note(s) shall be in the form(s) set
15 forth in and otherwise in accordance with the Funding Loan Agreement and the Amended and
16 Restated Funding Loan Agreement, and shall be executed by the manual or facsimile
17 signature of the Mayor.

18 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the
19 “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file with
20 the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered
21 into by and among the City, the Construction Funding Lender and U.S. Bank Trust Company,
22 National Association, as Fiscal Agent (the “Fiscal Agent”). Each of the Mayor, the Director,
23 the Housing Development Director of MOHCD or any other Authorized Governmental Lender
24 Representative (as such term is defined in the Funding Loan Agreement) of the City, or a
25 designee thereof (each, an “Authorized Representative”), is hereby authorized to execute the

1 Funding Loan Agreement, approved as to form by the City Attorney of the City (the "City
2 Attorney"), in substantially said form, together with such additions thereto and changes therein
3 as the City Attorney and Co-Special Counsel may approve or recommend in accordance with
4 Section 9 hereof.

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

12 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
13 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
14 "Regulatory Agreement" and together with the Funding Loan Agreement, the Borrower Loan
15 Agreement, the Amended and Restated Funding Loan Agreement, and the Amended and
16 Restated Borrower Loan Agreement, the "City Documents"), between the City and the
17 Borrower, in the form presented to the Board, a copy of which is on file with the Clerk of the
18 Board, is hereby approved. Each Authorized Representative of the City is hereby authorized
19 to execute the Regulatory Agreement, approved as to form by the City Attorney, in
20 substantially said form, together with such additions thereto and changes therein as the City
21 Attorney and Co-Special Counsel may approve or recommend in accordance with Section 9
22 hereof.

23 Section 6. Approval of Amended and Restated Funding Loan Agreement. The
24 Amended and Restated Funding Loan Agreement, in the form presented to the Board, a copy
25 of which is on file with the Clerk of the Board, is hereby approved. The Amended and

1 Restated Funding Loan Agreement shall be entered into by and among the City, the
2 Permanent Funding Lender and the Fiscal Agent. Each Authorized Representative of the City
3 is hereby authorized to execute the Amended and Restated Funding Loan 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-Special Counsel may
6 approve or recommend in accordance with Section 9 hereof.

7 Section 7. Approval of Amended and Restated Borrower Loan Agreement. The
8 Amended and Restated Borrower Loan Agreement by and among the City, the Fiscal Agent
9 and the Borrower, in the form presented to the Board, a copy of which is on file with the Clerk
10 of the Board, is hereby approved. Each Authorized Representative of the City is hereby
11 authorized to execute the Amended and Restated Borrower Loan Agreement, approved as to
12 form by the City Attorney, in substantially said form, together with such additions thereto and
13 changes therein as the City Attorney and Co-Special Counsel may approve or recommend in
14 accordance with Section 9 hereof.

15 Section 8. Issuer Fees. The City, acting through MOHCD, shall charge an annual
16 fee for monitoring the compliance by the Borrower with certain provisions of the Regulatory
17 Agreement in an amount not to exceed 0.125% of the average outstanding aggregate
18 principal amount of the Notes (which after repayment of the Notes shall be no less than
19 \$2,500 annually) for the term of the Regulatory Agreement, or at some lesser amount if
20 required by federal tax law applicable to the Notes. The initial monitoring fee shall be payable
21 at the time of, and contingent upon, the closing for the Notes. The Board hereby authorizes
22 MOHCD to charge and collect the fees described in this section.

23 Section 9. Modifications, Changes, Additions. Any Authorized Representative of the
24 City executing the City Documents, in consultation with the City Attorney and Co-Special
25 Counsel, is hereby authorized to approve and make such modifications, changes or additions

1 to the City Documents as may be necessary or advisable, including, without implied limitation,
2 changes to the titles of any City Documents, provided that such modification does not
3 authorize an aggregate principal amount of the Notes in excess of \$76,000,000 or an
4 aggregate principal amount of the tax-exempt portion of the Notes in excess of the Allocation
5 Amount, provide for a final maturity of the Notes more than forty (40) years from the date of
6 execution and delivery thereof, or provide for the Notes to bear interest at a rate in excess of
7 twelve percent (12%) per annum. The approval of any modification, addition or change to any
8 of the aforementioned documents shall be evidenced conclusively by the execution and
9 delivery of the document in question by an Authorized Representative of the City.

10 Section 10. Public Approval. The Board, as the applicable elected representative of
11 the governmental unit having jurisdiction over the area in which the Project is located, hereby
12 approves the issuance of one or more federally tax-exempt series of the Notes in the
13 aggregate principal amount not to exceed the Allocation Amount for purposes of Section
14 147(f) of the Code.

15 Section 11. 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 Notes consistent
17 with the City Documents and this Resolution, are hereby approved, confirmed and ratified.

18 Section 12. General Authority. The proper officers of the City (including the Authorized
19 Representatives of the City) are hereby authorized and directed, for and in the name and on
20 behalf of the City, to do any and all things and take any and all actions and execute and
21 deliver any and all certificates, assignments, agreements (including, without implied limitation,
22 any tax-exemption documents, assignments including an assignment of the deed of trust
23 executed by the Borrower in favor of the City, allonges, endorsements, subordinations, and
24 such other agreements to provide adequate or additional security or indemnities as required
25 by lenders to consummate the financing) and other documents and amendments, including

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

10 Section 13. File. All documents referenced herein as being on file with the Clerk of the
11 Board are located in File No. 250462, which is hereby declared to be a part of this Resolution
12 as if set forth fully herein.

13 Section 14. Effective Date. This Resolution shall take effect from and after its adoption
14 by the Board and approval by the Mayor.

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

19 By: /s/ KENNETH DAVID ROUX
20 KENNETH DAVID ROUX
21 Deputy City Attorney

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