

1 [Multifamily Housing Revenue Note - Hunters Point Shipyard Block 52-54 - 151 and 351
2 Friedell Street - Not to Exceed \$63,000,000]

3 **Resolution approving for purposes of the Internal Revenue Code of 1986, as amended,**
4 **and authorizing the execution and delivery of a multifamily housing revenue note in**
5 **one or more series in an aggregate principal amount not to exceed \$63,000,000 for the**
6 **purpose of providing financing for the acquisition and construction of a 112-unit**
7 **multifamily rental housing project located at 151 and 351 Friedell Street; approving the**
8 **form of and authorizing the execution of a funding loan agreement; providing the terms**
9 **and conditions of the loan from the funding lender to the City, and the execution and**
10 **delivery of the note; approving the form of and authorizing the execution of a project**
11 **loan agreement; providing the terms and conditions of the loan from the City to the**
12 **Borrower; approving the form of and authorizing the execution of two regulatory**
13 **agreements and declaration of restrictive covenants; authorizing the collection of**
14 **certain fees; approving modifications, changes, and additions to the documents;**
15 **ratifying and approving any action heretofore taken in connection with the back-to-**
16 **back loans, the note and the project; granting general authority to City officials to take**
17 **actions necessary to implement this Resolution, as defined herein; and related matters,**
18 **as defined herein.**

19
20 WHEREAS, The Board of Supervisors (the "Board") of the City and County of San
21 Francisco desires to provide for the financing of a portion of the costs of the acquisition and
22 construction by HPSY 52-54, LP, a California limited partnership (the "Borrower"), of a
23 112-unit (including two managers' units) residential rental development project located at
24 151 and 351 Friedell Street, in San Francisco, California, known as "Hunters Point Shipyard
25 Block 52-54" (the "Project"), to provide housing for persons and families of low and very-low

1 income (as such terms are defined by the City) through the execution and delivery of a
2 multifamily housing revenue note in one or more series (collectively, the “Note”); and

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

9 WHEREAS, The interest on the Note may qualify for tax exemption under Section 103
10 of the Internal Revenue Code of 1986, as amended (the “Code”), only if the Note is approved
11 in accordance with Section 147(f) of the Code; and

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

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

16 WHEREAS, On December 5, 2022, the City caused a notice stating that a public
17 hearing with respect to the issuance of multifamily affordable housing mortgage revenue bond
18 issues would be held by the Mayor’s Office of Housing and Community Development
19 (“MOHCD”) on December 13, 2022, to be published and appear in the Notices section of the
20 MOHCD’s website (at <https://sf.gov/information/mochd-department-notices>), which is on file
21 with the Clerk of the Board of Supervisors and incorporated herein by reference; and

22 WHEREAS, At the date and time and the location specified in such notice the MOHCD
23 held such public hearing at which an opportunity was provided for persons to comments on
24 the issuance of the Note and the Project; and

25

1 WHEREAS, On November 30, 2022, the California Debt Limit Allocation Committee
2 (“CDLAC”) in its Resolution No. 22-237, allocated an amount not to exceed \$63,000,000 in
3 qualified private activity volume cap to the Project; and

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

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

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

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

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

20 WHEREAS, Bank of America, N.A., a national banking association (or an affiliate
21 thereof) (the “Funding Lender”) has expressed its intention to make the funding loan, to be
22 evidenced by the Note, to the City; now, therefore, be it

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

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

3 Section 2. Approval of Issuance of Execution and Delivery of Note. The Board, as
4 the applicable elected representative of the governmental unit having jurisdiction over the
5 area in which the Project is located, hereby approves the issuance of the Note, pursuant to a
6 plan of financing, for purposes of Section 147(f) of the Code. Additionally, in accordance with
7 the Act, the Funding Loan Agreement and the Project Loan Agreement, the City is hereby
8 authorized to execute and deliver a note or notes in one or more series designated as “City
9 and County of San Francisco, California Multifamily Housing Revenue Note (Hunters Point
10 Shipyard Block 52-54) Series 2023B” or such additional or other designation as may be
11 necessary or appropriate to distinguish such series from every other series of bonds or notes,
12 in an aggregate principal amount not to exceed \$63,000,000, with an interest rate not to
13 exceed twelve percent (12%) per annum for the Note, and which shall have a final maturity
14 date of not later than forty (40) years from the date of execution and delivery of the Note. The
15 Note shall be in the form set forth in and otherwise in accordance with the Funding Loan
16 Agreement and shall be executed by the manual or facsimile signature of the Mayor of the
17 City (the “Mayor”).

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

1 execute the Funding Loan Agreement, approved as to form by the City Attorney of the City
2 (the "City Attorney"), in substantially said form, together with such additions thereto and
3 changes therein as the City Attorney and Bond Counsel may approve or recommend in
4 accordance with Section 7 hereof.

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

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

21 Section 6. Issuer Fees. The City, acting through MOHCD, shall charge an annual
22 fee for monitoring compliance by the Borrower with certain provisions of the Regulatory
23 Agreement in an amount not to exceed one-eighth of one percent (0.125%) of the average
24 outstanding principal amount of the Note in the previous twelve (12) months (the "Annual
25 Fee"). When the Note has been paid in full, the Annual Fee will revert to an annual amount of

1 \$2,500 for the duration of the term of the Regulatory Agreement. The Annual Fee shall be
2 payable upon each anniversary of the execution and delivery of the Note. The Board hereby
3 authorizes MOHCD to charge and collect the fees described in this section. Notwithstanding
4 the foregoing provisions of this Section, MOHCD is authorized to charge an Issuance Fee or
5 Annual Fee, or both, that is or are lower than or that are collected on a different schedule than
6 the fees prescribed in this Section 6, if upon the advice of Bond Counsel, lower fees are
7 necessary or advisable to ensure that the Note does not become an “arbitrage bond” within
8 the meaning of Section 148 of the Code, or to ensure that interest on the Note does not
9 become includable in gross income for federal income tax purposes under Section 103 of the
10 Code.

11 Section 7. Modifications, Changes, and Additions. Any Authorized City
12 Representative executing the City Documents, in consultation with the City Attorney and Bond
13 Counsel, is hereby authorized to approve and make such modifications, amendments,
14 changes or additions to the City Documents as may be necessary or advisable, provided that
15 such modification does not: (i) authorize an aggregate principal amount of the Note in excess
16 of \$63,000,000; (ii) provide for a final maturity of the Note later than forty (40) years from the
17 date of execution and delivery thereof; or (iii) provide for the Note to bear interest at a rate in
18 excess of twelve percent (12%) per annum. The approval of any modification, addition or
19 change to any of the aforementioned documents shall be evidenced conclusively by the
20 execution and delivery of the document in question by an Authorized City Representative or a
21 designee thereof.

22 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
23 City with respect to the funding loan and the execution and delivery of the Note consistent
24 with the purposes of this Resolution and the City Documents are hereby approved, confirmed,
25 and ratified.

1 Section 9. General Authority. The proper officers of the City (including the
2 Authorized City Representatives or designees thereof) are hereby authorized and directed, for
3 and in the name and on behalf of the City, to do any and all things and take any and all
4 actions and execute and deliver any and all certificates (including, but not limited to, tax
5 certificates), agreements (including agreements to provide adequate or additional security or
6 indemnities as required by lenders to consummate the financing), and other documents and
7 amendments, including but not limited to those documents described in the City Documents,
8 which they, or any of them, may deem necessary or advisable in order to consummate the
9 lawful execution and delivery of the Note and to effectuate the purposes thereof and of the
10 City Documents in consultation with the City Attorney. Any such actions are solely intended to
11 further the purposes of this Resolution, and are subject in all respects to the terms of this
12 Resolution. No such actions shall increase the risk to the City or require the City to spend any
13 resources not otherwise contemplated herein. Final versions of such documents (showing
14 marked changes, if any) shall be provided to the Clerk of the Board for inclusion in the official
15 file within thirty (30) days of execution by all parties.

16 Section 10. File. All documents referenced herein as being on file with the Clerk of
17 the Board are located in File No. 230317, which is hereby declared to be a part of this
18 Resolution as if set forth fully herein.

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

3
4 APPROVED AS TO FORM:
5 DAVID CHIU
6 City Attorney

7 By: _____/s/
8 Heidi J. Gewertz
9 Deputy City Attorney