

1 [Multifamily Housing Revenue Notes - 730 Stanyan Associates, L.P. - Not to Exceed
2 \$90,000,000]

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 \$90,000,000**
5 **for the purpose of providing financing for the construction of a 160-unit multifamily**
6 **rental housing project known as 730 Stanyan; approving the form of and authorizing**
7 **the execution of a funding loan agreement providing the terms and conditions of the**
8 **construction loan from the construction funding lender to the City, and the execution**
9 **and delivery of the construction notes; approving the form of and authorizing the**
10 **execution of a project loan agreement providing the terms and conditions of the**
11 **construction loan from the City to the borrower; approving the form of and authorizing**
12 **the execution of an amended and restated funding loan agreement providing the terms**
13 **and conditions of the permanent loan from the permanent funding lender to the City,**
14 **and the execution and delivery of the permanent notes; approving the form of and**
15 **authorizing the execution of an amended and restated project loan agreement**
16 **providing the terms and conditions of the permanent loan from the City to the**
17 **borrower; approving the form of and authorizing the execution of a regulatory**
18 **agreement and declaration of restrictive covenants for the subject project; authorizing**
19 **the collection of certain fees; approving, for purposes of the Internal Revenue Code of**
20 **1986, as amended, the issuance and sale of residential mortgage revenue notes by the**
21 **City in an aggregate principal amount not to exceed \$90,000,000; approving**
22 **modifications, changes and additions to the documents; ratifying and approving any**
23 **action heretofore taken in connection with the back-to-back loans, the notes and the**
24 **project; granting general authority to City officials to take actions necessary to**
25 **implement this Resolution, as defined herein; and related matters, as defined herein.**

1 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
2 “Board”) desires to provide for the financing of a portion of the costs of the acquisition and
3 new construction by 730 Stanyan Associates, L.P., a California limited partnership (the
4 “Borrower”), of a 160-unit residential rental development project (the “Project”) located at 730
5 Stanyan Street in San Francisco, California, to provide housing for persons and families of low
6 income through the issuance of a multifamily housing revenue Construction Notes (hereinafter
7 defined) and a multifamily housing revenue Permanent Notes (hereinafter defined), each in
8 one or more series which may be taxable or tax-exempt (collectively, the “Notes”); and

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

15 WHEREAS, On June 28, 2022, the Board adopted its Resolution No. 304-22, declaring
16 the intent of the City to reimburse certain expenditures of the Project from proceeds of future
17 bonded indebtedness, and authorizing the Director (the “Director”) of the Mayor’s Office of
18 Housing and Community Development (“MOHCD”) to submit an application to the California
19 Debt Limit Allocation Committee (“CDLAC”) to permit the issuance of bonded indebtedness in
20 an amount not to exceed \$130,000,000, and the Mayor of the City (the “Mayor”) approved
21 such Resolution on July 8, 2022; and

22 WHEREAS, On November 30, 2022, CDLAC adopted its Resolution No. 22-253,
23 allocating an amount not to exceed \$81,104,569 (together with any future supplemental
24 CDLAC allocation for the Project, the “Allocation Amount”) in qualified private activity bond
25 volume cap to the Project; and

1 WHEREAS, There has been prepared and presented to the 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, The Board finds that the public interest and necessity require that the City
9 at this time make arrangements for the funding loan, the project loan and the execution and
10 delivery of the Notes; 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 Project Loan
13 Agreement and the Amended and Restated Project Loan Agreement (each as hereinafter
14 defined), together with investment income, if any, of certain funds and accounts held under
15 the Funding Loan Agreement and the Amended and Restated Funding Loan Agreement
16 (each 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 "Construction Funding
21 Lender") has expressed its intention to make the construction funding loan, to be evidenced
22 by one or more multifamily housing revenue construction notes (the "Construction Notes"),
23 and in connection therewith, the City, the Construction Funding Lender and the Borrower are
24 to enter into certain documents for the construction funding loan, including without limitation
25

1 the Funding Loan Agreement, the Project 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 one or
5 more multifamily housing revenue permanent notes (the "Permanent Notes"), and, in
6 connection therewith, the City, the Permanent Funding Lender and the Borrower are to enter
7 into certain documents for the permanent funding loan, including without limitation amended
8 and restated versions of the Funding Loan Agreement (the "Amended and Restated Funding
9 Loan Agreement"), the Project Loan Agreement (the "Amended and Restated Project Loan
10 Agreement") and certain assignments, allonges and other ancillary documents; and

11 WHEREAS, The aforesaid permanent funding loan and related Permanent Notes are
12 intended to replace a like amount of the aforesaid construction funding loan and the related
13 Construction Notes, and will not represent new or additional indebtedness of the Project that
14 must be separately authorized by this Board;

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

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

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

23 WHEREAS, On December 5, 2022, the City caused a notice stating that a public
24 hearing with respect to the issuance of the Notes would be held by MOHCD on December 13,
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2022 published in the Notices section of the MOHCD website (at <https://sfmohcd.org/notices-0>); now, therefore, be it

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

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

Section 2. Approval of Execution and Delivery of Notes. In accordance with the Act, the Funding Loan Agreement and the Amended and Restated Funding Loan Agreement, the City is hereby authorized to execute and deliver the Notes in one or more series designated as “City and County of San Francisco Multifamily Housing Revenue Notes (730 Stanyan), Series 2023F” or such other or such additional designations as may be necessary or appropriate to distinguish such series from every other series of bonds or notes, in an aggregate principal amount not to exceed \$90,000,000, provided that any tax-exempt portion of the Notes shall not exceed the Allocation Amount, with an interest rate not to exceed twelve percent (12%) per annum for the Notes, and which shall have a final maturity date not later than forty (40) years from the date of execution and delivery of the Notes, and provided further that the principal amount of any Permanent Notes and the related permanent funding loan will not constitute new indebtedness, and need not be double-counted against such maximum authorized principal amount. The Construction Notes and the Permanent Notes shall be in the forms set forth in and otherwise in accordance with the Funding Loan Agreement and the Amended and Restated Funding Loan Agreement, respectively, and shall be executed by the manual or facsimile signature of the Mayor.

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be

1 entered into by and among the City, the Construction Funding Lender and a fiscal agent to be
2 named therein, as Fiscal Agent (the "Fiscal Agent"). Each of the Mayor, the Director, the
3 Deputy Director of Housing of MOHCD, and any other Authorized Governmental Lender
4 Representative (as such term is defined in the Funding Loan Agreement), acting individually
5 or collectively (each, an "Authorized City Representative"), is hereby authorized to execute the
6 Funding Loan Agreement, approved as to form by the City Attorney of the City (the "City
7 Attorney"), in substantially said form, together with such additions thereto and changes therein
8 as the City Attorney and Co-Bond Counsel may approve or recommend in accordance with
9 Section 9 hereof.

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

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

3 Section 6. Approval of Amended and Restated Funding Loan Agreement. The
4 Amended and Restated Funding Loan Agreement, in the form presented to the Board, a copy
5 of which is on file with the Clerk of the Board, is hereby approved. The Amended and
6 Restated Funding Loan Agreement shall be entered into by and among the City, the
7 Permanent Funding Lender and the Fiscal Agent. Each of Authorized City Representative is
8 hereby authorized to execute the Amended and Restated Funding Loan Agreement, approved
9 as to form by the City Attorney, in substantially said form, together with such additions thereto
10 and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend
11 in accordance with Section 9 hereof.

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

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

1 Section 9. Modifications, Changes, Additions. Any Authorized City Representative
2 executing the City Documents, in consultation with the City Attorney and Co-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, including, without implied
5 limitation, changes to the titles of any City Documents, provided that such modification does
6 not authorize an aggregate principal amount of the Notes in excess of \$90,000,000 or an
7 aggregate principal amount of the tax-exempt portion of the Notes in excess of the Allocation
8 Amount, provide for a final maturity of the Notes later than forty (40) years from the date of
9 execution and delivery thereof, or provide for the Notes to bear interest at a rate in excess of
10 twelve percent (12%) per annum. The approval of any modification, addition or change to any
11 of the aforementioned documents shall be evidenced conclusively by the execution and
12 delivery of the document in question.

13 Section 10. Public Approval. The Board, as the applicable elected representative of
14 the governmental unit having jurisdiction over the area in which the Project is located, hereby
15 approves the issuance of the Notes in the aggregate principal amount not to exceed
16 \$90,000,000, for purposes of Section 147(f) of the Code.

17 Section 11. Ratification. All actions heretofore taken by the officers and agents of the
18 City with respect to the funding loan and the execution and delivery of the Notes consistent
19 with the purposes of this resolution and the City Documents are hereby approved, confirmed
20 and ratified.

21 Section 12. General Authority. The proper officers of the City are hereby authorized
22 and directed, for and in the name and on behalf of the City, to do any and all things and take
23 any and all actions and execute and deliver any and all certificates, agreements (including,
24 without implied limitation, any tax-exemption documents, assignments, allonges,
25 endorsements, subordinations and such other agreements to provide adequate or additional

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

10 Section 13. File. All documents referenced herein as being on file with the Clerk of
11 the Board are located in File No. 230509, which is hereby declared to be a part of this
12 Resolution as if set forth fully herein.

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

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

19 By: /s/ KENNETH D. ROUX
20 Kenneth D. Roux
21 Deputy City Attorney

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