

1 [Multifamily Housing Revenue Bonds - 401 Avenue of the Palms (Maceo May Apartments) -
2 Not to Exceed \$44,615,500]

3 **Resolution authorizing the issuance and delivery of multifamily housing revenue bonds**
4 **in an aggregate principal amount not to exceed \$44,615,500 for the purpose of**
5 **providing financing for the acquisition, development, construction and equipping of a**
6 **105-unit, affordable multifamily residential rental housing project located within the**
7 **City on an approximately 0.74-acre parcel, identified as Parcel C3.2 in the Treasure**
8 **Island Master Plan, currently assigned the street address of 401 Avenue of the Palms;**
9 **approving the form of and authorizing the execution of a trust indenture providing**
10 **terms and conditions of the bonds; approving the form of and authorizing the**
11 **execution of a regulatory agreement and declaration of restrictive covenants;**
12 **approving the form of and authorizing the execution of a loan agreement; authorizing**
13 **the collection of certain fees; ratifying and approving any action heretofore taken in**
14 **connection with the bonds and the project; granting general authority to City officials**
15 **to take actions necessary to implement this Resolution; and related matters, as defined**
16 **herein.**

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18 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
19 "Board") desires to provide for a portion of the costs of the acquisition, development,
20 construction and equipping by Maceo May Apts, L.P., a California limited partnership (the
21 "Borrower"), of a 105-unit residential rental housing development located on an approximately
22 0.74-acre parcel identified as Parcel C3.2 in the Treasure Island Master Plan, currently
23 designated the street address of 401 Avenue of the Palms, San Francisco, California (the
24 "Project"), through the issuance of multifamily housing revenue bonds; and

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

7 WHEREAS, Any Bonds (hereinafter defined) to be issued to finance the Project will be
8 limited obligations of the City, the sole source of repayment for which shall be payments made
9 by the Borrower or collateral security pledged by or for the Borrower, together with investment
10 income on certain funds and accounts; and

11 WHEREAS, The interest on the Bonds may qualify for tax exemption under Section
12 103 of the Internal Revenue Code of 1986, as amended, (the “Code”), only if the Bonds are
13 approved in accordance with Section 147(f) of the Code; and

14 WHEREAS, This Board is the elected legislative body of the City and is the applicable
15 elected representative required to approve the issuance of the Bonds within the meaning of
16 Section 147(f) of the Code; and

17 WHEREAS, On June 17, 2019, the City published a notice on the City’s website
18 regarding its intent to hold a public hearing with respect to the issuance of multifamily housing
19 revenue bonds in an amount not to exceed \$50,000,000 to finance the Project, and said
20 hearing was held on June 26, 2019, by the Mayor’s Office of Housing and Community
21 Development and an opportunity was provided for persons to comment on the issuance of the
22 Bonds and the financing of the Project; and

23 WHEREAS, Thereafter, on July 30, 2019, pursuant to Resolution No. 374-19, this
24 Board approved the issuance of multifamily housing revenue bonds, in an amount not to
25 exceed \$50,000,000 for the purposes of Section 147(f) of the Code, declared its intent to

1 issue multifamily housing revenue bonds and authorized officers of the City to submit an
2 application and related documents to the California Debt Limit Allocation Committee
3 (“CDLAC”) and take other actions in connection with the proposed financing of the Project;
4 and

5 WHEREAS, On October 16, 2019, CDLAC, in its Resolution No. 19-159, allocated
6 \$44,615,000 in qualified private activity bond volume cap to the Project; and

7 WHEREAS, There has been prepared and presented to this Board for consideration at
8 this meeting the documentation required for the issuance of the Bonds, and such
9 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
10 and

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

14 WHEREAS, This Board finds that public interest and necessity require that the City at
15 this time make arrangements for the sale of the Bonds; and

16 WHEREAS, The City has engaged Jones Hall, A Professional Law Corporation, and
17 Amira Jackmon, Attorney at Law, as co-bond counsel with respect to the Bonds (“Co-Bond
18 Counsel”); and

19 WHEREAS, Silicon Valley Bank has expressed its intention to purchase, or cause an
20 affiliate to purchase, the Bonds authorized hereby; now, therefore, be it

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

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

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1 Section 2. Approval of Issuance of Bonds. In accordance with the Act and the
2 Indenture (hereinafter defined), the City is hereby authorized to issue and deliver revenue
3 bonds of the City, such bonds to be issued in one or more series, and designated as “City and
4 County of San Francisco Multifamily Housing Revenue Bonds (Maceo May Apartments),
5 Series 2020___,” or such other designation as may be necessary or appropriate to distinguish
6 such series from every other series of bonds of the City, in an aggregate principal amount not
7 to exceed \$44,615,500 (the “Bonds”), with an interest rate not to exceed twelve percent (12%)
8 per annum for the Bonds, and which shall have a final maturity date not later than forty-five
9 (45) years from the date of issuance of the Bonds. The Bonds shall be in the form set forth in
10 and otherwise in accordance with the Indenture, and shall be executed by the manual
11 signature of the Mayor of the City (the “Mayor”) and as further provided in the Indenture.

12 Section 3. Indenture. The Trust Indenture (the “Indenture”), by and between the City
13 U.S. Bank National Association, as trustee (the “Trustee”) to be selected] by the Director of
14 the Mayor's Office of Housing and Community Development (the “Director”), in the form
15 presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby
16 approved. Each of the Mayor, the Director or any other Authorized City Representative (as
17 such term is defined in the Indenture) of the City (collectively, the “Authorized Officers”) is
18 hereby authorized to execute the Indenture in said form, together with such additions thereto
19 and changes therein as the City Attorney and Co-Bond Counsel may approve or recommend
20 in accordance with Section 7 hereof.

21 Section 4. Regulatory Agreement and Declaration of Restrictive Covenants. The
22 Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory
23 Agreement”), by and between the City and the Borrower, in the form presented to this Board,
24 a copy of which is on file with the Clerk of the Board, is hereby approved. Each Authorized
25 Officer is hereby authorized to execute the Regulatory Agreement, in said form, together with

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

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

9 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
10 Community Development, shall charge a fee for the administrative costs associated with
11 issuing the Bonds (the “Issuance Fee”) in an amount not to exceed 0.25% of the maximum
12 aggregate principal amount of the Bonds. Such fee shall be payable at closing and may be
13 contingent on the issuance of the Bonds. The City shall also charge an annual fee (the
14 “Annual Fees”) for monitoring compliance with the provisions of the Regulatory Agreement in
15 an amount not to exceed 0.125% of the outstanding aggregate principal amount of the Bonds,
16 but no less than \$2,500 annually, for the term of the Regulatory Agreement. The Board
17 hereby authorizes the Mayor's Office of Housing and Community Development to charge and
18 collect, or appoint an agent, which may be the Trustee, to collect on behalf of the City, the
19 fees described in this section. Notwithstanding the foregoing provisions of this Section, the
20 City, acting through the Mayor’s Office of Housing and Community Development, is
21 authorized to charge an Issuance Fee or Annual Fees, or both, that is or are lower than the
22 fees prescribed in this Section if, upon the advice of Co-Bond Counsel, lower fees are
23 necessary or advisable to ensure that the Bonds do not become “arbitrage bonds” within the
24 meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or to ensure that
25

1 interest on the Bonds does not become includable in gross income for federal income tax
2 purposes.

3 Section 7. Modifications, Changes, Additions. Any Authorized Officer executing the
4 Indenture, the Loan Agreement or the Regulatory Agreement (collectively, the “City
5 Agreements”), in consultation with the City Attorney and Co-Bond Counsel, is hereby
6 authorized to approve and make such modifications, changes or additions to the City
7 Agreements as may be necessary or advisable, provided that such modification does not
8 authorize an aggregate principal amount of the Bonds in excess of \$44,615,500 provide for a
9 final maturity on the Bonds later than forty-five (45) years from the date of issuance of the
10 Bonds, or provide for the Bonds to bear interest at a rate in excess of twelve percent (12%)
11 per annum. The approval of any modification, addition or change to any of the City
12 Agreements shall be evidenced conclusively by the execution and delivery of the document in
13 question.

14 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
15 City with respect to the sale, issuance and delivery of the Bonds, as consistent with the City
16 Agreements and this Resolution, are hereby approved, confirmed and ratified.

17 Section 9. General Authority. The proper officers of the City, including but not limited
18 to the Authorized Officers, are hereby authorized and directed, for and in the name and on
19 behalf of the City, to do any and all things and take any and all actions and execute and
20 deliver any and all certificates, agreements and other documents (including but not limited to
21 any certificates necessary to allocate a portion of the previously-obtained voter approval of
22 low rent housing projects pursuant to Article 34 of the State Constitution to the Project, if
23 applicable), subordinations, assignments, tax documents and those documents described in
24 the City Agreements, which they, or any of them, may deem necessary or advisable in order
25 to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes

1 thereof and of the City Agreements. Any such actions are solely intended to further the
2 purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No
3 such actions shall increase the risk to the City or require the City to spend any resources not
4 otherwise granted herein. Final versions of any such documents shall be provided to the
5 Clerk of the Board for inclusion in the official file within 30 days of execution by all parties.

6 Section 10. File. All documents referenced herein as being on file with the Clerk of
7 the Board are located in File No. _____, which is hereby declared to be a part of this
8 Resolution as set forth fully herein.

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10 APPROVED AS TO FORM:
11 DENNIS J. HERRERA
City Attorney

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14 By: _____
15 Heidi Gewertz
Deputy City Attorney
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