

RESOLUTION NO. 136-2006

Adopted October 3, 2006

EXPRESSING THE INTENT OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ISSUE MULTIFAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED \$37,650,000 TO FINANCE THE CONSTRUCTION OF RESIDENTIAL FACILITIES KNOWN AS TENTH AND MISSION FAMILY HOUSING, MID-MARKET REDEVELOPMENT SURVEY AREA, AGENCY CITYWIDE AFFORDABLE HOUSING PROGRAM

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is a public body organized and existing pursuant to California Health and Safety Code Section 33000, et seq., (the "Redevelopment Law") and is authorized by Chapter 8, beginning at California Health and Safety Code Section 33750, of the Redevelopment Law to finance residential construction and to issue mortgage revenue bonds to pay the cost of financing such residential construction.
2. Mercy Housing California XIV, a California limited partnership ("Developer"), intends to develop the underutilized real property, owned by the Agency and located at 10th and Mission Streets, Block 3508, Lot 53, San Francisco, California (the "Site") in the Mid-Market Redevelopment Survey Area (the "Survey Area") with approximately 136 units of affordable family housing for very low-income families who are at or below 50 percent of Area Median Income, as determined by the City and a manager's unit on Site (the "Project")
3. On March 16, 2004, pursuant to Resolution No. 36-2004, the Commission approved a loan in an amount not to exceed seven million eight hundred sixty-five thousand nine hundred fifty-five and no/100 dollars (\$7,865,955.00) from funds in the Tax Increment Affordable Housing Fund to the Developer for acquisition and predevelopment activities related to the Project.
4. On March 15, 2005, by Resolution Nos. 51-2005 and 52-2005, the Commission approved the acquisition of the Site directly from the previous owner, VILO Properties, Inc., a California corporation, and Victor Honig and Lorraine Honig, as Trustees of the Honig 1986 Family Trust. On March 31, 2005, the Agency took ownership of the Site using the portion of loan funds that was originally intended for purchase of the Site by the Developer.
5. On October 4, 2005, the Commission by Resolution No. 151-2005 authorized the Agency to enter into a loan with the Developer for the development and construction of the Project for a total aggregate amount not to exceed twenty six million eight hundred twenty four thousand three hundred thirty eight and no/100 dollars (\$26,824,338.00).

6. The Agency now wishes to issue and sell its mortgage revenue bonds pursuant to the Redevelopment Law in an amount not to exceed thirty seven million six hundred fifty thousand and no/100 dollars (\$37,650,000.00) to finance a portion of the costs of construction of the Project.
7. United States Treasury Regulations Section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declare an intention to reimburse such expenditure.
8. The Developer has incurred and expects to incur certain expenditures in connection with the Project.
9. The Agency and the Developer wish to ensure compliance with United States Treasury Regulations Section 1.150-2.
10. It is in the public interest and for the public benefit that the Agency declares its official intention, within the meaning of United States Treasury Regulations Section 1.150-2, to reimburse expenditures for the Project with the proceeds of the issuance of bonds.
11. The issuance of the bonds on a tax-exempt basis will require an allocation from the California Debt Limit Allocation Committee after application from the Agency in accordance with the application process and competitive award of such allocation (including payment of application fees and posting of a performance deposit in an amount up to 1% of the principal amount of the requested amount of bond allocation).
12. The final terms and conditions of the bond issuance will be determined by agreement between the Agency and the Developer, or its assignee.

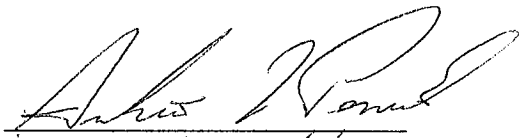
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that subject to negotiation of an agreement with the Developer to the satisfaction of the Agency of financing and other Project related terms and conditions:

1. The Agency expresses its official intent to issue mortgage revenue bonds or notes in one or more series in an amount not to exceed thirty seven million six hundred fifty thousand and no/100 dollars (\$37,650,000.00) to provide financing (including reimbursement of amounts previously expended as provided in Treasury Regulations Section 1.150-2) to the Developer, or its assignee, for the Project in the form of construction and/or permanent loans.

2. The Agency hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of bonds and (ii) to use a portion of the proceeds of the bonds for reimbursement of expenditures for the costs of the Project that are paid before the date of issuance of the bonds and not otherwise paid from the proceeds of such bonds heretofore issued.
3. The maximum principal amount of the bonds which the Agency expects to issue from which it expects to reimburse the Developer for the costs of the Project pursuant to this Resolution is thirty seven million six hundred fifty thousand and no/100 dollars (\$37,650,000.00).
4. The final terms and conditions of the bond issuance will be determined by agreement between the Agency and the Developer. If the parties are not successful in reaching an agreement, the Agency will negotiate the terms and conditions with an alternate developer designated by the Agency.
5. This expression of intent does not give the Developer any claim or rights against the Agency or any entitlement to the financing described above. The failure of the Agency to provide such financing, for any reason whatsoever or for no reason, shall not create any liability of the Agency to the Developer. Nevertheless, the Agency acknowledges that the possible availability of financing from the Agency is an inducement to the Developer to undertake the Project in the manner described by the Agency.
6. The Executive Director, Treasurer, Secretary and Assistant Secretaries, Agency General Counsel, Deputy General Counsels and other officers are authorized to execute and deliver any and all documents and to take any and all other actions necessary to consummate the transactions described in this Resolution; including making an application to California Debt Limit Allocation Committee, paying application fees and posting any required performance deposit; and the execution and delivery of any such document, fee or deposit shall be conclusive evidence of its approval.

APPROVED AS TO FORM:


62 James B. Morales 10/2/06
Agency General Counsel