

RESOLUTION NO. 128-2010

Adopted November 2, 2010

AUTHORIZING THE ISSUANCE OF REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX REVENUE REFUNDING BONDS, SERIES 2010, IN AN AMOUNT NOT TO EXCEED \$55,000,000 TO REFUND CERTAIN OUTSTANDING REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO HOTEL TAX REVENUE BONDS, SERIES 1994 AND SERIES 1998; APPROVING FORMS OF A THIRD SUPPLEMENTAL INDENTURE, ESCROW AGREEMENT, OFFICIAL STATEMENT AND BOND PURCHASE CONTRACT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS; APPROVING THE RETENTION OF CO-BOND COUNSEL AND CO-DISCLOSURE COUNSEL; APPROVING THE RETENTION OF CO-FINANCIAL ADVISORS; AND APPROVING AND AUTHORIZING OTHER MATTERS PROPERLY RELATING THERETO; YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") has implemented the Redevelopment Plan for the Yerba Buena Center Redevelopment Project Area pursuant to, and in accordance with, the Community Redevelopment Law of the State of California, constituting Part 1, Division 24 (commencing with Section 33000) of the California Health and Safety Code.
2. The Agency adopted an ordinance on March 15, 1994 (the "Ordinance") pursuant to the provisions of Section 7280.5 of the Revenue and Taxation Code of the State of California ("Section 7280.5"), which Ordinance provides for the levy of a tax (the "Hotel Tax") on the transient occupancy of guest rooms in hotels in redevelopment project areas in the City and County of San Francisco (the "City") in accordance with the provisions of Section 7280.5 and Section 33641 of the Health and Safety Code of the State of California at the rate of twelve percent (12%) for so long as any Bonds (as defined in the Indenture) remain outstanding pursuant to the Indenture (defined herein).
3. The Agency has heretofore issued \$77,160,000 aggregate principal amount of its Hotel Tax Revenue Bonds, Series 1994 (the "Series 1994 Bonds") and its \$57,215,000 aggregate principal amount of its Hotel Tax Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), which are payable from the Hotel Tax.
4. The Agency is authorized by Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53570) of the Government Code of the State of California to issue bonds for the purpose of refunding bonds previously issued by it.

5. In order to provide moneys to refund all or a portion of the outstanding Series 1994 Bonds and the outstanding Series 1998 Bonds, the Agency plans to issue its Hotel Tax Revenue Refunding Bonds, Series 2010 (the "Series 2010 Bonds") in an aggregate principal amount not to exceed \$55,000,000 pursuant to an Indenture (the "Master Indenture") dated as of December 1, 1994, by and between the Agency and First Interstate Bank of California, as predecessor to the Trustee (as defined below), as supplemented by (i) a First Supplemental Indenture dated as of December 1, 1994, by and between the Agency and First Interstate Bank of California, as predecessor to the Trustee, (ii) a Second Supplemental Indenture dated as of March 1, 1998, by and between the Agency and BNY Western Trust Company, predecessor to the Trustee, and (iii) a Third Supplemental Indenture expected to be dated as of December 1, 2010 (the "Third Supplemental Indenture"), by and between the Agency and a trustee or successor trustee to be selected by the Agency, with the consent of the City (the "Trustee") (the Master Indenture as so supplemented is herein referred to as the "Indenture").
6. In connection with the issuance of the Series 2010 Bonds, the Agency will enter into the Third Supplemental Indenture, an Escrow Agreement with the Trustee, as escrow agent, and a bond purchase contract (the "Purchase Contract") with Citigroup Global Markets Inc., Backstrom McCarley Berry & Co., LLC and Jefferies & Company, as underwriters (the "Underwriters"), and will execute and deliver an Official Statement for the Series 2010 Bonds (the "Official Statement").
7. Authorizing the issuance of the Hotel Tax Revenue Refunding Bonds, Series 2010, approving forms of a Third Supplemental Indenture, Escrow Agreement, and Official Statement and Bond Purchase Contract, and authorization and approval of related actions are Agency fiscal activities that do not constitute projects as defined by California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4). The proposed actions will not independently result in a physical change in the environment and are not subject to environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

Section 1. The issuance of the Bonds, on the terms and conditions set forth herein and in, and subject to the limitations specified in, the Indenture and the Third Supplemental Indenture, is hereby authorized and approved. The Bonds will be dated, will be subject to redemption, and will be as otherwise provided in the Indenture and the Third Supplemental Indenture as the same is completed as provided in this Resolution. The proposed form of the Series 2010 Bonds, as set forth in the Third Supplemental Indenture, is hereby approved and the Executive Director or the Deputy Executive Director, Finance and Administration, and the Secretary of the Agency are hereby authorized and directed to execute the Series 2010 Bonds in substantially such form. The

Trustee is hereby authorized and directed to authenticate and deliver the Series 2010 Bonds to the Underwriters in accordance with the Purchase Contract and the Third Supplemental Indenture.


Section 2. The Third Supplemental Indenture, the Escrow Agreement, and the Official Statement substantially in the form lodged with the Agency General Counsel are approved and the Executive Director and the Deputy Executive Director, Finance and Administration, are each, acting alone, hereby authorized and directed to execute and deliver the Third Supplemental Indenture, the Escrow Agreement, and the final Official Statement on behalf of the Agency as so approved, with such changes, approved by the officer executing such document, as may hereafter become necessary or appropriate, the execution of any such documents conclusively evidencing such approval, and which (a) do not materially affect the substance of those documents or materially increase the obligations of the Agency thereunder, (b) do not result in a true interest cost on the Series 2010 Bonds in excess of four and seventy five one-hundredths percent (4.75%), (c) do not result in an aggregate principal amount of Series 2010 Bonds in excess of \$55,000,000, (d) do not result in a final maturity date of the Series 2010 Bonds later than July 1, 2025, (e) do not result in an underwriters' discount (without giving effect to any original issue discount) in excess of 0.55% of the aggregate principal amount of the Series 2010 Bonds, and (f) do not result in net present value savings with respect to the Series 1994 Bonds and the Series 1998 Bonds being refunded of less than 3.00%. The Executive Director and the Deputy Executive Director, Finance and Administration, are each, acting alone, hereby authorized and directed to execute and deliver the Purchase Contract with the Underwriters meeting the criteria set forth above and to select the Series 1994 Bonds and the Series 1998 Bonds to be refunded.

Section 3. The Agency hereby authorizes the Underwriters to distribute copies of a preliminary official statement to persons who may be interested in purchasing the Series 2010 Bonds and to deliver copies of the Official Statement to all actual purchasers of the Series 2010 Bonds. The Executive Director and Deputy Executive Director, Finance and Administration, are each, acting alone, hereby authorized and directed to execute a certificate or certificates to the effect that such preliminary official statement is deemed "final" as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, and are authorized and directed to so deem such preliminary official statement final.

Section 4. The Agency hereby authorizes the engagement of the firms of Lofton & Jennings and Jones Hall, A Professional Law Corporation, to act as co-bond counsel and co-disclosure counsel to the Agency in connection with the financing described herein, and the engagement of the firms of Public Finance Management, Inc. and TKG & Associates to act as co-financial advisors to the Agency in connection with the financing described herein. Each of said firms shall perform such services, and receive such compensation, as set forth in the respective proposals from such firms which have previously been made to the Agency. The Designated Officers are hereby authorized to execute contracts with bond counsel/disclosure counsel and financial advisor on behalf of the Agency.

Section 5. The Agency authorizes and directs the Executive Director, the Deputy Executive Director, Finance and Administration, and all officers and employees of the Agency to take all actions, including selecting the Trustee for the Bonds (with the consent of the City), and to execute and deliver, on behalf of the Agency, such other documents, certificates, instruments and opinions as may be necessary or appropriate to arrange for the insuring of all or any portion of the Series 2010 Bonds through one or more municipal bond insurance companies, if upon the advice of the Agency's financing consultants, such insurance will result in a lower true interest cost to the Agency; to provide for the funding of the bond reserve fund established under the Indenture by delivering to the Trustee, as permitted under the Indenture, a letter of credit, surety bond, insurance policy or any other contract or contracts described in Section 5922 of the California Government Code or other similar credit enhancements or financing instruments, if, upon the advice of the Agency's financing consultants, such action would assist the Agency in marketing the Series 2010 Bonds or would otherwise be economically beneficial to the Agency; and to in all other ways give full effect to the Indenture, the Third Supplemental Indenture, the Escrow Agreement, the Purchase Contract and the Official Statement and the transactions contemplated in those documents.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel