

RESOLUTION NO. 215-2002

Adopted December 10, 2002

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS, 2002 SERIES D (DEREK SILVA COMMUNITY) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,300,000; DETERMINING AND PRESCRIBING CERTAIN RELATED MATTERS; APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

BASIS FOR RESOLUTION

1. In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code of the State of California Section 33000 et seq., the "Law"), the Redevelopment Agency of the City and County of San Francisco (the "Agency") undertakes programs for the reconstruction and rehabilitation of slums and blighted areas in the City and County of San Francisco (the "City").

2. The Agency is authorized by Chapter 8, commencing with Section 33750 of Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Act") to issue revenue bonds, the interest on which is tax-exempt under State and federal laws, and to make loans to finance the cost of acquisition, construction and rehabilitation of multifamily residential housing developments for occupancy, in part, by persons of very low and low income.

3. Mercy Housing California XVII, a California Limited Partnership (the "Borrower"), has requested that the Agency issue its housing revenue bonds in order to finance the acquisition and rehabilitation of a six story 68-unit affordable multifamily rental housing development containing approximately 6,800 square feet of retail space on the ground floor to be known as Derek Silva Community (the "Project"). One hundred percent of the rental units will be exclusively available to very low-income people living with HIV/AIDS. The Borrower was established solely to acquire, rehabilitate and own the Project on the land located at 1580-1598 Market Street, San Francisco, California (the "Site").

4. Pursuant to Resolution No. 212-2001, the Agency entered into a Housing Opportunities for Persons With AIDS ("HOPWA") Capital Loan Agreement, dated December 18, 2001, with Mercy Properties, Inc., General Partner of the Borrower, in an amount not to exceed \$2,300,000 (the "HOPWA Loan"), to finance a portion of the acquisition cost of the Site. The HOPWA Loan was assigned to and assumed by the Borrower and the Site and the improvements thereon were purchased by the Borrower. Upon issuance of the Bonds (as hereinafter defined), the Borrower intends to sell the Site to the Agency as consideration for payment of the HOPWA Loan. To facilitate the completion of the Project, the Agency intends to lease the Site back to the Borrower pursuant to a Ground Lease between the Agency and the Borrower.

5. The Agency, by its Resolution No. 29-2002, adopted on February 19, 2002, expressed its intention to issue tax-exempt mortgage revenue bonds in one or more series in an amount not to exceed \$13,300,000 (the "Bonds") to finance a portion of the Project. On July 31, 2002, the Agency held a public hearing on the proposed issuance of the Bonds, as required under the Internal Revenue Code of 1986 (the "Code"), following published notice of such hearing on July 16 and July 23, 2002. Subsequently, on August 5, 2002, the Mayor of the City and County of San Francisco, as the "applicable elected representative" under the Code, approved the issuance of the Bonds.

6. On September 23, 2002 the California Debt Limit Allocation Committee awarded an allocation to the Agency to issue tax-exempt bonds in an amount not to exceed \$13,300,000 to facilitate the financing of the Project.

7. The Agency is authorized pursuant to the Law to lend or distribute moneys to nonprofit developers and sponsors for the specific and special purpose of increasing and maintaining the housing stock in the City and County of San Francisco for very-low, low- and moderate-income households.

8. The Agency intends to issue Bonds designated "Redevelopment Agency of the City and County of San Francisco Variable Rate Demand Multifamily Housing Revenue Bonds, 2002 Series D (Derek Silva Community)" in an aggregate principal amount not to exceed \$13,300,000 and loan the proceeds thereof to the Borrower (the "Loan") pursuant to the terms and conditions of a Loan Agreement and pursuant to certain conditions and requirements to be set forth in a Regulatory Agreement and Declaration of Restrictive Covenants. The Borrower intends to finance the acquisition and rehabilitation of the Project using, among other sources, the proceeds of the Loan. The payment of the principal and purchase price of, and interest on, the Bonds will be supported by an irrevocable direct pay letter of credit issued by Citibank, N.A. (the "Credit Bank"), on behalf of Citibank, Federal Savings Bank. The Agency intends to sell the Bonds to E.J. De La Rosa & Co., Inc. and Newman & Associates, Inc. (collectively, the "Underwriter") pursuant to a Bond Purchase Contract among the Agency, the Borrower and the Underwriter (the "Bond Purchase Contract").

9. All acts, conditions and things required by the Act and the Law, and by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing represented by the Bonds and the Loan do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize such financing and to authorize the execution and delivery of documents related thereto, for the purposes, in the manner and upon the terms contemplated in this Resolution.

10. The Agency hereby determines that the Swap Agreement, between the Agency and the Underwriter, dated December 1, 2002 (the "Swap Agreement"), is designed to reduce the amount or duration of the payments and the interest rate to be paid on the bonds, thereby resulting in a lower cost of borrowing when used in combination with the issuance of the bonds or enhance the relationship between risk

and return with respect to the investment or program of investment in connection with, or incident to, the Swap Agreement.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO THAT:

1. Pursuant to the Act, the Agency hereby authorizes the issuance, sale and delivery of revenue bonds to be designated as "Redevelopment Agency of the City and County of San Francisco Variable Rate Demand Multifamily Housing Revenue Bonds, 2002 Series D (Derek Silva Community)" in an aggregate principal amount not to exceed \$13,300,000 (the "Bonds"). The Bonds shall bear interest at a rate or rates from time to time that shall not exceed the maximum interest rate prescribed by law. The Bonds shall mature not more than twenty (20) years from their date of issuance. The Executive Director, the Deputy Executive Director, Finance and Administration, and the Secretary of the Agency (each an "Authorized Officer"), each acting alone, are hereby authorized and directed to execute the Bonds for and on behalf of the Agency by manual or facsimile signature, in the form set forth in the Indenture (as defined below), with such changes, deletions and insertions as may be approved by such Authorized Officer upon consultation with legal counsel to the Agency, such approval being conclusively evidenced by the execution and delivery thereof, and the Authorized Officers, each acting alone, are hereby authorized and directed to attest the Bonds in said form and otherwise in accordance with the Indenture. The Bonds, when executed by the Agency and authenticated by BNY Western Trust Company, as trustee (the "Trustee"), shall be delivered to or upon the order of the Underwriter.

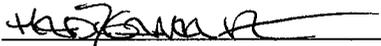
2. The Indenture, by and between the Agency and the Trustee, the Loan Agreement, by and among the Agency, the Borrower and the Trustee, the Regulatory Agreement and Declaration of Restrictive Covenants, by and among the Agency, the Borrower and the Trustee (collectively, the "Bond Documents"), the Bond Purchase Contract and the Intercreditor Agreement among Citibank, Federal Savings Bank, the Agency and the Trustee, substantially in the forms lodged with Agency General Counsel, are hereby approved. The Authorized Officers, each acting alone, are hereby authorized for and in behalf of the Agency to execute and deliver the Bond Documents, the Bond Purchase Contract and the Intercreditor Agreement in such forms, with such changes, additions or deletions as may be approved by such Authorized Officer upon consultation with legal counsel to the Agency.

3. The official statement relating to the Bonds (the "Official Statement") is hereby approved, substantially in the form lodged with Agency General Counsel. The Agency hereby authorizes the distribution of the Official Statement, in either preliminary or final form, to potential purchasers of the Bonds, provided that the Underwriter shall ensure that all purchasers of the Bonds receive copies of the final

Official Statement. The Authorized Officers, each acting alone, are hereby authorized for and on behalf of the Agency to execute and deliver the Official Statement in such form, with such changes, additions or deletions as may be approved by such Authorized Officer upon consultation with legal counsel to the Agency.

4. All actions heretofore taken by the officers and agents of the Agency with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified. The Executive Director, the Deputy Executive Director, Finance and Administration, the Secretary and Assistant Secretaries, the Agency General Counsel and Deputy General Counsels' and other officers of the Agency, including the Authorized Officers, are hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all documents, instruments and certificates, including without limitation a tax certificate, which they may deem necessary or advisable before or after delivery of the Bonds in order to carry out the authority conferred or contemplated by this Resolution, the Bond Documents, the Bond Purchase Contract and the Intercreditor Agreement.

APPROVED AS TO FORM:


Bertha A. Ontiveros
Agency General Counsel