RESOLUTION NO. 66-2005

Adopted May 3, 2005

EXPRESSING THE INTENT OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO TO ISSUE TAX EXEMPT MULTIFAMILY MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED $16,000,000 TO FINANCE THE ACQUISITION OF RESIDENTIAL FACILITIES AT 333 BAKER STREET; 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 7.5, beginning at California Health and Safety Code Section 33740, of the Redevelopment Law to issue bonds and to make loans to nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code, the proceeds of which will be used to finance the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing.

2. Mercy Terrace LLC, a California limited liability company (the "Borrower"), will acquire the property located at 333 Baker Street in San Francisco consisting of an approximately 158 unit apartment project known as Mercy Terrace (the "Project"). The only member of the Borrower is Mercy Housing West, a California nonprofit public benefit corporation described in Section 501(c)(3) of the Internal Revenue Code.

3. The Agency is considering issuing and selling its tax exempt mortgage revenue bonds pursuant to the Redevelopment Law in an amount not to exceed Sixteen Million Dollars ($16,000,000) to finance the acquisition of the Project, and also will consider, at the appropriate time, issuing and selling taxable mortgage revenue bonds pursuant to the Redevelopment Law in order to provide additional funds to the Borrower to pay certain costs related to the issuance of the Bonds.

4. The Agency wishes to declare its official intention, within the meaning of Treasury Regulations Section 1.150-2, to reimburse expenditures for the Project with the proceeds of the issuance of bonds.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that subject to the approval of the financing structure and financing documents:

1. The Agency expresses its official intent to issue tax exempt mortgage revenue bonds or notes in one or more series in an amount not to exceed Sixteen Million
Dollars ($16,000,000 to provide financing (including reimbursement of amounts previously expended as provided in Treasury Regulations Section 1.150-2) to the Borrower, for the Project in the form of a permanent loan.

2. The final terms and conditions of the bond issuance, including the approval of the financing structure and the financing documents, will be determined by agreement between the Agency and the Borrower.

3. This expression of intent does not give the Borrower any claim or right 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 Borrower. Nevertheless, the Agency acknowledges that the possible availability of financing from the Agency is an inducement to the Borrower to undertake the Project in the manner described by the Agency.

4. 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.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel