

**CITY AND COUNTY OF
SAN FRANCISCO REDEVELOPMENT FINANCING AUTHORITY**

**RESOLUTION NO. 2-2017
*Adopted February 21, 2017***

**AUTHORIZING THE PURCHASE AND SALE OF SUCCESSOR
AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY
AND COUNTY OF SAN FRANCISCO 2017 SERIES C TAXABLE TAX
ALLOCATION BONDS (MISSION BAY NEW MONEY AND
REFUNDING HOUSING PROJECTS) IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000; APPROVING
FORM OF BOND PURCHASE CONTRACT AND AUTHORIZING
THE NEGOTIATED SALE OF THE BONDS; AUTHORIZING THE
EXECUTION AND DELIVERY OF REDEMPTION AGREEMENTS
RELATING TO CERTAIN BONDS PREVIOUSLY ISSUED BY THE
CITY AND COUNTY OF SAN FRANCISCO FINANCING
AUTHORITY; AND AUTHORIZING AND APPROVING OTHER
MATTERS PROPERLY RELATING THERETO; MISSION BAY
NORTH AND MISSION BAY SOUTH AFFORDABLE HOUSING
OBLIGATIONS**

BASIS FOR RESOLUTION

1. The City and County of San Francisco and the Redevelopment Agency of the City and County of San Francisco (the “Former Redevelopment Agency”) entered into a Joint Exercise of Powers Agreement dated as of July 11, 1989 (the “Agreement”), establishing the City and County of San Francisco Redevelopment Financing Authority (the “Authority”) for the purpose of issuing its bonds to be used to provide financial assistance to the Former Redevelopment Agency.
2. Pursuant to California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the “State”), including the Former Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, and the Board of Supervisors of the City and County of San Francisco named the successor agency to the Former Redevelopment Agency the “Successor Agency to the Redevelopment Agency of the City and County of San Francisco” (the “Successor Agency”).
3. Former Redevelopment Agency and FOCIL-MB, LLC (the “Master Developer”), as assignee of Catellus Development Corporation, are parties to a Mission Bay North Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated March 16,

2004, by the Third Amendment, dated January 18, 2005, by the Fourth Amendment, dated March 15, 2005, and by the Fifth Amendment, dated January 21, 2014 (as further amended, the “Mission Bay North OPA”), which includes as part thereof Attachment E thereto, entitled “Mission Bay North Financing Plan,” and a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated November 1, 2005, by the Third Amendment, dated May 21, 2013, by the Fourth Amendment dated June 4, 2013, and by the Fifth Amendment, dated April 29, 2014 (as further amended, the “Mission Bay South OPA”), which includes as part thereof Attachment E thereto, entitled “Mission Bay South Financing Plan”; and

4. In September of 2015, the California legislature adopted Senate Bill No. 107 (Stats. 2015, ch. 325, § 9, *codified at* Cal. Health & Safety Code § 34177.7) providing that the Successor Agency has the authority, with approval of its oversight board and the California Department of Finance, to issue bonds for certain purposes, including the funding of affordable housing required by the Mission Bay North OPA and the Mission Bay South OPA (Section 34177.7(a)(1)(A) of the Code) (collectively referred to as the “Mission Bay Affordable Housing Obligations”), and the Governor of the State signed the bill on September 22, 2015 and it became effective immediately; and,
5. Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the “Mission Bay North Existing Loan Agreements”) to finance and refinance affordable housing under the Mission Bay North OPA:
 - (i) Loan Agreement dated as of August 1, 2006, among the Former Redevelopment Agency, The Bank of New York Trust Company, N.A., as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee, and the Authority, in the initial aggregate principal amount of \$3,900,000;
 - (ii) Loan Agreement dated as of December 1, 2009, among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority, in the initial aggregate principal amount of \$975,000; and
 - (iii) Loan Agreement dated as of April 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority, in the initial aggregate principal amount of \$1,660,000; and,
6. Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the “Mission Bay South Existing Loan Agreements”) to finance and refinance affordable housing under the Mission Bay South OPA:
 - (i) Loan Agreement dated as of December 1, 2009, among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority, in the initial aggregate principal amount of \$5,230,000; and

- (ii) Loan Agreement dated as of April 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority, in the initial aggregate principal amount of \$7,795,000; and,
- 7. In connection with the execution and delivery of the Mission Bay North Existing Loan Agreements and the Mission Bay South Existing Loan Agreements (collectively, the “Existing Loan Agreements”), the Authority issued the following bonds (collectively, the “Prior Bonds”):
 - (i) \$50,731,330.80 initial aggregate principal amount of 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects);
 - (ii) \$72,565,000 initial aggregate principal amount of 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); and
 - (iii) \$9,455,000 initial aggregate principal amount of 2011 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects); and,
- 8. Under Section 34178(b)(3) of the California Health and Safety Code, which was added by AB 26, the Former Redevelopment Agency’s rights and duties under the Agreement have been assumed by the Successor Agency, and, accordingly, pursuant to the Agreement and said Section 34178(b)(3), the Commission of the Successor Agency has succeeded the Commission of the Former Redevelopment Agency as the Board of Directors of the Authority.
- 9. Section 34177.5(a)(1) of the Code provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the “Savings Parameters”) are met; and,
- 10. Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”); and,
- 11. In order to refinance the Existing Loan Agreements and the Prior Bonds under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, and to finance the Mission Bay Affordable Housing Obligations under the authority of Section 34177.7(a)(1)(A) of the Code, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department, to issue bonds designated as “Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2017 Series C Taxable Tax Allocation Bonds (Mission Bay New Money and Refunding Housing Projects)” (the “2017 Series C Bonds”), and has further determined to sell the 2017 Series C Bonds by a negotiated sale.
- 12. Pursuant to the Marks-Roos Bond Pooling Act of 1985, being Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and the Agreement, the Authority has the power to purchase bonds of a local agency, including

the Successor Agency, and has the further power to sell bonds so purchased to public or private purchasers at public or negotiated sale.

13. The Authority desires to facilitate the sale of the 2017 Series C Bonds by negotiated sale, and to such end has reviewed the form of Bond Purchase Contract (the “2017 Series C Purchase Contract”) relating to the 2017 Series C Bonds among the Successor Agency, the Authority, and Piper Jaffray & Co. and Stinson Securities, LLC (collectively, the “2017 Series C Underwriters”).
14. The Authority desires to facilitate the refunding of the Existing Loan Agreements and the Prior Bonds and, to such end, has reviewed the forms of the Redemption Agreements (the “Redemption Agreements”) relating to the Existing Loan Agreements and the Prior Bonds by and among, the Authority, the successor Agency and the trustees for the Prior Bonds.
15. The sale and issuance of the 2017 Series C Bonds and the refunding of the Existing Loan Agreements and the Prior Bonds are Successor Agency fiscal activities that do not constitute a “Project” as defined by the California Environmental Quality Act (“CEQA”) Guidelines Section 15378(b)(4), 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 Board of Directors of the City and County of San Francisco Redevelopment Financing Authority that:

Section 1. Sale of Bonds. The Authority hereby approves the purchase from the Successor Agency and the sale to the 2017 Series C Underwriters of the 2017 Series C Bonds, provided that the Authority’s obligation to purchase and pay for the 2017 Series C Bonds shall be limited to the proceeds received from the Authority’s concurrent sale of the 2017 Series C Bonds to the 2017 Series C Underwriters. The Authority further approves the 2017 Series C Purchase Contract, a draft of which is lodged with the Secretary to the Authority, and authorizes the Executive Director or the Treasurer, as designees of the Chair of the Authority, and their respective designees, each acting alone, to execute the 2017 Series C Purchase Contract in substantially the form lodged with the Secretary to the Authority, with such additions thereto or changes therein as are recommended or approved by such officer, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the 2017 Series C Purchase Contract by the Executive Director or the Treasurer, or respective designees thereof, provided that the following conditions are met: (a) the aggregate initial amount of the 2017 Series C Bonds may not exceed \$55,000,000, the true interest cost of the 2017 Series C Bonds may not exceed 8.00% per annum, and the Underwriters’ discount for the 2017 Series C Bonds, without regard to any original issue discount, may not exceed 0.60% of the aggregate initial amount of the 2017 Series C Bonds; (b) the net present value savings obtained by issuing the 2017 Series C Bonds to refinance the Existing Loan Agreements and to refund the Prior Bonds, based on the debt service of the Existing Loan Agreements and Prior Bonds being refunded, is

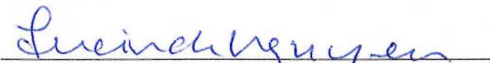
not less than 3% of the principal amount of the Existing Loan Agreements and the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and (c) the issuance of the 2017 Series C Bonds to refinance the Existing Loan Agreements and the Prior Bonds complies with the Savings Parameters.

Section 2. Official Statement. The Official Statement relating to the 2017 Series C Bonds, together with such amendments and supplements as shall be necessary or convenient to accurately describe the 2017 Series C Bonds in accordance with the 2017 Series C Purchase Contract, this Resolution and the other related proceedings and documents, is hereby approved for distribution to the 2017 Series C Underwriters and the purchasers of the 2017 Series C Bonds.

Section 3. Redemption Agreements. The Authority hereby approves, subject to the Department of Finance's approval of Oversight Board Resolution No. 12-2016, adopted December 12, 2016, the refunding of the Prior Bonds. The Authority further approves the Redemption Agreements, drafts of which are lodged with the Secretary to the Authority, and authorizes the Executive Director or the Treasurer, as designees of the Chair of the Authority, and their respective designees, each acting alone, to execute the Redemption Agreements in substantially the forms lodged with the Secretary to the Authority, with such additions thereto or changes therein as are recommended or approved by such officer, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Redemption Agreements by the Executive Director or the Treasurer.

Section 4. Official Action. The Executive Director, Treasurer, the Secretary, and any and all other officers and designees of the Authority are authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including the execution and delivery of any and all certificates, requisitions, agreements, notices, consents, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful purchase and sale of the Bonds, all as described herein.

APPROVED AS TO FORM:


Interim Financing Authority Secretary