Resolution declaring its intent to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing (Director) to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to authorize the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $50,000,000 for a 121-unit residential rental housing development to be located at 1401-1415 Mission Street; authorizing and directing the Director to request the Controller's Office to hold in trust an amount not to exceed $100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to CDLAC if the City fails to issue the residential mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed $50,000,000; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

WHEREAS, The Board of Supervisors of the City and County of San Francisco (the "Board of Supervisors"), after careful study and consideration, has determined that there is a shortage of safe and sanitary housing within the City and County of San Francisco (the "City"), particularly for low and moderate income persons, and that it is in the best interest of the

Supervisor Kim
BOARD OF SUPERVISORS
residents of the City and in furtherance of the health, safety, and welfare of the public for the
City to assist in the financing of multi-family rental housing units; and

WHEREAS, Acting under and pursuant to the powers reserved to the City under
Sections 3, 5, and 7 of Article XI of the Constitution of the State of California and Sections
1.101 and 9.107 of the Charter, the City has enacted the City and County of San Francisco
Residential Mortgage Revenue Bond Law (the "City Law"), constituting Article I of Chapter 43
of the San Francisco Administrative Code, in order to establish a procedure for the
authorization, issuance and sale of residential mortgage revenue bonds by the City for the
purpose of providing funds to encourage the availability of adequate housing and home
finance for persons and families of low or moderate income, and to develop viable
communities by providing decent housing, enhanced living environments, and increased
economic opportunities for persons and families of low or moderate income; and

WHEREAS, In addition, pursuant to Division 31 of the Health and Safety Code of the
State of California, and particularly Chapter 7 of Part 5 thereof (the "State Law"), the City is
empowered to issue and sell bonds for the purpose of making mortgage loans or otherwise
providing funds to finance the development of multi-family rental housing including units for
lower income households and very low income households; and

WHEREAS, Martin Building Company (or any successor thereto including any
successor owner of the Project, the "Developer"), desires to construct a 121-unit residential
rental housing development located at 1401-1415 Mission Street (the "Project"); and

WHEREAS, The Developer has requested that the City assist in the financing of the
Project through the issuance of one or more series of tax-exempt mortgage revenue bonds
(the "Bonds"); and

WHEREAS, The City expects that proceeds of the Bonds will be used to pay certain
costs incurred in connection with the Project prior to the date of issuance of the Bonds; and

Supervisor Kim
BOARD OF SUPERVISORS
WHEREAS, The City intends to issue the Bonds in an amount not to exceed $50,000,000 and to loan the proceeds of the Bonds to the Developer (the “Loan”) to finance the costs of the Project; and

WHEREAS, The Board of Supervisors has determined that the moneys advanced and to be advanced to pay certain expenditures of the Project are or will be available only for a temporary period and it is necessary to reimburse such expenditures with respect to the Project from the proceeds of the Bonds; and

WHEREAS, Section 1.150-2 of the United States Treasury Regulations requires that the Board of Supervisors declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of the Bonds; and

WHEREAS, The interest on the Bonds may qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, The City now wishes to approve the issuance of the Bonds in order to satisfy the public approval requirements of Section 147(f) of the Code; and

WHEREAS, The Project is located wholly within the City; and

WHEREAS, On September 25, 2012, the City caused a notice stating that a public hearing with respect to the issuance of the Bonds would be held by the Mayor’s Office of Housing on October 12, 2012, to appear in The San Francisco Examiner, which is a newspaper of general circulation in the City; and

WHEREAS, The Mayor’s Office of Housing held the public hearing described above on October 12, 2012 and an opportunity was provided for persons to comment on the issuance of the Bonds and the Project; and the minutes of such hearing were provided to this Board of Supervisors prior to this meeting; and
WHEREAS, This Board of Supervisors is the elected legislative body of the City and is the applicable elected representative authorized to approve the issuance of the Bonds within the meaning of Section 147(f) of the Code; and

WHEREAS, Section 146 of the Code limits the amount of tax-exempt private activity bonds, which include qualified mortgage bonds, that may be issued in any calendar year by entities within a state and authorizes the legislature of each state to provide the method of allocating authority to issue tax-exempt private activity bonds within the respective state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California governs the allocation in the State of California of the state ceiling established by Section 146 of the Code among governmental units in the State having the authority to issue tax-exempt private activity bonds; and

WHEREAS, Section 8869.85(b) of the Government Code requires that a local agency file an application for a portion of the state ceiling with or upon the direction of the California Debt Allocation Committee ("CDLAC") prior to the issuance of tax-exempt private activity bonds, including qualified mortgage bonds; and

WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to certify to CDLAC that applicant has on deposit an amount equal to one-half of one percent (1/2%) of the amount of allocation requested not to exceed $100,000; now, therefore be it

RESOLVED, by the Board of Supervisors of the City and County of San Francisco, as follows:

Section 1. The Board of Supervisors finds and determines that the foregoing recitals are true and correct.

Section 2. The Board of Supervisors adopts this Resolution for purposes of establishing compliance with the requirements of Section 1.150-2 of the United States Treasury Regulations. This Resolution does not bind the Board of Supervisors to issue the

Supervisor Kim
BOARD OF SUPERVISORS

Page 4
10/12/12
Bonds, approve the Loan or to make any expenditure, incur any indebtedness or proceed with
the Project.

Section 3. The Board of Supervisors hereby declares its official intent under United
States Treasury Regulations Section 1.150-2 to use proceeds of the Bonds to reimburse
expenditures incurred in connection with the Project. The Board of Supervisors hereby further
declares its intent to use such proceeds to reimburse the Developer for actual expenditures
made by the Developer on the Project.

Section 4. On the date of the expenditure to be reimbursed, all reimbursable costs of
the Project will be of a type properly chargeable to a capital account under general federal
income tax principles.

Section 5. The maximum principal amount of debt expected to be issued for the Project
is $50,000,000.

Section 6. This Board of Supervisors, as the applicable elected representative of the
governmental unit having jurisdiction over the area in which the Project is located, hereby
approves the issuance of the Bonds for purposes of Section 147(f) of the Code.

Section 7. This approval of the issuance of the Bonds by the City is neither an
approval of the underlying credit issues of the proposed Project nor an approval of the
financial structure of the Bonds.

Section 8. The Board of Supervisors hereby authorizes the Director or his designee of
the Mayor’s Office of Housing (the “Director”), on behalf of the City, to submit an application
(the “Application”), and such other documents as may be required, to CDLAC pursuant to
Government Code Section 8869.85 for an allocation for the Project of a portion of the state
ceiling for private activity bonds in a principal amount not to exceed $50,000,000.

Section 9. An amount equal to $100,000 (“Deposit”) is hereby authorized to be held on
deposit in connection with the Application and the applicable CDLAC procedures, and the
Director is authorized to certify to CDLAC that such funds are available; which Deposit shall consist of a restriction on cash in the Hotel Tax Fund established pursuant to Section 515.01 of Article 7 of the San Francisco Business and Tax Regulations Code (the "Hotel Tax Fund").

Section 10. If the City receives a CDLAC allocation and the applicable issuance requirements are not met, the Mayor's Office of Housing is hereby authorized to cause an amount equal to the Deposit to be paid to the CDLAC (or to its order) from the Hotel Tax Fund, if required by CDLAC.

Section 11. The officers and employees of the City and the Director are hereby authorized and directed, jointly and severally, to do any and all things necessary or advisable to consummate the receipt of an allocation from CDLAC and otherwise effectuate the purposes of this Resolution, and all actions previously taken by such officers and employees with respect to the Project, including but not limited to the submission of the application to CDLAC, are hereby ratified and approved.

Section 12. This Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By:
MARK D. BLAKE
Deputy City Attorney
Resolution declaring its intent to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing (Director) to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to authorize the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $50,000,000 for a 121-unit residential rental housing development to be located at 1401-1415 Mission Street; authorizing and directing the Director to request the Controller's Office to hold in trust an amount not to exceed $100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to CDLAC if the City fails to issue the residential mortgage revenue bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed $50,000,000; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

October 23, 2012 Board of Supervisors - ADOPTED

Ayes: 10 - Avalos, Campos, Chiu, Cohen, Elsbernd, Farrell, Kim, Mar, Olague and Wiener
Excused: 1 - Chu

I hereby certify that the foregoing Resolution was ADOPTED on 10/23/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved