Resolution declaring the intent of the City and County of San Francisco to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor’s Office of Housing and Community Development to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $32,500,000 for 2600 Arelious Walker Drive (San Francisco, California 94124); authorizing and directing the Director to direct 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 the State of California 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 $32,500,000; 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 and the application.

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
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, Double Rock Ventures, LLC, a limited liability corporation (or any
successor thereto including any successor owner of the Project, the “Developer”), desires to
construct a 93-unit affordable residential rental housing development located at 2600 Arelious
Walker Drive, San Francisco, California 94124 (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,

WHEREAS, The City intends to issue the Bonds in an amount not to exceed $32,500,000 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 May 11, 2014, 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 and Community Development and Community Development on May 27, 2014, to appear in The San Francisco Chronicle, which is a newspaper of general circulation in the City; and,

WHEREAS, The Mayor’s Office of Housing and Community Development held the public hearing described above on August 30, 2013 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 $100,000.00; 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 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 $32,500,000.

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 and Community Development (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 $32,500,000.

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 and Community Development is hereby authorized to cause an amount equal to the Deposit to be paid to the State of California 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: 
HEIDI GEWERTZ
Deputy City Attorney
Resolution declaring the intent of the City and County of San Francisco to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing and Community Development to submit an application and related documents to the California Debt Limit Allocation Committee (CDLAC) to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed $32,500,000 for 2600 Arelious Walker Drive (San Francisco, California 94124); authorizing and directing the Director to direct 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 the State of California 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 $32,500,000; 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 and the application.

June 09, 2014 Land Use and Economic Development Committee - RECOMMENDED

June 17, 2014 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140654

I hereby certify that the foregoing Resolution was ADOPTED on 6/17/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved