

1 [2003 Mortgage Revenue Draw Down Bonds.]

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3 **Resolution authorizing the issuance, sale and delivery of City and County of San**  
4 **Francisco Single Family Mortgage Revenue Bonds, Draw Down Series 2003-1, in an**  
5 **aggregate principal amount not to exceed \$49,000,000; authorizing the execution and**  
6 **delivery of a Trust Indenture, and a Bond Purchase Contract; Authorizing the Mayor, in**  
7 **consultation with the City Attorney, to make any necessary or advisable modifications,**  
8 **changes, or additions to any of the bond documents and authorizing the execution and**  
9 **delivery of and approving other related documents and actions in connection**  
10 **therewith.**

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12 WHEREAS, Pursuant to the Charter (the "Charter") of the City and County of San  
13 Francisco, including Section 9.107(3) thereof, and the Residential Mortgage Revenue Bond  
14 Law (Chapter 43 of the City's Administrative Code) enacted pursuant to Ordinance No. 245-  
15 81, adopted by the Board of Supervisors (the "Board") of the City and County of San  
16 Francisco (the "City") on May 13, 1981, as supplemented by Chapters 1-5 of Part 5 of Division  
17 31 of the Health and Safety Code of the State of California (collectively, the "Law"), the City is  
18 authorized to incur indebtedness for the purpose of financing home mortgages authorized by  
19 the Law; and,

20 WHEREAS, The Board has heretofore determined and hereby further declares that it is  
21 necessary, essential and a public purpose for the City to finance homes pursuant to the Law  
22 in order to increase the housing supply in the City for persons and families within the income  
23 limitations established by the Law; and,

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1           WHEREAS, The City adopted a Home Mortgage Finance Program (the "Program") for  
2 such purpose, and has determined from time to time to borrow money for such purpose  
3 through the issuance of revenue bonds as authorized by the Law; and,

4           WHEREAS, In September 1999, the City caused to be issued its Single Family  
5 Mortgage Revenue Refunding Bonds, Draw Down Series 1999, currently outstanding in the  
6 approximate principal amount of \$15,177,000 (the "Prior Bonds"), the proceeds of which were  
7 applied to refund previously issued single family mortgage revenue bonds of the City issued to  
8 finance home mortgages for persons of low and moderate income in accordance with the  
9 terms of the Law; and,

10          WHEREAS, In order to further the purposes of the Program to offer first-time home  
11 buyers the lowest possible interest rates and favorable loan terms the City now proposes to  
12 issue its interim facility mortgage revenue bonds (defined below as the "2003-1 Bonds");  
13 and,

14          WHEREAS, The City has received from the State of California Debt Limit Allocation  
15 Committee ("CDLAC") an allocation of \$8,643,906 to issue qualified mortgage bonds in  
16 accordance with Section 146 of the Internal Revenue Code of 1986, as amended (the "Code")  
17 and Chapter 11.8 of Division 1 of Title 2 of the State of California Government Code; and,

18          WHEREAS, The interest on the 2003-1 Bonds may qualify for tax exemption under  
19 Section 103 of the Code, only if the 2003-1 Bonds are approved in accordance with Section  
20 147(f) of the Code; and,

21          WHEREAS, The Code requires that prior to issuance, mortgage revenue bonds be  
22 approved by the applicable elected representatives of the governmental unit issuing such  
23 bonds, after a public hearing held following reasonable public notice; and,

24          WHEREAS, There was published on January 14, 2003, not less than fourteen days  
25 prior to the date of the hearing, in the Independent, which is a newspaper of general

1 circulation in the City, a notice that a public hearing regarding the 2003-1 Bonds would be  
2 held by the Mayor's Office of Housing on January 28, 2003; and,

3 WHEREAS, The City determined to conduct a supplemental public hearing in  
4 accordance with Section 147(f) of the Code, in order to accommodate an increase in the  
5 number of Bonds that may be issued for the purposes described herein; and,

6 WHEREAS, There was published on March 4, 2003, not less than fourteen days prior  
7 to the date of the hearing, in the Independent, which is a newspaper of general circulation in  
8 the City, a notice that a public hearing regarding the 2003-1 Bonds would be held by the  
9 Mayor's Office of Housing on March 18, 2003; and,

10 WHEREAS, This Board is the elected legislative body of the City and is the applicable  
11 elective representative required to approve the issuance of the 2003-1 Bonds and the  
12 Program; and,

13 WHEREAS, Said public hearings were held on March 18, 2003 before the Mayor's  
14 Office of Housing, and there was an opportunity to present arguments for and against the  
15 issuance of the 2003-1 Bonds and the nature and location of the Program; and,

16 WHEREAS, In order to refund the Prior Bonds and to provide interim financing for the  
17 Program the City has determined to issue its Single Family Mortgage Revenue Bonds, Draw  
18 Down Series 2003-1 (the "2003-1 Bonds"), in the maximum cumulative principal amount not  
19 to exceed \$49,000,000, the proceeds of which will be applied to (i) refund the maturing  
20 principal or redemption price, as applicable, of portions of the Prior Bonds, or (ii) further the  
21 purposes of the Program by providing interim financing through the purchase of mortgages to  
22 be owned by persons of eligible income (including preservation of federal private activity  
23 volume allocable to the City); and,

24 WHEREAS, The City anticipates that, on or about April 8, 2003, the 2003-1 Bonds will  
25 be issued and the Prior Bonds will be redeemed in full under the terms of the indenture (the

1 "Prior Indenture") for the Prior Bonds, and that funds held under the Prior Indenture will be  
2 paid to the City by the trustee thereunder free and clear of the Prior Indenture; and,

3 WHEREAS, The 2003-1 Bonds will be issued under provisions of a Trust Indenture (as  
4 described below) pursuant to which the City will assign to the trustee named thereunder  
5 (hereinafter the "Trustee"), for the benefit of the owners of the 2003-1 Bonds, the revenues  
6 and receipts to be derived from any investment agreement, the 2003-1 Bonds and other  
7 money and securities held by the Trustee under the terms of the Indenture; and,

8 WHEREAS, Merrill Lynch Portfolio Management Inc., as purchaser of the 2003-1  
9 Bonds (the "Bond Purchaser"), has agreed to purchase the 2003-1 Bonds upon the proposed  
10 terms and conditions set forth in the Bond Purchase Contract (the " Bond Purchase Contract")  
11 from the Bond Purchaser to be accepted and approved by the City; and,

12 WHEREAS, All conditions, things and acts required to exist, to have happened and to  
13 have been performed precedent to and in the issuance of the 2003-1 Bonds and the  
14 implementation of the Program as contemplated by this Resolution exist, have happened and  
15 have been performed in due time, form and manner as required by the laws of the State of  
16 California, including the Law; now therefore, be it

17 RESOLVED, By the Board of Supervisors of the City and County of San Francisco, as  
18 follows:

- 19 1. Pursuant to the Law and the Indenture (hereinafter defined), revenue bonds of  
20 the City, designated as "City and County of San Francisco Single Family Mortgage Revenue  
21 Refunding Bonds, Draw Down Series 2003 (the "2003-1 Bonds") in an aggregate principal  
22 amount not to exceed \$49,000,000 are hereby authorized to be issued. The 2003-1 Bonds  
23 shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor")  
24 and by the manual or facsimile countersignature of the Clerk of the Board of Supervisors, in  
25 the form set forth in and otherwise in accordance with the Indenture described in Section 2

1 hereof. The seal of the City may be impressed or reproduced by facsimile on the 2003-1  
2 Bonds.

3           2.       The Trust Indenture, dated as of May 1, 2003 (the " Indenture"), by and between  
4 the City and the trustee (the "Trustee") to be named by the Mayor's Office of Housing, in  
5 substantially the form presented to the Board, copies of which are on file with the Clerk of the  
6 Board of Supervisors and incorporated into this Resolution by reference, is hereby approved.  
7 The Mayor and the Clerk of the Board of Supervisors are authorized and directed, for and in  
8 the name and on behalf of the City, to execute and attest, respectively, and deliver said  
9 Indenture in substantially said form, with such additions thereto or changes that hereafter  
10 become necessary in the interest of the City and which are approved by the City Attorney  
11 (provided that such additions or changes shall not authorize an aggregate principal amount of  
12 2003-1 Bonds in excess of \$49,000,000 or a final maturity date of the 2003-1 Bonds later than  
13 December 1, 2036 or result in an interest rate on any of the 2003-1 Bonds in excess or 12%  
14 per annum), the approval of such officers to be conclusively evidenced by the execution and  
15 delivery of such Indenture. The date, maturity dates, interest rate or rates, interest payment  
16 dates, denominations, form, registration privileges, manner of execution, place of payment,  
17 terms of redemption and other terms of the 2003-1 Bonds shall be as provided in said  
18 Indenture as finally executed.

19           3.       The Rules and Regulations Establishing Eligibility Criteria for Lenders and the  
20 Rules and Regulations Establishing Eligibility Criteria for Mortgages and Home Mortgages,  
21 copies of which are on file with the Clerk of the Board of Supervisors and incorporated into  
22 this Resolution by reference, are hereby approved and adopted.

23           4.       The Director of the Mayor's Office of Housing is hereby authorized to disburse  
24 from the Home Ownership Assistance Loan Fund established pursuant to Section 10.100-108  
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1 of the San Francisco Administrative Code (the "Fund") an amount not to exceed \$100,000 to  
2 pay costs of issuance of the 2003-1 Bonds.

3 5. The 2003-1 Bonds, when executed, shall be delivered to the Trustee for  
4 authentication. The Trustee is hereby authorized and directed to authenticate the 2003-1  
5 Bonds by executing the Trustee's certificate of authentication and registration appearing  
6 thereon, and to deliver the 2003-1 Bonds, when duly executed and authenticated, to the  
7 Purchaser in accordance with written instructions executed on behalf of the City by the Mayor,  
8 which instructions the Mayor is hereby authorized and directed, for and in the name and on  
9 behalf of the City, to execute and deliver to the Trustee. Such instructions shall provide for  
10 the delivery of the 2003-1 Bonds to the Purchaser in accordance with the Bond Purchase  
11 Contract, upon payment of the purchase price thereof.

12 6. The Mayor's Office of Housing is hereby appointed and directed to administer  
13 the Program on behalf of the City. Allocation of bond revenues designated by the Mayor's  
14 Office of Housing for administrative costs are subject to the budget and fiscal provisions of the  
15 Charter. The Director of the Mayor's Office of Housing is hereby directed, upon defeasance or  
16 final payment of any single-family housing bond issue and receipt of any funds from the  
17 trustee for such bonds, to allocate such funds as follows: (i) to pay costs of issuance for any  
18 single-family housing bond issue, including the 2003-1 Bonds and any Drawings; and (ii) to  
19 deposit all remaining funds from any such defeased bond issue into the Home Ownership  
20 Assistance Loan Fund established under Section 10.117-76 of the San Francisco  
21 Administrative Code, to be expended for the purposes and according to the procedures  
22 specified for said fund.

23 7. The officers of the City authorized and directed to perform on behalf of the City  
24 the actions authorized hereby shall perform such actions in such manner as will promote, to  
25 the extent consistent with sound financial planning, the public purposes of the Program,

1 including producing new housing stock for persons and families of low or moderate income  
2 and making financing available to first time home buyers.

3 8. The Mayor or other appropriate officer is hereby authorized and directed, for and  
4 on behalf of the City, to effect the sale of the 2003-1 Bonds to the Merrill Lynch Portfolio  
5 Management Inc. and to execute the Bond Purchase Contract in substantially the form  
6 presented to the Board and on file with the Clerk of the Board of Supervisors and incorporated  
7 into this Resolution by reference, with such changes therein as the City Attorney shall  
8 approve, such approval to be conclusively evidenced by the execution and delivery thereof.

9 9. As the applicable elected representative of the City, this Board hereby approves  
10 the issuance of the 2003-1 Bonds, pursuant to Section 147(f) of the Internal Revenue Code of  
11 1986, as amended.

12 10. All actions heretofore taken by the officers and agents of the City with respect to  
13 the establishment of the Program and the sale and issuance of the 2003-1 Bonds are hereby  
14 approved, confirmed and ratified. The proper officers of the City are hereby authorized and  
15 directed, for and in the name and on behalf of the City, to do any and all things and take any  
16 and all actions and execute and deliver any and all certificates, agreements and other  
17 documents, including but not limited to those described in the Indenture, any bond purchase  
18 contract, any investment agreement (provided that the provider thereof shall have a credit  
19 rating in not less than one of the two highest rating categories of a nationally recognized rating  
20 agency), any warehousing agreement or any other documents herein approved, which they,  
21 or any of them, may deem necessary or advisable in order to consummate the lawful issuance  
22 and delivery of the 2003-1 Bonds in accordance with this Resolution and resolutions  
23 heretofore adopted by the City and in order to carry out the Program.

24 11. This Resolution shall take effect immediately upon its adoption.

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APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
MARK BLAKE  
Deputy City Attorney