

RESOLUTION NO. RES-2017-089

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA REAFFIRMING ITS OFFICIAL INTENTION TO ISSUE TAX-EXEMPT REVENUE BONDS FOR THE PURPOSE OF FINANCING AN AFFORDABLE RENTAL HOUSING FACILITY IN THE CITY, AND TO REIMBURSE CERTAIN EXPENDITURES RELATING TO THE DEVELOPMENT OF SUCH FACILITY FROM PROCEEDS OF SAID BONDS; AUTHORIZING AN APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE TO PERMIT THE ISSUANCE OF SAID BONDS; AND APPROVING THE ISSUANCE OF SAID BONDS IN ACCORDANCE WITH SECTION 147(f) OF THE INTERNAL REVENUE CODE

WHEREAS, Urban Housing Communities, LLC, a California limited liability company (the “Sponsor”) has requested the assistance of the City of Santa Rosa (the “City”) in connection with the financing of the acquisition, construction, development and equipping of a 27-unit affordable rental housing facility for low- and very low-income families, to be located in the City at 706-708 Aston Avenue (file addresses), which were assigned the following addresses in connection with recordation of the final subdivision map: 1500-1555 John Richards Way, Assessor’s Parcel Numbers 038-172-028 through 038-172-041 (the “Project”); and

WHEREAS, in order to provide financing assistance for the Project, the City has proposed to issue its multifamily housing revenue bonds or other tax-exempt obligations in an aggregate principal amount of approximately \$8,000,000 (the “Bonds”), and to loan the proceeds thereof to UHC 00596 Santa Rosa, L.P., or another limited partnership or other entity created by the Sponsor (the “Borrower”); and

WHEREAS, the Borrower expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to the issuance of the Bonds for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the City to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, on July 16, 2016, this City Council adopted Resolution No. 28818 (“Resolution No. 28818”) pursuant to which the City declared its official intent to issue Bonds to allow the Borrower to reimburse prior expenditures for the Project with the proceeds of such Bonds; and

WHEREAS, it is in the public interest and for the public benefit that the City declare its official intent to reimburse the expenditures referenced herein; 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 private activity bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application for a portion of the State Ceiling with or upon the direction of the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of private activity bonds; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, requires the City Council, as the elected representative of the governmental unit proposed to issue the Bonds and in which the Project is situated, to approve the issuance of the Bonds after a public hearing has been held following reasonable notice; and

WHEREAS, the City Council has held such a public hearing after public notice has been given in accordance with Section 147(f) of the Internal Revenue Code of 1986.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Santa Rosa, as follows:

Section 1. The City reaffirms its official intent to issue the Bonds for the purpose of paying the costs of financing the acquisition, construction, development and equipping of the Project.

Section 2. The City hereby reaffirms its declaration that it reasonably expects that a portion of the proceeds of the Bonds will be used for reimbursement of expenditures for the acquisition, construction, development and equipping of the Project that are paid before the date of initial execution and delivery of the Bonds. It is intended that this Resolution reaffirms that Resolution No. 28818 constitutes "some other similar official action" towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 3. The maximum amount of proceeds of the Bonds to be used for reimbursement of expenditures for the acquisition, construction development and equipping of the Project that are paid before the date of initial execution and delivery of the Bonds is \$8,000,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the City in that there are no funds (other than proceeds of the Bonds) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the City, or any public entity controlled by the City, for the expenditures for the acquisition, construction, development and equipping of the Project that are expected to be reimbursed from the proceeds of the Bonds.

Section 5. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Bonds, including, but not limited to, any fees and expenses incurred by the City in anticipation of the issuance of the Bonds, the City's financing fee with respect to the issuance of the Bonds, the City's annual administration fee with respect to administering the provisions of a regulatory agreement with respect to the Project, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Bonds.

The payment of the principal, redemption premium, if any, and purchase price of and interest on the Bonds shall be solely the responsibility of the Borrower. The Bonds shall not constitute a debt or obligation of the City.

Section 6. This City Council hereby further determines that it is appropriate for the City to issue the Bonds to finance the acquisition, construction, development and equipping of the Project, subject to the following conditions: (a) the City and the Borrower shall have first agreed to mutually acceptable terms for the Bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the bond indenture, trust agreement, loan agreement, regulatory agreement and/or other related documents for the financing of the Project; (b) all requisite governmental approvals shall have first been obtained; (c) a resolution approving the financing documents to which the City will be a party shall have been adopted by the City Council; and (d) an allocation of tax-exempt bond authority with respect to the Bonds shall have been received from the California Debt Limit Allocation Committee (“CDLAC”).

Section 7. The officers and agents of the City are hereby authorized to submit an application to CDLAC for an allocation of a portion of the State Ceiling (as that term is used in the California Government Code) in an amount not to exceed \$8,000,000 for application towards the issuance of the Bonds by the City to finance the Project. The officers and agents of, and financial advisors to, the City are hereby authorized, on behalf of the City, to submit to CDLAC all such other documents as may be required pursuant to the California Government Code in furtherance of the application. A cash deposit equal to one-half of one percent of the amount of allocation requested (not to exceed the maximum deposit pursuant to CDLAC guidelines), to be provided by or on behalf of the Borrower, is hereby authorized to be placed into an escrow account, and the officers of the City are hereby authorized to execute a deposit agreement with the Borrower as may be required with respect to such deposit, and to certify to CDLAC that such funds are available.

Section 8. The law firm of Jones Hall, A Professional Law Corporation, is hereby appointed as bond counsel to the City in connection with the issuance of the Bonds. The fees and expense of bond counsel are to be paid solely from the proceeds of the Bonds or directly by the Borrower.

Section 9. The appropriate officers and staff of the City are hereby authorized, for and in the name of and on behalf of the City, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 10. The adoption of this Resolution is solely for the purpose of meeting the requirements of the Code and the Treasury Regulations and shall not be construed in any other manner. Neither the City nor its staff have fully reviewed or considered the financial feasibility of the Project or the expected operation of the Project with regards to any State of California statutory requirements. Such adoption shall not obligate without further formal action to be taken by this City Council, including, but not limited to, (i) the approval of the financing documents by the City Council by resolution, (ii) the City to provide financing to the Borrower for the acquisition, construction, development and equipping of the Project or to issue the Bonds for purposes of such financing; or (iii) the City, or any department of the City, to approve any application or request for, or take any other action in connection with, any environmental,

General Plan, zoning or any other permit or other action necessary for the acquisition, construction, development or equipping of the Project.

IN COUNCIL DULY PASSED this 6th day of June, 2017.

AYES: (5) Mayor Coursey, Vice Mayor Tibbetts, Council Members Olivares, Rogers, Schwedhelm

NOES: (0)

ABSENT: (2) Council Members Combs, Sawyer

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney