

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, CALIFORNIA, APPROVING THE ISSUANCE OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$67,500,000 BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION AND IMPROVEMENT OF MOBILE HOME PARKS AND OTHER LOW-INCOME MULTIFAMILY HOUSING FACILITIES BY THE CARITAS CORPORATION, CARITAS ACQUISITIONS I, LLC, AND CARITAS SILVER LANTERN, LLC, AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, The Caritas Corporation, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Corporation"), Caritas Acquisitions I, LLC (the "Company"), a California limited liability company, whose sole member is the Corporation, and Caritas Silver Lantern, LLC ("Silver Lantern" and together with the Corporation and the Company, the "Borrower"), a California limited liability company, whose sole member is the Corporation, have requested that the California Municipal Finance Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$67,500,000 (the "Bonds"), pursuant to a plan of finance, for: (a) the 2017 Project, as defined below; (b) refunding all or a portion of the Authority's outstanding Mobile Home Park Senior Revenue Bonds (Caritas Projects) Series 2010A and Mobile Home Park Subordinate Revenue Bonds (Caritas Projects) Series 2010B (collectively, the "2010 Bonds"), issued to finance or refinance the 2010 Project, as defined below; (c) refunding all or a portion of the outstanding City of San Marcos Mobile Home Park Revenue Bonds (Valle Verde Mobile Home Park Project) Series 1999 (the "1999 Bonds"), issued to finance or refinance the 1999 Project, as defined below (together with the 2010 Project and the 2017 Project, the "Project"); (d) financing a debt service reserve fund for the Bonds; and (e) payment of costs of issuance and certain interest with respect to the Bonds;

WHEREAS, the term "2017 Project" means financing and refinancing all or a portion of the acquisition and improvement of a 17 unit apartment complex known as the Silver Lantern Apartments located at 33951 Silver Lantern Street, Dana Point, California 92629;

WHEREAS, the term "2010 Project" means financing and refinancing all or a portion of the acquisition and improvement of: (a) a 217 space mobile home park known as El Dorado Palms Mobile Home Park located at 35218 Fir Avenue, Yucaipa, County of San Bernardino, California 92399; (b) a 168 space mobile home park known as Bahia Village Mobile Home Park located at 13096 Blackbird Street, Garden Grove, California 92843; (c) an 86 space mobile home park known as Emerald Isle Mobile Home Park located at 13741 Clinton Street, Garden Grove, California 92843; and (d) a 298 space mobile home park known as Mountain View Estates Mobile Home Park located at 3255 E. Avenue R, Palmdale, California 93550;

WHEREAS, the term "1999 Project" means financing and refinancing all or a portion of the acquisition and improvement of a 150 space mobile home park known as Valle Verde Estates Mobile Home Park located at 1286 Discovery Street, San Marcos, California 92078;

WHEREAS, the 1999 Project and a portion of the 2010 Project are owned and operated by the Corporation; the balance of the 2010 Project is owned and operated by the Company; and the 2017 Project is owned by Silver Lantern and operated and managed by Friendship Shelter Inc., a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code;

WHEREAS, a portion of the 2010 Project is located within the City of Garden Grove, California (the "City");

WHEREAS, not less than twenty percent (20%) of the residential units in the mobile home parks and the apartment building to be financed shall be occupied by individuals whose income is fifty percent (50%) or less of area median gross income; and the manager of the mobile home parks will be the Corporation or the Company, as applicable, or another entity selected by the Corporation or the Company;

WHEREAS, each of the local agencies in the geographic jurisdiction of which all or a portion of the 2017 Project, the balance of the 2010 Project or the 1999 Project is located will separately approve the issuance of the Bonds;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the City because a portion of the Project is located within the territorial limits of the City;

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "Agreement"), among certain local agencies, including the City;

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

WHEREAS, it is in the public interest and for the public benefit that the City Council approve the issuance of the Bonds by the Authority for the aforesaid purposes.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Garden Grove as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds (a) by the "applicable elected representative" of the governmental unit having jurisdiction over the area in which a portion of the Project is located in accordance with Section 147(f) of the Code and (b) by the City Council in accordance with Section 4 of the Agreement.

Section 3. The issuance of the Bonds shall be subject to the approval of the Authority of all financing documents relating thereto to which the Authority is a party. The City shall have no responsibility or liability whatsoever with respect to the Bonds. The Bonds shall not constitute an obligation or indebtedness of the City and the assets and revenues of the City are not being pledged as security for the payment of principal or interest on the Bonds.

Section 4. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 5. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire, rehabilitate or construct the Project or any refinancing of the Project or any portion thereof; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, rehabilitation or operation of the Project or any portion thereof; (iii) make any contribution or advance any funds whatsoever to the Authority; or (iv) take any further action with respect to the Authority or its membership therein.

Section 6. This Resolution shall take effect immediately upon its adoption.