

RESOLUTION NO. 2014-055

RESOLUTION APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND APPROVING THE ISSUANCE OF REVENUE BONDS BY THE AUTHORITY FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION OF MOBILE HOME PARKS BY CARITAS AFFORDABLE HOUSING, INC. AND CERTAIN OTHER MATTERS PERTAINING THERETO

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), certain public agencies (the “Members”) have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”) in order to form the California Municipal Finance Authority (the “Authority”), for the purpose of promoting economic, cultural and community development, and in order to exercise any powers common to the Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the City of Rohnert Park (the “City”), has determined that it is in the public interest and for the public benefit that the City become a Member of the Authority in order to facilitate the promotion of economic, cultural and community development activities in the City, including the financing of projects therefor by the Authority; and

WHEREAS, there is now before this City Council (the “City Council”) the form of the Agreement; and

WHEREAS, the Agreement has been filed with the City, and the members of the City Council, with the assistance of its staff, have reviewed said document; and

WHEREAS, the Authority is authorized to issue and sell revenue bonds for the purpose, among others, of financing or refinancing the acquisition of housing projects; and

WHEREAS, Caritas Affordable Housing, Inc., a California nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, or a subsidiary or affiliate thereof (the “Borrower”), has requested that the Authority issue and sell revenue bonds in the maximum principal amount of \$100,000,000 (the “Bonds”) for the purpose of making a loan to the Borrower, to enable the Borrower to:

(1) refinance the acquisition and improvement of a 285 space mobile home park known as the Valley Village Mobile Home Park located at 6401 Country Club Drive, Rohnert Park, California 94928;

(2) finance and refinance the acquisition and improvement of mobile home parks located in the County of Lake, the Cities of Brea, Lancaster, and Vista, and the Town of Yucca Valley;

(3) fund a debt service reserve fund;

(4) pay capitalized interest on the Bonds; and

(5) pay certain expenses incurred in connection with the issuance of the Bonds (collectively, the “Project”); and

WHEREAS, in connection with the issuance of the Bonds, the Borrower will covenant that twenty percent (20%) or more of the residential units in each of the mobile home parks 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 Borrower, or another entity selected by the Borrower; and

WHEREAS, the Borrower has requested the issuance of the Bonds in order to effect savings in interest rate and/or issuance costs to effect significant public benefits pursuant to the Act; and

WHEREAS, in order for the interest on the Bonds to be tax-exempt, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that an “applicable elected representative” of the governmental unit, the geographic jurisdiction of which contains the site of facilities to be financed with the proceeds of the Bonds, hold a public hearing on the issuance of the Bonds and approve the issuance of the Bonds following such hearing; and

WHEREAS, the Authority has determined that the City Council is an “applicable elected representative” for purposes of holding such hearing because a portion of the Project is located within the City; and

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 Agreement; and

WHEREAS, notice of such public hearing has been duly given as required by the Code, and this City Council has heretofore held such public hearing at which all interested persons were given an opportunity to be heard on all matters relative to the financing or refinancing of the Project and the Authority’s issuance of the Bonds therefor; and

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, AS FOLLOWS:

Section 1. The foregoing recitals are true and correct.

Section 2. The Agreement is hereby approved, and the City Manager or designee thereof is hereby authorized and directed to execute said document, and the City Clerk or such Clerk’s designee is hereby authorized and directed to attest thereto.

Section 3. The City Council hereby approves the issuance of the Bonds by the Authority and finds the Project will effect the significant public benefits set forth in the recitals

above. 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 4. The issuance of the Bonds shall be subject to the approval by 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.

Section 5. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (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 refinancing or operation of the Project; (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. Pursuant to the Participation Agreement between the Borrower and The Community Development Commission of the City (the “CDC”), and the Agency Note issued by the Borrower in favor of the CDC thereunder, evidencing a loan by the CDC to the Borrower for the purpose of rehabilitating the Valley Village Mobile Home Park (the “MHP Project”), the approval by this Council of the issuance of the Bonds pursuant to this Resolution shall constitute the prior written consent of the City, as successor to the CDC, of the refinancing of any loans that are senior to the Agency Note through the issuance of the Bonds, the proceeds of which shall be applied, in part, to refinance all of the bonds issued in 2003 and 2005 for the benefit of the Borrower and currently outstanding (the “Participant’s Financing”). Pursuant to the terms of the Participation Agreement, the City confirms that the Bonds, as a refinancing of the Participant’s Financing, and the documents evidencing or securing the Bonds, which the Borrower is hereby permitted to record, shall be a lien and charge on the MHP Project which is prior and superior to the Participation Agreement, the Agency Loan, the Agency Note, the Agency Deed of Trust, and the Affordable Housing Covenant (each as defined in the Participation Agreement), to the same extent as the Bond Financing Documents (as defined in the Agency Deed of Trust). The Borrower shall continue to comply with the terms of the Affordable Housing Covenant with respect to the MHP Project.

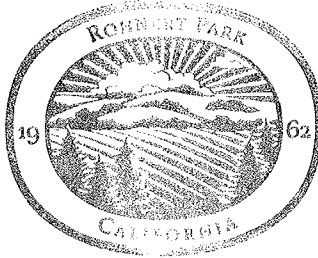
Section 7. The City Manager or his designee, the Clerk and all other proper officers and officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to effect the purposes of this Resolution and the transactions herein authorized, including any subordinations to be recorded to effect the terms of Section 6 hereof, including without limitation that certain Subordination Agreement presented to the City Council with the staff report accompanying this Resolution.

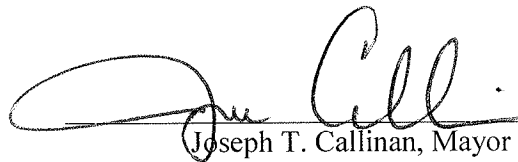
Section 8. The Clerk shall forward a certified copy of this Resolution and an originally executed Agreement to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall
650 California Street, 18th Floor
San Francisco, CA 94108

Section 9. This Resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of Rohnert Park at a regular meeting of the City Council held on the 27th day of May, 2014.




Joseph T. Callinan, Mayor

ATTEST:

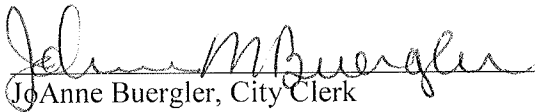

JoAnne Buergler, City Clerk

Exhibit A: Subordination Agreement

BELFORTE: AYE MACKENZIE: AYE STAFFORD: AYE AHANOTU: AYE CALLINAN: AYE
AYES: (5) NOES: (0) ABSENT: (0) ABSTAIN: (0)

Exhibit A

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO

City of Rohnert Park

Address

Attention:

SUBORDINATION AGREEMENT

This Subordination Agreement is dated as of June 1, 2014, between the **CITY OF ROHNERT PARK ("City")**, as successor to the **COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ROHNERT PARK ("Agency")** and **CARITAS AFFORDABLE HOUSING, INC.**, a California nonprofit public benefit corporation ("Owner").

RECITALS:

- A. Agency and Owner are parties to a Participation Agreement, dated as of September 27, 2005, pursuant to which Agency made a loan to Owner in the amount of \$1,200,000 (the "Loan") for the purpose of assisting Owner in the acquisition and rehabilitation of the Valley Village Mobile Home Park ("MHP Project"). The Loan is evidenced by an Agency Note, and secured by a Deed of Trust, recorded on November 14, 2005 as Instrument No. 2005-169113 (the "Agency Deed of Trust"). In connection with the Loan, the Agency and the Owner entered into an Affordable Housing Covenant, recorded on November 14, 2005 as Instrument No. 2005-169114 (the "Affordable Housing Covenant"), under which the Owner agreed to set aside certain Spaces in the Project for lower and very-low income households who qualify as senior citizens.
- B. Under the terms of the Participation Agreement, the Agency Note, the Agency Deed of Trust and the Affordable Housing Covenant (collectively, the "Agency Loan Documents") are subordinate to the Participant's Financing, as defined in the Participation Agreement, being the outstanding Independent Lease Financing Authority Mobile Home Park Revenue Bonds issued in 2003 and 2005 for the benefit of the Owner (collectively, the "Outstanding Bonds").
- C. Under the terms of the Agency Loan Documents, the Owner may refinance the Participant's Financing with the consent of the Agency and may agree to subordinate the Agency Loan Documents to any such refinancing.

Exhibit A

- D. In accordance with Health and Safety Code Section 34176, by CDC Resolution 2012-10 adopted January 10, 2012, the City elected to retain the housing assets and housing functions of the Agency commencing upon dissolution of the Agency on February 1, 2012, and pursuant thereto, the City has succeeded to the interests of the Agency under the Participation Agreement and the Agency Loan Documents.
- E. The City, by Resolution No. [____], adopted May 27, 2014 (“Resolution”), has consented to the refinancing of the Outstanding Bonds through the issuance by the California Municipal Finance Authority of Mobile Home Park Revenue Bonds, Series 2014 (the “Series 2014 Bonds”), for the purpose of financing and refinancing certain mobile home parks owned or to be owned by the Owner, including by refunding the Outstanding Bonds on a basis senior to the Agency Loan Documents.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

1. Subordination. Pursuant to the Resolution, the City confirms that the Series 2014 Bonds, as a refinancing of the Participant’s Financing, and the documents evidencing or securing the Series 2014 Bonds (the “Refunding Bond Documents”), which the Owner is hereby authorized to record, shall be a lien and charge on the MHP Project which is prior and superior to the Participation Agreement, the Agency Loan, the Agency Note, the Agency Deed of Trust, and the Affordable Housing Covenant (each as defined in the Participation Agreement), to the same extent as the Bond Financing Documents (as defined in the Agency Deed of Trust). From and after the refunding of the Outstanding Bonds, the term “Bond Financing Documents” shall be deemed to refer to the Refunding Bond Documents for purposes of confirming the subordination of the Agency Loan Documents to the Refunding Bond Documents.
2. Counterparts. This Subordination Agreement may be executed in counterparts, each of which, when taken together, shall constitute an original.

[signatures continue on next page]

Exhibit A

IN WITNESS WHEREOF, the City and Owner have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, this _____ day of _____, 2014

CITY OF ROHNERT PARK:

By: _____

Name:

Title:

Approved as to form:

City Attorney

OWNER:

CARITAS AFFORDABLE HOUSING, INC.
a California nonprofit public benefit corporation

By: _____

Name:

Title:

Exhibit A

STATE OF _____)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature, a Notary Public

My commission expires on _____

(Official Seal)

Exhibit A

STATE OF _____)
)
COUNTY OF _____)

On _____, before me, _____,
Notary Public, personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature, a Notary Public

My commission expires on _____

(Official Seal)

Exhibit A

LEGAL DESCRIPTION

EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ROHNERT PARK, COUNTY OF SONOMA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

The land herein referred to is situated in the State of California, County of Sonoma, City of Rohnert Park, and is described as follows:

Parcel One:

Beginning at a 3/4" iron pipe monument marking the intersection of the East right of way line of the Northwestern Pacific Railroad with Southerly right of way line of Rohnert Park Expressway, as described by that certain Deed recorded in Book 2139 of Official Records, page 52, Sonoma County Records; thence from said point of beginning along said Easterly right of way line, South 25° 40' 25" East, 1,938.66 feet to the approximate centerline of Copeland Creek; thence along the following courses being the approximate centerline of Copeland Creek, South 89° 49' 31" East, 925.14 feet to a point on a curve to the left, from a tangent which bears North 34° 41' 43" West, having a radius of 1,280.00 feet and an internal angle of 2° 36' 14"; thence leaving said approximate centerline along said curve 58.17 feet; thence North 37° 17' 57" West, 159.28 feet to a tangent curve to the right having a radius of 442.17 feet and an internal angle of 21° 20' 00"; thence along said curve, 164.64 feet; thence North 15° 57' 57" West, 510.00 feet to a tangent curve to the right having a radius of 570.00 feet and an internal angle of 23° 00'; thence along said curve 228.81 feet; thence North 7° 02' 03" East, 266.99 feet to a point; thence South 64° 19' 50" West, 195.00 feet; thence North 32° 17' 15" West, 109.27 feet; thence along a curve to the right with a radius of 135.00 feet, through an angle of 32° 19' 15" for a distance of 76.15 feet; thence North 0° 02' 00" East, 95.89 feet; thence along a curve to the left with a radius of 85.00 feet, through an angle of 90° 00' 00" for a distance of 133.52 feet; thence North 89° 58' 00" West, 567.48 feet; thence North 0° 02' 00" East, 180.00 feet to a point on the Southerly line of the Rohnert Park Expressway; thence along the above mentioned line, North 89° 58' 00" West, 308.02 feet; thence North 88° 17' 10" West, 220.47 feet to the point of beginning.

Excepting therefrom, that portion thereof conveyed of Rohnert Park, by Deed recorded June 16, 1970 in Book 2467, page 161, Official Records, Sonoma County, Recorder's Serial No. L-67085.

Parcel Two:

A strip of land 30 feet wide, lying Northerly of and contiguous to the following described line:

Commencing at the Northeasterly terminus of the course "North 7° 02' 03" East, 266.99 feet", as the same is contained in Parcel One above, and running thence South 64° 19' 50" West, 195.00 feet, said strip being bounded on the East by a line which runs North 7° 02' 03" East and South 7° 02' 03" West and bounded on the West by a line which runs North 32° 17' 15" West and South 32° 17' 15" East.

Excepting therefrom, that portion thereof conveyed to the City of Rohnert Park, by Deed recorded June 16, 1970 in Book 2467, page 161, Official Records, as Recorder's Serial No. L-67085, Sonoma County Records.