

RESOLUTION NO.

RESOLUTION OF THE HOUSING AUTHORITY OF THE
CITY OF CHULA VISTA REGARDING ITS INTENTION TO
ISSUE TAX-EXEMPT OBLIGATIONS FOR A PROPOSED
DEVELOPMENT OF THE MILLENIA AFFORDABLE
APARTMENTS

WHEREAS, the Housing Authority of the City of Chula Vista (the “Issuer”) desires to assist Chelsea Investment Corporation (the “Applicant”) in financing the costs of developing a multifamily rental housing project (“Millenia Affordable Apartments”), as described Exhibit A attached hereto and incorporated herein (the “Project”); and

WHEREAS, the Issuer intends to assist in the financing of the development of the Project or portions of the Project with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the “Obligations”), which Obligations are expected to be issued pursuant to Chapter 1 of Part 2 of Division 24 the Health and Safety Code of the State of California; provided, however, that this Resolution shall not authorize the issuance of the Obligations and provided further that neither the faith and credit nor the taxing power of the Issuer shall be pledged to repay such Obligations if, and when, authorized; and

WHEREAS, prior to the issuance of the Obligations the Applicant expects to incur certain expenditures with respect to the Project from its own available monies which expenditures it desires to have reimbursed from a portion of the proceeds of the sale of the Obligations if, and when, issued; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the “Code”) limits the amount of multifamily housing revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the “Government Code”) governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue multifamily housing revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee (“CDLAC”) prior to the issuance of multifamily housing revenue bonds; and

WHEREAS, the Issuer desires to apply to CDLAC for an allocation for the Project.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF CHULA VISTA DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Issuer has received an application for the financing of the Project on behalf of the Applicant (the “Application”). The Applicant will incur costs with respect to the Project prior to the issuance of the Obligations. The Issuer hereby states its intention and reasonably expects to reimburse to the Applicant for such costs with proceeds of the Obligations; provided, however, that nothing herein obligates the Issuer to issue the Obligations or provides the Applicant with any legal right to compel the issuance of the Obligations, which decision remains in the final discretion of the Issuer. Exhibit A describes the general character, type, purpose, and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$19,400,000. This Resolution is being adopted no later than sixty (60) days after the date (the “Expenditure Date or Dates”) that the Applicant will expend moneys for the portion of Project costs to be reimbursed from proceeds of the Bonds.

The expected date of issue of the Bonds is within eighteen (18) months of the later of the Expenditure Date or Dates and the first date the Project is placed in service and, in no event, later than three years after the Expenditure Date or Dates.

SECTION 3. Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Issuer or any entity related in any manner to the Issuer, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 4. This Resolution is consistent with the budgetary and financial circumstances of the Issuer, as of the date hereof. No monies from sources other than the Obligations are, or are reasonably expected to be reserved, allocated on a long-term basis, or otherwise set aside by the Issuer (or any related party) pursuant to their budget or financial policies with respect to the portion of the Project costs to be financed with the Obligations. This Board of Commissioners is not aware of any previous adoption of official intents by the Issuer that have been made as a matter of course for the purpose of reimbursing expenditures relating to the Project and for which tax-exempt obligations have not been issued.

SECTION 5. This Resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation § 1.103-8(a)(5) and Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of expenditures incurred prior to the date of issue of the Obligations, is part of the Issuer’s official proceedings, and will be available for inspection by the general public at the main administrative office of the Issuer.

SECTION 6. The officers and employees of the Authority are hereby authorized and directed to apply to CDLAC for a portion of the private activity bond allocation set aside for the calendar year 2015 for the Project in an aggregate amount not to exceed \$19,400,000, to collect

from the Applicant and hold pursuant to CDLAC requirements the required CDLAC deposit for the requested allocation, and to certify to CDLAC that such amount has been placed on deposit in an account in a financial institution. Because the amount of private activity bond allocation is limited, such officers are also authorized to resubmit the application to CDLAC one or more times during the calendar years 2015 and 2016 in the event the application is denied by CDLAC.

SECTION 7. The officers and employees of the Issuer are hereby authorized and directed, jointly and severally, to take any actions and execute and deliver any and all documents which any of them deem necessary or advisable, with the advice of City Attorney, in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers and employees are hereby ratified and confirmed; provided that the terms and conditions under which the Bonds are to be issued and sold must be approved by this Board in the manner provided by law prior to the sale of the Bonds.

SECTION 8. All the recitals in this Resolution are true and correct.

SECTION 9. This Resolution shall take effect immediately upon its adoption.

Presented by

Approved as to form by

Kelly Broughton
Director of Development Services

Glen R. Googins
City Attorney

EXHIBIT A

DESCRIPTION OF PROJECT

A multifamily rental housing project of approximately 87 units known as “Millenia Apartments” and located near the southwest corner of Birch Road and Eastlake Parkway within the Otay Ranch Millenia master planned community in the City of Chula Vista, California.