

RESOLUTION NO. 2015- _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN MARCOS APPROVING, AUTHORIZING, AND
DIRECTING EXECUTION OF A SUBORDINATION
AGREEMENT RELATING TO THE PALOMAR ESTATES
EAST AND PALOMAR ESTATES WEST
MANUFACTURED HOME COMMUNITIES LOCATED IN
THE CITY OF SAN MARCOS**

WHEREAS, the California Mobilehome Park Financing Authority (the “Authority”) previously issued its Mobile Home Park Revenue Bonds (Palomar Estates East and West Mobilehome Park) Series 2003A and its Mobile Home Park Subordinate Revenue Bonds (Palomar Estates East and West Mobilehome Park) Series 2003B (together, the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of March 1, 2003, between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank of California, N.A.), as trustee, and loaned the proceeds of the Prior Bonds to Millennium Housing Corporation, a California nonprofit public benefit corporation (the “Owner”), in order to provide financing with respect to the acquisition and improvement of two adjoining mobilehome parks with 846 total spaces and known as Palomar Estates East and Palomar Estates West (the “Project”) located at 650 South Rancho Santa Fe Road and 1930 West San Marcos Boulevard, respectively, in the city of San Marcos, California (the “City”); and

WHEREAS, in connection with the issuance of the Prior Bonds by the Authority, the City provided funds to the Owner to provide rental subsidies for eligible tenants of the Project; and

WHEREAS, as a condition to receiving the City assistance, the Owner entered into a Supplemental Regulatory Agreement and Declaration of Restrictive Covenants (the “Original Supplemental Regulatory Agreement”) with the City whereby the Owner agreed to restrict the use of the Project; and

WHEREAS, in July of 2009, the Owner requested and the City agreed to provide additional funds to the Owner to provide additional rental subsidies for eligible tenants of the Project; and

WHEREAS, as a condition to receiving the additional City assistance, the Owner entered into a First Amendment to Supplemental Regulatory Agreement and Declaration of Restrictive Covenants (the “First Amendment,” and, together with the Original Supplemental Regulatory Agreement, the “Supplemental Regulatory Agreement”) with the City whereby the Owner agreed to additional restrictions with respect to the use of the Project; and

WHEREAS, the Independent Cities Finance Authority, a joint powers authority organized and existing under the laws of the State of California (the “ICFA”), proposes to issue its Mobile Home Park Revenue Refunding Bonds (Palomar Estates East and West) in one or more series (the “Refunding Bonds”) and loan the proceeds thereof to the Owner to (i) refund the

Prior Bonds, (ii) finance certain additional renovations and improvements to the Project and (iii) finance the costs of issuing the Refunding Bonds; and

WHEREAS, in order to facilitate the refunding of the Prior Bonds with the proceeds of the Refunding Bonds, the Owner has requested that the City agree to subordinate the Supplemental Regulatory Agreement as set forth in a Subordination Agreement (the "Subordination Agreement") to be entered into with MUFG Union Bank, N.A., as trustee, and the Owner; and

WHEREAS, there is now before this City Council a form of the Subordination Agreement; and

WHEREAS, a final version of the Subordination Agreement, in substantially the form presented to the City Council on the date hereof, with such changes as are not inconsistent with the purposes of this Resolution, will be delivered to the Mayor or other proper officer for execution; and

WHEREAS, the City has determined that the issuance of the Refunding Bonds to refinance the Prior Bonds and to finance additional renovations to the Project will benefit the tenants residing therein and will benefit the City by improving the affordable housing available within the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS AS FOLLOWS:

Section 1. The City Council hereby approves the execution of the Subordination Agreement in substantially the form presented to the City Council, with such changes as are not inconsistent with the purposes of this Resolution. The Mayor, City Manager, City Clerk, and any other proper officers and officials of the City, are hereby authorized and directed to take all actions and do all things necessary or desirable hereunder with respect to the Subordination Agreement including, but not limited to, the execution and delivery of any agreements, certificates, instruments and other documents which they, or any of them, may deem necessary or desirable and not inconsistent with the purposes of this Resolution.

Section 2. The adoption of this Resolution shall not obligate the City or any department thereof to (i) provide any additional financing with respect to the Project or (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 operation of the Project.

Section 3. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos, this 24th day of February, 2015, by the following roll call votes:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

James M. Desmond, Mayor
City of San Marcos

ATTEST:

Phil Scollick, City Clerk
City of San Marcos