

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS (LANCER EDUCATIONAL HOUSING), SERIES 2016 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$120,000,000 FOR THE PURPOSE OF FINANCING AND REFINANCING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF CERTAIN STUDENT HOUSING FACILITIES AND CERTAIN OTHER MATTERS RELATING THERETO.

WHEREAS, Lancer Educational Housing, LLC, a California limited liability company (the “Borrower”), the sole member of which is Lancer Educational Housing Corporation, a California nonprofit public benefit corporation (“Lancer Corporation”), has requested that the California Statewide Communities Development Authority (the “Authority”) participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$120,000,000 (the “Bonds”) to: (1) finance and refinance the Series 2016 Project, defined below; (2) prepay and retire all of the outstanding (a) California Statewide Communities Development Authority Revenue Bonds (Lancer Educational Student Housing Project) Series 2007A (the “Series 2007 Bonds”), issued for the Series 2007 Project, defined below, and (b) California Statewide Communities Development Authority Revenue Bonds (Lancer Educational Student Housing Project) Series 2010A (the “Series 2010 Bonds”), issued for the Series 2010 Project, defined below (together with the Series 2016 Project and the Series 2007 Project, the “Facilities”); (3) pay capitalized interest on the Bonds; (4) finance a debt service reserve fund for the Bonds; and (5) pay certain expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, the term “Series 2016 Project” means financing and refinancing the acquisition, construction, improvement, renovation, furnishing and equipping of certain housing facilities for faculty, staff and students of California Baptist University (the “University”) by the Borrower, including related administrative facilities, site improvements, and parking, including but not limited to (1) a 32-unit apartment complex known as College Park Apartments located at 8230 Magnolia Avenue (“College Park”) in the City of Riverside (the “City”); (2) student housing facilities known as The Point located at 3622 Adams Street on the University’s main campus, the address of which is 8432 Magnolia Avenue, Riverside California 92504 (the “Campus”); (3) student housing facilities known as The Colony located at 3675 and 3697 Monroe Street on the Campus; (4) an apartment complex located on a parcel adjacent to the College Park; and (5) other improvements to existing housing facilities located on the Campus; and

WHEREAS, the proceeds that the University will receive from the sale of the improvements constituting the student housing facilities of College Park to the Borrower will be used to reimburse the University for all or a portion of the cost of the University’s acquisition of College Park; and

WHEREAS, the improvements constituting the student housing facilities of The Point will be acquired by the Borrower from the University, and the proceeds that the University will receive

from the sale of The Point to the Borrower will be used to finance and refinance all or a portion of the acquisition, construction, improvement and equipping of educational and related facilities, including related administrative facilities, site improvements, parking structures and surface parking, including but not limited to construction of or renovation of existing space for a new library and/or study spaces and other improvements located on the Campus and at 8775 Magnolia Avenue; and

WHEREAS, the improvements constituting the student housing facilities of The Colony will be acquired by the Borrower from Colony Student Housing, LLC, a California limited liability company (“Colony”), the sole member of which is Lancer Corporation, and the sale proceeds will be used to prepay and retire all or a portion of the California Statewide Communities Development Authority Revenue Bonds (Colony Student Housing, LLC) Series 2012 (the “Series 2012 Bonds”) and the outstanding revolving business loan with California Bank and Trust, both issued to finance or refinance the acquisition of The Colony; and

WHEREAS, the term “Series 2007 Project” means the financing of the costs of acquisition, construction, improvement, renovation, remodeling, furnishing and equipping of certain housing facilities for faculty, staff and students of the University by the Borrower, all located on the Campus, more particularly described as follows: Smith Hall located at 8525 Diana Avenue; Simmons Hall located at 8555 Diana Avenue; the Lancer Arms Apartments located at 8447, 8449, 8451 and 8471 Diana Avenue; the University Place residence facilities located at 8374 and 8350 Magnolia Avenue; the Adams Villas residence facilities located at 3780 Adams Street; and the Magnolia Hacienda residence facilities located from 8386 to 8398 Magnolia Avenue; and

WHEREAS, the term “Series 2010 Project” means the financing of the costs of acquisition, improvement, renovation, remodeling, furnishing and equipping of certain housing facilities including a 94-unit apartment complex known as Tower Hall (fka the Royal Rose Apartments) and a 121-unit apartment complex known as The Village @ CBU (fka Rose Garden Village Apartments), each operated by the University and located on the Campus; and

WHEREAS, the proceeds the University received from the sale of the Series 2010 Project to the Borrower were used to finance the costs of the acquisition of land located at 3520 through 3594 Adams Street and construction of improvements thereon, which facilities and improvements are owned and operated by Lancer Plaza, LLC, a Delaware limited liability company, of which Lancer Corporation is the sole member; and

WHEREAS, the Facilities are or will be owned and operated by the Borrower and located within the City; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed or refinanced the Facilities (the “Refunding Bonds”), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

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 the Facilities are or will be located within the territorial limits of the City; and

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; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority for the purposes of financing the Facilities in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (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;

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

Section 1. The City Council hereby approves the issuance of the Bonds and Refunding Bonds by the Authority for the purposes of financing the Facilities. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds and Refunding Bonds by the Authority and of the financing of the Facilities, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the issuer of the Bonds and the governmental unit having jurisdiction over the area in which the Facilities are or will be located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

Section 2. 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 3. This resolution shall take effect immediately upon its adoption.

ADOPTED by the City Council this _____ day of _____, 2016.

WILLIAM R. BAILEY, II
Mayor of the City of Riverside

Attest:

COLLEEN J. NICOL
City Clerk of the City of Riverside

I, Colleen J. Nicol, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a meeting of the City Council on the ____ day of _____, 2016, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California this ____ day of _____, 2016.

COLLEEN J. NICOL
City Clerk of the City of Riverside