

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA BARBARA APPROVING THE ISSUANCE OF BONDS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY IN AN AMOUNT NOT TO EXCEED \$2,000,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION OF FACILITIES FOR THE MENTAL HEALTH ASSOCIATION IN SANTA BARBARA COUNTY, AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the Mental Health Association in Santa Barbara County (“MHA”) has requested that the California Municipal Finance Authority (the “Authority”) issue one or more series of revenue bonds, or otherwise borrow funds, in an aggregate principal amount not to exceed \$2,000,000 (the “Bonds”), and to lend the proceeds of the Bonds to Building Hope II, LLC, a California limited liability company of which MHA is the sole member (the “Borrower”) for the purpose of financing or refinancing costs of the acquisition by the Borrower of a condominium interest in a facility being constructed at 617 Garden Street in the City of Santa Barbara (the “City”) to be used as administrative office and programmatic space by MHA (the “Facilities”);

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), in order for the interest on the Bonds to be tax-exempt, the issuance of the Bonds by the Authority must be approved by the City Council following a public hearing regarding the proposed financing because the Facilities are located within 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, on October 28, 2008, the City Council held a public hearing regarding the proposed issuance of the Bonds by the Authority to finance the Facilities and, following the public hearing, the City Council adopted Resolution No. 08-099 approving the issuance of the Bonds by the Authority;

WHEREAS, applicable federal tax regulations require that the public hearing and elected representative approval of the Bonds occur not earlier than one year prior to the date of issuance of the Bonds, and it now appears that, due to unforeseen delays, the Bonds may not be issued until after October 27, 2009;

WHEREAS, MHA has requested that the City Council hold a new public hearing regarding the proposed financing and once again approve the issuance of the Bonds by the Authority so that the interest on the Bonds can be tax-exempt;

WHEREAS, the Bonds proposed to be issued, the proceeds of which will be used to finance or refinance the costs of the acquisition of the Facilities, will be an indebtedness of the Authority payable from certain revenues pledged therefore and generally representing amounts paid by the Borrower or MHA, and the City will not be asked to

approve or execute any of the documents related to the Bonds or the financing program; and, in addition, any disclosure materials prepared for the financing program which may be used to market the Bonds will not contain any information regarding the City and will not include the City's name other than possibly with respect to the location of the Facilities; and

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

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA, AS FOLLOWS:

SECTION 1. The Council hereby approves the issuance and sale of the Bonds by the Authority. It is the purpose and intent of the Council that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of Section 147(f) of the Code, by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are to be located, in accordance with said Section 147(f).

SECTION 2. The adoption of this Resolution shall not obligate the City or any department thereof to (a) provide any financing for the Facilities; (b) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the construction or operation of the Facilities; (c) make any contribution or advance any funds whatsoever to the Authority; or (d) take any further action with respect to the Authority or its membership therein.

SECTION 3. 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 4. The City Clerk shall forward a certified copy of this Resolution to the bond counsel for the Bonds, addressed as follows:

Paul J. Thimmig, Esq.  
Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874

SECTION 5. This Resolution shall take effect immediately upon its passage.