

## **RESOLUTION NO. EDC 3**

### **A RESOLUTION OF THE MILPITAS ECONOMIC DEVELOPMENT CORPORATION AGREEING TO IRS PROVISIONS ON TAX EXEMPT STATUS FOR ORGANIZATIONS PARTICIPATING IN LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS**

**WHEREAS**, the Milpitas Economic Development Corporation (“Corporation”) has filed Articles of Incorporation with the California Secretary of State for the Corporation, a nonprofit public benefit corporation formed for specific and charitable purposes to be accomplished through services such as: delivering, developing, financing, rehabilitating, owning and operating affordable housing; applying private and public funding to combat blight and deterioration; stimulating economic development; upgrading, replacing and constructing improvements and infrastructure; expanding employment opportunities; and soliciting grants, contributions, donations and other bequests to carry out such services and purposes.

**WHEREAS**, the Corporation awaits determination by both the IRS and the State of California regarding its tax-exempt status, and the IRS has requested further information; and

**WHEREAS**, the general purpose of this Corporation is to have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, provided that this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purpose of this Corporation; and

**WHEREAS**, the Corporation has been organized and operated for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

**NOW THEREFORE**, the Board of Directors of the Milpitas Economic Development Corporation resolves as follows:

1. The Corporation agrees that in the event the Corporation were to participate as a general partner in a low income housing tax credit limited partnership or otherwise fall within the ambit of the procedures and requirements set forth within that certain IRS memorandum entitled "Tax-Exempt Status for Organizations Participating in Low Income Housing Tax Credit Limited Partnerships," as found at the IRS's website at: [http://www.irs.gov/pub/irs-tege/lihtcp\\_choimemo\\_073007.pdf](http://www.irs.gov/pub/irs-tege/lihtcp_choimemo_073007.pdf), the Corporation shall comply with and follow such memorandum. The Corporation does not plan to enter into grant situations with foreign (non-United States) entities. Should the Corporation enter into agreements with organizations that are not 501(c)(3) organizations, the Corporation will maintain control and responsibility over the use of any funds granted to these organizations by making any funding an expense-reimbursement funding arrangement. Any grants will be reimbursement-based only. The Corporation will audit all requests for reimbursement to ensure the expenditures are in line with the goals and objectives of the Corporation organizational premise and bylaws.
2. For organizations that are not 501(c)(3) organizations, the Corporation will retain control of the funds by only providing reimbursement-based funding to such organizations. The Corporation does not plan on providing any grants to foreign (non-United States) entities. By only providing reimbursement grants for any potential non 501(c)(3) entities, the Corporation will be able to audit expenses to ensure they promote the goals of the Corporation.

3. The Corporation's Chief Financial Officer is hereby authorized and directed to immediately transmit this Resolution as a supplemental submission to the IRS request for additional information.

**PASSED AND ADOPTED** this \_\_\_\_ day of June , 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

\_\_\_\_\_  
Mary Lavelle, Board Secretary

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Jose S. Esteves, Chair

APPROVED AS TO FORM:

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Michael J. Ogaz, Board Counsel