

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA- 1945

DATE OF FINAL PASSAGE May 24, 2022

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF TWO MULTIFAMILY NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$18,000,000 TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RENTAL HOUSING FACILITY CURRENTLY IDENTIFIED AS MERGE 56 AFFORDABLE APARTMENTS, AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to incur indebtedness to finance the acquisition, construction and equipping of multifamily rental housing; and

WHEREAS, Merge 56 Affordable, LP, a California limited partnership (Borrower), has requested that the Authority borrow funds and loan the funds to the Borrower to finance costs of the Borrower's acquisition and construction of a multifamily residential rental housing facility currently identified as "Merge 56 Affordable Apartments" (Project), consisting of 47 apartment units to be located at 8201 Merge Avenue, San Diego, California; and

WHEREAS, the Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for low and very low income persons or families, and to accomplish such purpose it is desirable for the Authority to issue two series of revenue notes to finance costs of the acquisition and construction of the Project; and

WHEREAS, the Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Merge 56 Affordable) Series 2022C-1 (Tax-Exempt) (Note C-1) in a principal amount not to exceed \$16,000,000, and its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Merge 56 Affordable) Series 2022C-2 (Taxable) (Note C-2 and, together with Note C-1, Notes) in a principal amount not to exceed \$2,000,000, evidencing a loan by Pacific Western Bank (Bank) to the Authority to fund a loan by the Authority to the Borrower; and

WHEREAS, the Authority will loan the proceeds of the Notes to the Borrower (Mortgage Loan) and the Borrower will use the proceeds of the Notes to finance costs of the acquisition and construction of the Project; and

WHEREAS, the City Council of the City of San Diego (City Council), on the date hereof, adopted a Resolution approving the Authority's issuance of Note C-1 after publication of a "TEFRA" notice and the holding of a "TEFRA" hearing, as required by the Internal Revenue Code of 1986, as amended (Code), and applicable United States Treasury Regulations; and

WHEREAS, California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain CDLAC's authorization to issue tax-exempt multifamily housing revenue obligations; and

WHEREAS, on December 8, 2021, CDLAC allocated to the Project \$16,000,000 of available State of California ceiling for private activity bonds under section 146 of the Code to be used in connection with the issuance of the Note C-1; and

WHEREAS, the following documents are presented for consideration:

- (1) The form of Loan Agreement (Bank Loan Agreement), by and among the Authority, U.S. Bank Trust Company, National Association, as fiscal agent (Fiscal Agent), and the Bank, including the form of the Notes attached to the Bank Loan Agreement as Exhibit A; and
- (2) The form of Loan Agreement (Borrower Loan Agreement), by and between the Authority and the Borrower; and
- (3) The form of Assignment Agreement (Assignment Agreement), by and between the Authority and the Bank; and
- (4) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and between the Authority and the Borrower; and

WHEREAS, each of the above-referenced documents is in appropriate form and is an appropriate instrument to be executed and delivered for the purposes intended.

WHEREAS, the City Council certified Environmental Impact Report No. 360009/SCH No. 2014071065 prepared for the Project on May 22, 2018 and adopted a Mitigation Monitoring and Reporting Program in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code sections 21000-21189.70.10). Housing Commission staff determined that under CEQA Guidelines section 15162, no additional environmental review is required for the actions approving the issuance of Notes for the Project and processing under the National Environmental Policy Act is not required as no federal funds are included in these actions; NOW, THEREFORE,

BE IT RESOLVED, by the Housing Authority of the City of San Diego, as follows:

Section 1. Finding and Determination. It is found and determined that it is necessary and desirable for the Authority to provide for the financing of the acquisition and construction of the

Project through the execution and delivery of the Notes in order to assist persons of low and very low income within the City of San Diego in obtaining decent, safe, and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Notes. For the purpose of financing costs of the acquisition and construction of the Project, the Authority approves the issuance of the Note C-1 in a principal amount not to exceed \$16,000,000, and the issuance of the Note C-2 in a principal amount not to exceed \$2,000,000. The Notes shall be issued in the principal amounts, and shall bear interest (which shall not exceed 12% per annum) and mature (not later than 45 years from the date of execution and delivery thereof) as provided in the Bank Loan Agreement. The Notes shall be in substantially the form attached as Exhibit A to the Bank Loan Agreement, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Bank Loan Agreement. The Notes shall be special, limited obligations of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Bank Loan Agreement shall be paid and satisfied, solely from the revenues, receipts and other moneys and assets pledged under the Bank Loan Agreement.

Section 3. Execution and Delivery of the Notes. The Notes shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairman of the Authority (Chairman), the Vice Chairman of the Authority (Vice Chairman), the Executive Director of the Authority (Executive Director), the Executive Vice President of Real Estate (Executive Vice President) of the San Diego Housing Commission (Housing Commission), the Vice President of Multifamily Housing Finance of the Housing Commission (Senior Director), or the Deputy Chief Executive Officer of the Housing Commission (DCEO).

Section 4. Approval of the Bank Loan Agreement. The Bank Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Chairman, the Vice Chairman, the Executive Director, the Executive Vice President, the Senior Director and the DCEO, or the designee of any such officer (such officers and any of his or her respective designees are referred to as the Designated Officers) are each authorized to execute and deliver the Bank Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Bank Loan Agreement approved at this meeting.

Section 5. Approval of Borrower Loan Agreement. The Borrower Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Borrower Loan Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Borrower Loan Agreement approved at this meeting.

Section 6. Approval of Regulatory Agreement. The Regulatory Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Regulatory Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, in consultation with the General Counsel to the Authority, such execution to constitute conclusive evidence of the approval of all changes from the form of the Regulatory Agreement approved at this meeting.

Section 7. Approval of Assignment Agreement. The Assignment Agreement, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each

authorized to executed and deliver the Assignment Agreement in such form, together with such changes as may be approved by the Designated Officer executing the same, upon consultation with the General Counsel to the Authority, such execution thereof to constitute conclusive evidence of the approval of all changes from the form of the Assignment Agreement approved at this meeting.

Section 8. Actions Ratified and Authorized. All prior actions taken by the officers, employees, and agents of the Authority with respect to the issuance and sale of the Notes are approved, confirmed, and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to take any and all actions and execute and deliver any and all certificates, agreements (including a tax agreement or no arbitrage certificate), any assignments of security documents or deed of trust, and other documents, including but not limited to those described in any of the documents approved by this Resolution, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes and the making of the loan pursuant to the Borrower Loan Agreement in accordance with the Act and this Resolution.

Section 9. Further Consents, Approvals and Other Actions. All consents, approvals, notices, orders, requests, and other actions permitted or required by any of the documents authorized by this Resolution or otherwise appropriate in the administration of the Notes and the lending program financed by the Notes, including without limitation any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any appointment or substitution of fiscal agent or lender, any substitution of security for the Notes, or any prepayment in full or in part of the Notes may be taken or given by any of the Designated Officers, in consultation with the Authority's General Counsel, without further authorization by the Board, and the Designated Officers are authorized and directed to give any

such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 10. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict with this Resolution are, to the extent of such conflict, repealed.

Section 11. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining provisions of this Resolution.

Section 12. Effective Date. This Resolution shall take effect immediately upon its adoption.

APPROVED: MARA W. ELLIOTT, General Counsel

By: /s/ Marguerite E. Middaugh
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
04/28/2022
Or. Dept.: SDHC
Doc. No.: 2967040
Companion to: R-2022-470

Passed and adopted by the Housing Authority of the City of San Diego on May 24, 2022, by the following vote:

	Yeas	Nays	Excused	Not Present
Joe LaCava	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery Steppe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Cate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Jeff Davis

Interim Executive Director of the Housing
Authority of the City of San Diego, California

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of
RESOLUTION NO. **1945** passed and adopted by the Housing Authority of the City of San
Diego, California on May 24, 2022.

By:


Scott Marshall

Deputy Secretary of the Housing Authority
of the City of San Diego, California