

HOUSING AUTHORITY OF

THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA- 1966

DATE OF FINAL PASSAGE November 15, 2022

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$19,305,000 AND TAXABLE MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION AND DEVELOPMENT OF A MULTIFAMILY RENTAL HOUSING FACILITY KNOWN AS CORTEZ HILL 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 development of multifamily rental housing; and

WHEREAS, Beech Street Housing Associates, L.P., a California limited partnership (Borrower), has requested that the Authority borrow funds and loan the funds to the Borrower to finance Borrower's acquisition, construction and development of a multifamily residential rental housing facility known as "Cortez Hill Apartments" (Project), consisting of 88 apartment units (including one unrestricted manager's unit) to be located at 901 Beech Street in the City of San Diego (City); 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 revenue bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the Authority intends to issue and sell its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cortez Hill Apartments) Series 2022E-1 (Tax-Exempt Bonds) in a principal amount not to exceed \$19,305,000, and its Housing Authority of the City of San Diego Multifamily Housing Revenue Bonds (Cortez Hill Apartments) Series 2022E-2 (Taxable) (Taxable Bonds, and collectively with the Tax-Exempt Bonds, the Bonds), in a principal amount not to exceed \$13,000,000, to Banner Bank, a Washington corporation (Bank), and apply the sale proceeds of the Bonds to fund a loan to the Borrower (Loan); and

WHEREAS, the Authority will fund the Loan, and the Borrower will use the proceeds of the Bonds to finance costs of the acquisition, construction and development of the Project; and

WHEREAS, the issuance of tax-exempt bonds or notes by the Authority is subject to the approval by the City Council of the City of San Diego (City Council), 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, on October 13, 2022, the San Diego Housing Commission (Housing Commission) held on behalf of the City, under authority delegated to the Housing Commission by the City, a duly noticed public hearing in accordance with all applicable law and an opportunity was provided at such hearing for interested persons to express their views on the issuance of the Tax-Exempt Bonds and on the nature and location of the Project; and

WHEREAS, the City Council, as the applicable elected representative under section 147(f) of the Code, approved the Authority’s issuance of the Tax-Exempt Bonds in an aggregate principal amount not to exceed \$19,305,000 on the date hereof; 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 June 15, 2022, CDLAC allocated to the Project \$19,305,000 of available State of California volume cap for private activity bonds under section 146 of the Code; and

WHEREAS, the following documents are presented for consideration:

- (1) The form of Trust Indenture (Indenture), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (Trustee), including the form of the Tax-Exempt Bonds and Taxable Bonds attached to the Indenture as Exhibit A,
- (2) The form of Construction and Term Loan Agreement (Loan Agreement), by and among the Authority, the Borrower, and the Bank, in its capacity as "Majority Owner" and "Servicer" (as those terms are defined in the Indenture),
- (3) The form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and between the Authority and Borrower, and
- (4) The form of Assignment of Deed of Trust and Related Documents (Assignment), by the Authority in favor of Trustee; 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; and

WHEREAS, the Project is covered by the Program Environmental Impact Reports for the Downtown Community Planning Area, prepared by the City as lead agency in compliance with the California Environmental Quality Act (CEQA) (Public Resources Code sections 21000-21189.70.10) and certified by the City Council, and Housing Commission staff determined that

under CEQA Guidelines section 15162, no additional environmental review is required for the actions approving the issuance of Bonds for the Project; and

WHEREAS, the U.S. Department of Housing and Urban Development issued its Form 7015.16 Authority to Use Grant Funds for the Project as of May 31, 2021, and City staff determined the approval of the Project is categorically excluded from the National Environmental Policy Act under Title 24 of the Code of Federal Regulations, section 58.35(b)(7), regarding supplemental assistance to a project previously approved under this part, and is not subject to Title 24 of the Code of Federal Regulations, section 58.5; and

WHEREAS, the Office of the City Attorney has drafted this Resolution based on the information provided by Housing Commission staff, and verified by the Housing Commission's General Counsel, with the understanding that this information is sufficient to allow for a proper and complete analysis of this matter; 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, construction and development of the Project through the execution and delivery of the Bonds in order to assist senior 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 Bonds. For the purpose of financing the acquisition, construction and development of the Project, the Authority approves the issuance of the Tax-Exempt Bonds, in any number of subseries, in an aggregate principal amount not to exceed \$19,305,000 and the Taxable Bonds, in any number of subseries, in an aggregate principal amount not to exceed \$13,000,000. The Bonds shall be issued in the principal amount 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 Indenture. The Bonds shall be in substantially the form attached as Exhibit A to the Indenture, with such appropriate variations, omissions, insertions, and provisions as are required or permitted by the Indenture. The Bonds 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 Indenture shall be paid and satisfied, solely from the revenues, receipts, and other moneys and assets pledged under the Indenture.

Section 3. Execution and Delivery of the Bonds. The Bonds shall be executed on behalf of the Authority by the manual or facsimile signature of the Chairperson of the Authority (Chairperson), Vice Chairperson of the Authority (Vice Chairperson), Executive Director of the Authority (Executive Director), President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance.

Section 4. Approval of the Indenture. The Indenture, in the form on file in the Housing Commission offices, is approved. The Chairperson, Vice Chairperson, Executive Director, President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance, and Deputy Secretary of the Authority, 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 Indenture 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 Indenture approved in this Resolution.

Section 5. Approval of Loan Agreement. The 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 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 Loan Agreement approved in this Resolution.

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 in this Resolution.

Section 7. Approval of Assignment. The Assignment, in the form on file in the Housing Commission offices, is approved. The Designated Officers are each authorized to execute and deliver the Assignment 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 Assignment approved in this Resolution.

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 Bonds 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), and other

documents, including but not limited to those described in any of the documents approved by this Resolution, that they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and the making of the Loan 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 Bonds and the lending program financed by the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any amendment of such documents, any transfer of the Project, any substitution of security for the Bonds, or any prepayment or redemption of the Bonds, 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 that such officer may deem necessary or desirable to further the purposes of this Resolution.

Section 10. 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 11. 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
10/26/2022
Or. Dept.: Housing Authority
Doc. No.: 3125601

Passed and adopted by the Housing Authority of the City of San Diego on November 15, 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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

[seal]

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. 1966 passed and adopted by the Housing Authority of the City of San Diego,
California on November 15, 2022.

By:



Scott Marshall

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