

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA- 1842

DATE OF FINAL PASSAGE December 10, 2019

A RESOLUTION OF THE HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO SETTING FORTH ITS OFFICIAL
INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE
BONDS TO FINANCE MERCADO APARTMENTS AND
AUTHORIZING RELATED ACTIONS

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (Act), the Housing Authority of the City of San Diego (Authority) is authorized to issue revenue bonds for the purpose of financing the acquisition, rehabilitation and equipping of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS, MAAC Housing Corporation (MAAC) has requested that the Authority issue and sell multifamily housing revenue bonds or notes (Bonds) pursuant to the Act for the purpose of making a loan to Mercado 2019 LP, or an affiliate or other limited partnership formed by MAAC (Borrower), to be used by the Borrower to finance the acquisition, rehabilitation and equipping of a multifamily rental housing development to be located at 2001 Newton Avenue, in San Diego, California, as identified in Exhibit A hereto (Project); and

WHEREAS, as a part of financing the Project, the Authority desires to reimburse the Borrower, but only from Bond proceeds, for expenditures (Reimbursement Expenditures) made in

connection with the Project within the period from the date sixty (60) days prior to the date of the adoption of this Resolution to the date of issuance of the Bonds; and

WHEREAS, sections 1.103-8(a)(5) and 1.150-2 of the United States Treasury Regulations (Treasury Regulations) require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of the Bonds for the purpose of financing the costs of the Project (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower and the purchaser or underwriter of the Bonds) in an aggregate principal amount not to exceed \$35,000,000, as set forth in Exhibit A; and

WHEREAS, section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS, section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee (CDLAC) for such allocation, and CDLAC has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

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

Section 1. Findings and Determinations.

(a) The above recitals, and each of them, are true and correct. The Authority hereby determines that it is necessary and desirable to provide financing for the Project (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of the Bonds pursuant to the Act in an aggregate principal amount not to exceed \$35,000,000, as set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose. The expected date of issuance of the Bonds is within eighteen (18) months of the later of the date the first Reimbursement Expenditure was made and the first date the Project is placed in service and, in no event, later than three (3) years after the date of the first Reimbursement Expenditure.

(b) Proceeds of the Bonds to be used to reimburse for Project costs are not expected to be used directly or indirectly to pay debt service with respect to any obligation or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the Authority or any entity related in any manner to the Authority, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

(c) As of the date hereof, the Authority has a reasonable expectation that the Bonds will be issued to reimburse Project costs. This Resolution is consistent with the budgetary and financial circumstances of the Authority, as of the date hereof. The Bonds will be repaid solely from amounts paid by the Borrower, expected to consist of revenues derived from the Project,

and/or proceeds of the Bonds issued for capitalized interest. No other moneys are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the Authority (or any related party) pursuant to its budget or financial policies to repay the Bonds.

Section 2. Declaration of Official Intent. This Resolution is being adopted by the Authority in part for purpose of establishing compliance with the requirements of sections 1.103-8(a)(5) and 1.150-2 of the Treasury Regulations. In such regard, the Authority hereby declares its official intent to use proceeds of the Bonds to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, and nothing contained herein shall be construed to signify that the Project complies with planning, zoning, subdivision, environmental and building laws and ordinances applicable thereto or to suggest that the Authority, the City of San Diego (City) or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition, rehabilitation and equipping of the Project, or that either the Authority or the City will make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 3. Applications to CDLAC. The officers and/or the program managers of the Authority are hereby authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for the Project in an amount not to exceed \$35,000,000 and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the payment of fees, the posting of deposits, the provision of certificates, and the submittal of additional applications to CDLAC (if necessary), and any such actions heretofore taken by such officers and program managers are hereby ratified, approved and confirmed.

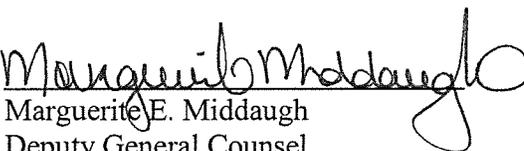
Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

Section 5. Approval of Bond Counsel and Financial Advisor. The financing team of Orrick, Herrington & Sutcliffe LLP as bond counsel and CSG Advisors, as financial advisor, is approved for the Project.

Section 6. Authority of President & Chief Executive Officer of Housing Commission.

The President & Chief Executive Officer of the Housing Commission, or designee, is authorized to execute all necessary documents, in a form approved by its General Counsel and/or Bond Counsel, and to perform such acts as are necessary to implement the approvals provided for in this Resolution.

APPROVED: MARA W. ELLIOTT, General Counsel

By 
Marguerite E. Middaugh
Deputy General Counsel

MEM:jdf
11/20/19
Or.Dept: Housing Authority
Doc. No.: 2232266

EXHIBIT A

DESCRIPTION OF PROJECT

Name: Mercado Apartments

Location: 2001 Newton Avenue, San Diego, California

Number of Units: 144

Maximum Bond Amount: \$35,000,000

Passed and adopted by the Housing Authority of the City of San Diego on December 10, 2019,
by the following vote:

	Yeas	Nays	Excused	Not Present
Barbara Bry	<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"/>
Chris Ward	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monica Montgomery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mark Kersey	<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"/>
Scott Sherman	<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"/>
Georgette Gómez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AUTHENTICATED BY:

Georgette Gómez

Chair of the Housing Authority
of the City of San Diego, California

Richard C. Gentry

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. **1842** passed and adopted by the Housing Authority of the City of San
Diego, California on December 10, 2019.

By:



Scott Marshall

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