

HOUSING AUTHORITY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER HA-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO AUTHORIZING THE ISSUANCE OF A MULTIFAMILY HOUSING REVENUE NOTE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$30,073,052 TO FINANCE THE ACQUISITION, CONSTRUCTION, REHABILITATION AND EQUIPPING OF MULTIFAMILY RENTAL HOUSING FACILITIES KNOWN AS MERCADO APARTMENTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS.

RECITALS

The Housing Authority of the City of San Diego (Authority) adopts this Resolution based on the following:

A. Pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended (Act), the Authority is authorized to incur indebtedness for the purpose of financing the acquisition, construction, rehabilitation and equipping of multifamily rental housing.

B. MAAC Mercado LP, a California limited partnership (Borrower), has requested that the Authority issue and sell a note for the purpose of making a loan to the Borrower to finance costs of the acquisition, construction, rehabilitation and equipping by the Borrower of 224 units (including two manager's units) of multifamily residential rental housing to be known as Mercado Apartments (Project), to be located at 2001 Newton Avenue in the City of San Diego (City).

C. The Board of Commissioners of the Authority (Board) desires that a portion of the units in the Project be available for very low and low income persons or families, and in order to accomplish such purpose it is desirable for the Authority to provide for the issuance of a revenue note to finance costs of the acquisition, construction, rehabilitation and equipping of the Project.

D. The Authority intends to issue its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (Mercado Apartments) Series 2026B (Note), in an amount not to exceed \$30,073,052 and which Note is expected to be sold to Citibank, N.A. in a private placement.

E. The Authority will loan the proceeds of the Note to the Borrower and the Borrower will use the proceeds of the Note to finance costs of the acquisition, construction, rehabilitation and equipping of the Project and the costs of issuing the Note.

F. 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.

G. On July 18, 2025, 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 Note and on the nature and location of the Project.

H. The City Council, as the applicable elected representative under section 147(f) of the Code, approved the Authority’s issuance of the Note.

I. California Government Code section 8869.85 requires that a local agency file an application with the California Debt Limit Allocation Committee (CDLAC) and obtain the authority from CDLAC to issue tax-exempt multifamily housing Revenue Note.

J. On December 10, 2025, CDLAC adopted Resolution No. 25-365 allocating to the Project \$30,073,052 of the State of California 2025 State ceiling for private activity bonds under section 146 of the Internal Revenue Code of 1986 for the Note

K. The following documents are presented for consideration:

(1) the proposed form of the Funding Loan Agreement (Funding Loan Agreement), by and among the Authority, Citibank, N.A., as Funding Lender (Funding Lender) and [Fiscal Agent], as fiscal agent (Fiscal Agent), including the related form of the Note; and

(2) the proposed form of Borrower Loan Agreement (Borrower Loan Agreement), by and between the Authority and the Borrower; and

(3) the proposed form of Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement), by and among the Authority, the Borrower and the Fiscal Agent; and

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

M. The Project is consistent with the Mitigated Negative Declaration for the Mercado Apartments (SCH #2025020359) pursuant to the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code sections 21064.5 and 21080). This activity is a subsequent discretionary action and is not a separate project under CEQA Guidelines sections 15378(c) and 15060(c)(3). Under Public Resources Code section 21166 and CEQA Guidelines section 15162, there is no change in circumstance, additional information, or project changes to warrant additional environmental review for this action. Processing under the National Environmental Policy Act is required because federal funds are involved in this action. Authority

to Use Grant Funds was received from the U.S. Department of Housing and Urban Development on May 3, 2025.

N. 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.

ACTION ITEMS

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, rehabilitation and equipping of the Project through the issuance and sale of the Note in order to assist persons of very low income and low income within the City in obtaining decent, safe and sanitary housing and to achieve certain other public purposes.

Section 2. Authorization of Note. To finance costs of the acquisition, construction, rehabilitation and development of the Project, the Authority approves the issuance of the Note in a principal amount not to exceed \$30,073,052.

The Note shall be issued in the principal amount and shall bear interest and mature as provided in the Funding Loan Agreement. The Note shall be in substantially the form set forth in the Funding Loan Agreement, with such appropriate variations, omissions, insertions and provisions as are required or permitted by the Funding Loan Agreement. The Note shall be a special, limited obligation of the Authority and shall be payable as to principal and interest, and the obligations of the Authority under the Funding Loan Agreement shall be paid and satisfied,

solely from the revenues, receipts and other moneys and assets pledged therefor under the Funding Loan Agreement.

Section 3. Execution and Delivery of the Note. The Note 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) or President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance of the Housing Commission.

Section 4. Approval of the Funding Loan Agreement. The Funding Loan Agreement, in the form on file in the Housing Commission offices, is approved. The Chairperson, Vice Chairperson, and Executive Director, the President & CEO, Deputy CEO, Executive VP Real Estate, Senior Vice President Real Estate, Senior Vice President Housing Finance & Property Management, or Vice President Multifamily Housing Finance of the Housing Commission, and the 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 Funding 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 thereof to constitute conclusive evidence of the approval of all changes from the form of the Funding 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, 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 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, 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 Regulatory Agreement approved at this meeting.

Section 7. Actions Ratified and Authorized. All actions heretofore taken by the officers, employees and agents of the Authority with respect to the issuance and sale of the Note are approved, confirmed and ratified, and the Designated Officers are each authorized, for and in the name and on behalf of the Authority, to do any and all things and 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, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Note and the making of the loan pursuant to the Borrower Loan Agreement in accordance with the Act and this Resolution.

Section 8. 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 Note and the related lending program, 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

substitution of security for the Note, or any prepayment of the Note 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 9. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict with this Resolution are, to the extent of such conflict, repealed.

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: HEATHER FERBERT, General Counsel

By _____
Marguerite Middaugh
Deputy General Counsel

MEM:jdf
04/02/2026
Or. Dept: EDD
Doc. No.:4395743