

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF SAN JOSE (A) AUTHORIZING THE ISSUANCE OF: (1) TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTE DESIGNATED AS “CITY OF SAN JOSE MULTIFAMILY HOUSING REVENUE NOTE (525 N CAPITOL), SERIES 2025B-1”, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$62,535,038; AND (2) A TAXABLE MULTIFAMILY HOUSING REVENUE NOTE DESIGNATED AS “CITY OF SAN JOSE MULTIFAMILY HOUSING REVENUE NOTE (525 N CAPITOL), SERIES 2025B-2”, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000 (COLLECTIVELY REFERRED TO AS THE “2025B NOTES”); (B) APPROVING THE LOAN OF 2025B NOTE PROCEEDS TO 525 CAPITOL LP, A CALIFORNIA LIMITED PARTNERSHIP, IN ORDER TO FINANCE THE ACQUISITION AND DEVELOPMENT OF A 160-UNIT MULTIFAMILY DEVELOPMENT KNOWN AS 525 NORTH CAPITOL APARTMENTS, LOCATED AT 525 NORTH CAPITOL AVENUE IN THE CITY OF SAN JOSE; (C) APPROVING IN SUBSTANTIALLY FINAL FORM THE FUNDING LOAN AGREEMENT, THE BORROWER LOAN AGREEMENT, THE REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS AND RELATED DOCUMENTS (COLLECTIVELY, THE “2025B NOTES DOCUMENTS”); AND (D) AUTHORIZING AND DIRECTING THE CITY MANAGER, DIRECTOR OF HOUSING, DIRECTOR OF FINANCE, ASSISTANT DIRECTOR OF FINANCE, DEPUTY DIRECTOR – DEBT & TREASURY MANAGEMENT OR THEIR DESIGNEES, TO NEGOTIATE, EXECUTE AND DELIVER THE 2025B NOTES DOCUMENTS, TOGETHER WITH ANY AND ALL DOCUMENTS NECESSARY TO EXECUTE AND DELIVER THE 2025B NOTES, COMPLETE THE TRANSACTION IMPLEMENT THIS RESOLUTION AND RATIFYING AND APPROVING ANY ACTION HERETOFORE TAKEN IN CONNECTION WITH THE 2025B NOTES

WHEREAS, the City Charter of the City of San José (the “City”) permits the City to issue revenue obligations pursuant to California law; and

WHEREAS, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the “Act”) authorizes cities to issue obligations for the purpose of financing the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing facilities; and

WHEREAS, 525 Capitol LP, a California limited partnership (the “Borrower”), intends to acquire and construct a 160-unit (including two manager’s units) multifamily rental housing project located at 525 North Capitol in the City, known as the “525 North Capitol Apartments” (the “Project”); and

WHEREAS, the Borrower has requested the City to execute and deliver a tax-exempt multifamily housing revenue note designated as “City of San José Multifamily Housing Revenue Note (525 N Capitol), Series 2025B-1” in an aggregate principal amount not exceed \$62,535,038 (the “2025B-1 Note”) and a taxable multifamily housing revenue note designated as “City of San José Multifamily Housing Revenue Note (525 N Capitol), series 2025B-2”, in an aggregate principal amount not to exceed \$10,000,000 (the “2025B-2 Note, and together with the 2025B-1 Note, the “Notes”), and to loan the proceeds of the Notes to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, Government Code Section 8869.85 requires a local agency to file an application with the California Debt Limit Allocation Committee (“Committee”) prior to the issuance of tax-exempt multifamily housing revenue obligations and the City has filed such an application; and

WHEREAS, on December 11, 2024, the Committee adopted its Resolution No. 24-247 allocating to the Project \$62,535,038 of the State of California 2024 State ceiling for qualified private activity bonds to the City for the Project under Section 146 of the Internal Revenue Code of 1986; and

WHEREAS, on April 22, 2024, the Director of Finance and the Director of Housing of the City executed Declaration 2024-2, expressing the intent of the City to execute and deliver the 2025B-1 Note to finance the acquisition and construction of the Project; and

WHEREAS, a notice of a public hearing with respect to the proposed issuance of the 2025B-1 Note was published on April 18, 2025; and

WHEREAS, a public hearing was held before the Director of Finance of the City on April 30, 2025, regarding the financing of the Project, at which an opportunity was provided for interested parties to present arguments for and against the issuance of the 2025B-1 Note and the financing and operation of the Project; and

WHEREAS, on May 2, 2025, the mayor of the City executed Certificate No. 2025-03, approving the issuance of the 2025B-1 Note to provide financing for the Project for purposes of Government Code Section 147(f) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the City Council hereby finds and declares that it is necessary, essential and a public purpose for the City to engage in a program (the “Program”) of incurring indebtedness to finance the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing facilities, and has determined to borrow money for the purposes of financing the acquisition, construction and equipping of the Project by the execution and delivery of the Notes, the sole source of payment for which shall be promissory notes executed and delivered by the Borrower (the “Borrower Notes”), all as authorized by the Act; and

WHEREAS, the City Council hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act; and

WHEREAS, the Notes will be executed and delivered pursuant to the Funding Loan Agreement (the “Funding Loan Agreement”), by and among First-Citizens Bank & Trust Company (“First-Citizens”), the City and Computershare Trust Company, N.A., as fiscal agent (the “Fiscal Agent”), and the proceeds of the Notes will be loaned to the Borrower

pursuant to the Borrower Loan Agreement, by and between the City and the Borrower (the "Borrower Loan Agreement"); and

WHEREAS, First-Citizens will act as the Initial Funding Lender under the Funding Loan Agreement during the construction phase, and Citibank, N.A. ("Citibank") will act as Funding Lender during the permanent phase pursuant to a Forward Purchase Agreement, by and among Citibank, the Borrower and the First-Citizens (the "Forward Purchase Agreement"); and

WHEREAS, the City will loan the proceeds of the Notes to the Borrower and the Borrower will use the proceeds of the Notes exclusively to finance the costs of acquisition, construction and equipping of the Project and the costs of executing and delivering the Notes; and

WHEREAS, it is the intent of the City to enter into bond documentation to govern the Notes being executed and delivered (collectively, the "Transaction Documents"), including: (1) the Funding Loan Agreement; (2) the Borrower Loan Agreement; and (3) a regulatory agreement and declaration of restrictive covenants, by and between the City and the Borrower (the "Regulatory Agreement"); and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to the implementation of the Program and the consummation of the transactions contemplated by this resolution and the documents referred to herein now exist, have happened and have been performed in due time, form and manner as required by the Charter and laws of the City, and laws of the State of California, including the Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of San José that:

1. The City Council hereby finds and declares that the above recitals are true and correct.
2. In accordance with the Act and pursuant to the Funding Loan Agreement, the execution and delivery of a tax-exempt note designated as “City of San José Multifamily Housing Revenue Note (525 North Capitol) Series 2025B-1” and the execution and delivery of a taxable multifamily housing revenue note designated as “City of San José Multifamily Housing Revenue Note (525 N Capitol), series 2025B-2”, in an aggregate principal amount not to exceed \$10,000,000 , with an interest rate or rates, a maturity date and other terms as provided in the finally executed Funding Loan Agreement in an aggregate principal amount not to exceed \$62,535,038 is hereby authorized to be executed and delivered. The Notes shall be in substantially the form set forth in and otherwise in accordance with the Funding Loan Agreement, and shall be executed and delivered on behalf of City by the manual or facsimile signature of the City Manager, the Director of Housing, the Director of Finance or the Assistant Director of Finance, the Deputy Director of Debt and Treasury Management, or the designee of any of them (each, an “Authorized Officer”), in the form set forth in and otherwise in accordance with the Funding Loan Agreement. The Program for the loan of the proceeds of the Notes to the Borrower is also authorized.
3. The form of each of the Transaction Documents, in substantially the form on file with the City Clerk, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized, for and in the name and on behalf of the City, to execute and deliver each of the Transaction Documents in substantially said form, together with such additions thereto and changes therein as the Authorized Officer may approve or recommend upon consultation with bond counsel and the City Attorney, including such additions or changes as are necessary or advisable

in accordance with Section 4 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Transaction Documents.

The date, maturity date or dates, interest rate or rates, interest payment dates, series designations, denominations, form, registration privileges, manner of execution, place of payment, terms of prepayment, and other terms of the Notes shall be as provided in the Funding Loan Agreement as finally executed.

This resolution hereby authorizes, requests and directs the Fiscal Agent to authenticate the Notes by executing the certificate of authentication attached to the Notes and to deliver the Notes to First-Citizens, when duly executed and authenticated, on behalf of the City, when directed by an Authorized Officer to do so.

4. Any Authorized Officer executing a document approved herein, in consultation with bond counsel and the City Attorney, is authorized to approve and make such modifications, changes or additions to Transaction Documents or other documents as may be necessary or advisable, and the approval of any modification, change or addition to any of the aforementioned agreements shall be evidenced conclusively by the execution and delivery thereof by such Authorized Officer upon consultation with bond counsel and the City Attorney. Further, any Authorized Officer, acting alone, is authorized to execute any assignment agreement related to any allonge, mortgage note, mortgage, deed of trust or other document related to the loan made to the Borrower from the proceeds of the Notes.
5. All actions heretofore taken by the officers, employees and agents of City with respect to the execution and delivery of the Notes are approved, confirmed and ratified, and the officers, employees and agents of City are authorized and directed, for and in the name and on behalf of City, to do any and all things and take any and all actions and execute and deliver any and all certificates,

agreements and other documents, including, but not limited to, those documents described in the Transaction Documents and the other documents herein approved, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Notes and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the City Council. If any Authorized Officer is unavailable to execute the documents hereinabove mentioned, a designee or authorized deputy thereof shall be entitled to sign in the place of such Authorized Officer.

6. 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 Program financed thereby, 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 Notes, or any prepayment of the Notes may be taken or given by the Authorized Officers, and the Authorized Officers are hereby 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; provided such action shall not create any obligation or liability of the City other than as provided in the Transaction Documents and other documents approved herein.
7. The Notes, when executed by an Authorized Officer, shall be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby requested and directed to authenticate the Notes by executing the Fiscal Agent's certificate of authentication appearing thereon, and to deliver the Notes, when duly executed and authenticated, to Citibank in accordance with written instructions executed on behalf of the City by any Authorized Officer, which instructions each Authorized Officer is hereby authorized, for and in the name and on behalf of the City, to execute and deliver to the Fiscal Agent. Such instructions shall provide

for the delivery of the Notes to Citibank, upon the initial advance by Citibank of the purchase price of the Notes.

8. All actions heretofore taken by the officers and agents of the City with respect to the establishment of the Program and the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the proper officers of the City, including the Authorized Officers, are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this resolution, including, but not limited to, those certificates, agreements and other documents described in the documents approved by this resolution and any certificates, agreements or documents as may be necessary to carry out the financing of the Project.
9. All assignments, allonges, conveyances, reconveyances, consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents approved by this resolution, whether before or after the issuance of the Notes, including, without limitation, any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Notes or any prepayment of the Notes, may be given or taken by any of the Authorized Officers, as appropriate, without further authorization by this City Council, and each of the Authorized Officers is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action that such officer in consultation with the City Attorney may deem necessary or desirable to further the purposes of this resolution and the financing of the Project; provided such action shall not create any obligation or liability of the City other than as provided in the Funding Loan

Agreement, the Borrower Loan Agreement and the other documents approved herein.

10. If any of the Authorized Officers is unavailable to execute the documents hereinabove mentioned, a designee or authorized deputy thereof shall be entitled to sign in the place of such Authorized Officer.
11. 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 sections, paragraphs or provisions of this resolution.
12. This resolution shall take effect upon its adoption.

ADOPTED this ____ day of ____, 2025 by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC,
City Clerk