

RESOLUTION NO. ____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTES AND THE LOAN OF THE PROCEEDS THEREOF AND APPROVING RELATED DOCUMENTS FOR THE EL RANCHO VERDE APARTMENTS PROJECT

WHEREAS, the City Charter of the City of San José (the “City”) permits the City to issue revenue bonds 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 bonds for the purpose of financing the acquisition, construction, rehabilitation, refinancing or development of multifamily rental housing facilities; and

WHEREAS, “bonds” are defined in Health and Safety Code Section 52011, for the purposes of the Act, to include notes and any other limited obligation; 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 and rehabilitation of the Project (as defined below) by the execution and delivery of the Governmental Lender Notes (as defined below), the sole source of payment for each of which is to be a promissory note issued by ERV Community Partners, LP, a California limited partnership (the “Borrower”), 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 Borrower has requested that the City execute and deliver the Governmental Lender Notes for the purpose of financing the acquisition and rehabilitation within the City of a multifamily rental housing development known as El Rancho Verde Apartments (the “Project”); and

WHEREAS, due to the size of the Project and in consideration of certain amendments to the existing affordability restriction of the City relating to the Project, City staff proposes to require the issuance fee”) to be increased and annual monitoring fee to be decreased as reflected in section 7 of the Regulatory Agreement (as defined below) (collectively, the “Modified Fees”), which Modified Fees constitute an adjustment of the

issuance fee and annual monitoring fee required by the City's existing Policy for the Issuance of Multifamily Housing Revenue Bonds; 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:

SECTION 1. The City Council hereby finds and declares that the above recitals are true and correct.

SECTION 2. Pursuant to the Act and the Funding Loan Agreement (hereinafter defined), limited obligation revenue notes of the City, designated as "City of San José Multifamily Housing Revenue Note (El Rancho Verde Apartments) Series 2018A" and "City of San José Multifamily Housing Revenue Note (El Rancho Verde Apartments) Series 2018B" in an aggregate principal amount not to exceed \$318,000,000 (collectively, the "Governmental Lender Notes," and each, a "Governmental Lender Note"), or in each case any sub-designations as are provided in the related Funding Loan Agreement, are hereby authorized to be issued. Each Governmental Lender Note shall be executed by the manual or facsimile signature of the City Manager, the Director of Housing, the Director of Finance or the Assistant Director of Finance, Treasury Division Manager and Debt Administrator or the designee of any of them (each, an "Authorized Officer") and attested by the manual or facsimile signature of the City Clerk, in the form set forth in and otherwise in accordance with the related Funding Loan Agreement (as hereinafter defined). The Program for the loan of the proceeds of the Governmental Lender Notes to ERV Community Partners, LP, a California limited partnership, is also authorized.

SECTION 3. The proposed form of the following documents with respect to the Governmental Lender Notes (collectively, the "Documents") between and/or among the City and the institutions named therein, on file with the City Clerk, are hereby approved:

- (a) a Funding Loan Agreement among Citibank, N.A., as funding lender (the "Funding Lender"), U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") and the City, relating to each Governmental Lender Note (collectively, the "Funding Loan Agreements," and each, a "Funding Loan Agreement");
- (b) each Governmental Lender Note (in the form thereof attached to the related Funding Loan Agreement referenced in paragraph (a) above);

(c) a Borrower Loan Agreement between the City and the Borrower, relating to each Funding Loan Agreement (collectively, the “Borrower Loan Agreements,” and each a “Borrower Loan Agreement”); and

(d) the Regulatory Agreement and Declaration of Restrictive Covenants by and among the City, the Fiscal Agent and the Borrower (the “Regulatory Agreement”).

Each of the Authorized Officers, acting alone, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Documents in said forms, with such additions thereto or changes therein as are recommended or approved by any Authorized Officer upon consultation with bond counsel and the City Attorney, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Documents.

SECTION 4. An increase in the issuance fee and a reduction in annual monitoring fees for the Project as described in the staff report dated July 16, 2018 are approved, notwithstanding the fee requirements of the City’s Policy for Issuance of Multifamily Housing Revenue Bonds.

SECTION 5. The Governmental Lender Notes, when executed, shall be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby requested and directed to authenticate each Governmental Lender Note by executing the Fiscal Agent’s certificate of authentication and registration appearing thereon, and to deliver such Governmental Lender Note, when duly executed and authenticated, to the Funding Lender, in accordance with written instructions executed on behalf of the City by any Authorized Officer, which instructions such officer (or such officer’s designee) is hereby authorized and directed, 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 such Governmental Lender Note in accordance with the related Funding Loan Agreement upon receipt of the amount of the Funding Loan (as defined in the related Borrower Loan Agreement).

SECTION 6. All actions heretofore taken by the officers and agents of the City with respect to the financing of the Project and the sale and issuance of the Governmental Lender Notes are hereby approved, confirmed and ratified, and the proper officers of the City 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, including but not limited to an endorsement of a note and related documents, a tax certificate and agreement and such other documents and agreements as described in the Funding Loan Agreements, Borrower Loan Agreements and other documents herein approved, that are required in connection with the financing of the Project or that such officers, or any of them, may deem necessary or advisable in order to (i) consummate the lawful issuance and delivery of the Governmental Lender Notes, subject to the conditions set forth herein, (ii) effectuate the purposes of the Governmental Lender Notes and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the City or (iii) otherwise carry out the financing of the Project.

SECTION 7. All assignments, allonges, conveyances, reconveyances, consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after any issuance of the Governmental Lender 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 any Governmental Lender Note or any redemption of any Governmental Lender Note, may be given or taken by 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 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 Agreements, Borrower Loan Agreements and other documents approved herein.

SECTION 8. 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.

SECTION 9. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 7th day of August 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC,
City Clerk