

**RESOLUTION NO.**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS AND THE LOAN OF THE PROCEEDS THEREOF FOR THE FINANCING OF CATALONIA APARTMENTS, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS**

**WHEREAS**, the City Charter of the City of San José (the **%City+**) provides that the City is authorized 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 incur indebtedness for the purpose of financing the acquisition and rehabilitation of multifamily rental housing facilities; 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 issuing revenue bonds of the City to finance the acquisition and rehabilitation of multifamily rental housing, and has determined to borrow money for such purpose by the issuance of revenue bonds 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**, Catalonia Two, L.P., a California limited partnership (the **%Borrower+**), has requested that the City issue and sell the Bond (defined below) for the purpose of financing the acquisition and rehabilitation by the Borrower of a 50-unit multifamily rental housing development located at 2036 Evans Lane in the City, known as Catalonia Apartments (the **%Project+**); and

**WHEREAS**, a notice of a public hearing with respect to the proposed issuance of the Bond was published on February 3, 2017; and

**WHEREAS**, on February 22, 2017, the Director of Finance and the Director of Housing of the City executed Declaration No. 2017-01, expressing the intent of the City to issue the Bond to finance the acquisition and rehabilitation of the Project; and

**WHEREAS**, a public hearing was held before the Director of Finance of the City on February 22, 2017 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 Bond and the financing and operation of the Project; and

**WHEREAS**, on March 3, 2017, the Mayor executed Certificate No. 2017-01, approving the issuance of the Bond to provide financing for the Project for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended; and

**WHEREAS**, on May 17, 2017, the California Debt Limit Allocation Committee adopted its Resolution No. 17-42 allocating \$17,713,027 of the 2017 California State ceiling for qualified private activity bonds to the City for the Project; and

**WHEREAS**, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bond and the implementation of the Program as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act; and

**WHEREAS**, the City has an existing loan with Catalonia Associates, L.P. (the %Original Borrower+) in the principal amount of \$2,250,000, which was used to develop the original Project (%Loan+). The Loan and the documents evidencing and securing such Loan will be amended and restated by and between the City and the Original Borrower and then assigned to, and assumed by, the Borrower;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:**

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

2. Pursuant to the Act and the Indenture (defined below), a revenue bond of the City designated as ~~%~~City of San Jose Multifamily Housing Revenue Bond (Catalonia Apartments), 2017 Series C+(the ~~%~~Bond+) in an aggregate principal amount not to exceed \$17,713,027 is hereby authorized to be issued. The Bond shall be executed by the manual or facsimile signature of the City Manager, the Director of Housing, the Director of Finance, the Assistant Director of Finance, the Treasury Division Manager or the 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 Indenture referenced in Section 3 below.
  
3. The indenture of trust with respect to the Bond (the ~~%~~Indenture+) among the City, JPMorgan Chase Bank, N.A., as the initial bondowner representative (the ~~%~~Bondowner Representative+) and Wilmington Trust, National Association, as trustee (the ~~%~~Trustee+), in the form on file with the City Clerk, is hereby approved. 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 Indenture in said form, together 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, including such additions or changes as are necessary or advisable in accordance with Section 7 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Indenture.

The date, maturity date, interest rate, interest payment dates, form, registration privileges, manner of execution, place of payment, principal amount, terms of redemption and other terms of the Bond shall be as provided in the Indenture as finally executed.

4. The loan agreement among the Bondowner Representative, the City and the Borrower (the ~~%~~Loan Agreement+), in the form on file with the City Clerk, is hereby approved. 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 Loan Agreement in said form, together 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, including such additions or changes as are necessary or advisable in accordance with Section 7 hereof, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the City of the Loan Agreement.

5. The regulatory agreement and declaration of restrictive covenants (the ~~%~~Regulatory Agreement~~+) between the City and the Borrower, in the form on file with the City Clerk, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed for and in the name of and on behalf of the City, to execute and deliver the Regulatory Agreement in said form, 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, including with such additions or changes as are necessary or advisable in accordance with Section 7 hereof, the approval of such changes to be conclusively evidenced by the execution and delivery by the City of the Regulatory Agreement.~~) between the City and the Borrower, in the form on file with the City Clerk, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed for and in the name of and on behalf of the City, to execute and deliver the Regulatory Agreement in said form, 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, including with such additions or changes as are necessary or advisable in accordance with Section 7 hereof, the approval of such changes to be conclusively evidenced by the execution and delivery by the City of the Regulatory Agreement.
6. The Bond, when executed by an Authorized Officer, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bond by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the Bond, when duly executed and authenticated, to or upon the order of the Bondowner Representative in accordance with written instructions executed on behalf of the City by any Authorized Officer, which instructions each Authorized Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bond to the Bondowner Representative, upon receipt by the Trustee of the initial advance of the purchase price of the Bond.
7. 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 Bond 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, amendments, 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 Bond in accordance with this Resolution and resolutions heretofore adopted by the City in order to carry out the Program, including but not limited to those certificates, agreements, amendments 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.

8. 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 Bond, 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 Bond or any redemption of the Bond, 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 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 Indenture, the Loan Agreement and the other documents approved herein.
9. 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.

10. The Director of Housing is authorized to negotiate and execute amendments to the existing City loan documents relating to the Loan consistent with the terms described in the memorandum to City Council, dated September 11, 2017.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2017, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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SAM LICCARDO  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk