

RESOLUTION NO. 2024-\_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE CONVERSION TO THE PERMANENT PHASE OF FINANCING OF THE MULTIFAMILY HOUSING REVENUE NOTES OF THE HOUSING AUTHORITY OF THE CITY OF CHULA VISTA FOR OTAY RANCH APARTMENTS, LOCATED AT 1910 ENCELIA CIRCLE

WHEREAS, pursuant to City Council Resolution No. 2020-263, in December 2020, the Chula Vista Housing Authority (the “Authority”) executed and delivered its Multifamily Housing Revenue Note (Otay Ranch Apartments), 2020 Series A in an original aggregate principal amount of \$35,000,000 (the “2020 Note”), and loaned the proceeds of the 2020 Note to Otay Affordable I V8, L.P., a California limited partnership (the “Owner”) to finance the acquisition, construction and equipping of a 173-unit plus two manager’s units multifamily rental housing project located east of La Media Parkway and bounded by Main East Street and Main West Street within the Otay Ranch Escaya master planned community in the City of Chula Vista, California (the “City”) known as the “Otay Ranch Apartments” and marketed as “Encelia at Cota Vera” (the “Project”); and

WHEREAS, in 2023, due to cost overruns due in part to the COVID pandemic, the Owner requested additional tax exempt financing for the Project, and the Authority executed and delivered additional not to exceed \$4,000,000 aggregate principal amount of multifamily housing revenue notes (the “2023 Notes”, and, together with the 2020 Notes, the “Notes”) to provide additional financing for finance the acquisition, construction and equipping of the Project, pursuant to Authority Resolution No. 2023-001; and

WHEREAS, the Project will be owned and/or operated by Owner; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the execution and delivery of the Notes were previously approved by the City Council of the City (the “City Council”), as the elected representatives of the governmental unit having jurisdiction over the area in which the Project is located, following a public hearing for each series of Notes; and

WHEREAS, the Notes are now being converted to the permanent phase of financing (the “Conversion”) pursuant to the Funding Loan Documents, as defined in the Funding Loan Agreement among Citibank, N.A., as Funding Lender (the “Funding Lender”), the Authority and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), dated as of December 1, 2020 (the “2020 Funding Loan Agreement”), and the Funding Loan Agreement among the Funding Lender, the Authority and the Fiscal Agent, dated as of April 1, 2023 (the “2023 Funding Loan Agreement,” and, together with the 2020 Funding Loan Agreement, the “Funding Loan Agreements”);

WHEREAS, in connection with the Conversion the weighted average maturity of the Notes may be longer than originally contemplated at the time of the execution and delivery of the Notes; and

WHEREAS, there has been published, at least 7 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing would be held on July 16, 2024 regarding the Conversion of the Notes; and

WHEREAS, on July 16, 2024, the City Council held said public hearing, at which time an opportunity was provided to present arguments both for and against the Conversion of the Notes;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Chula Vista, as follows:

Section 1. The City Council does hereby find and declare that the above recitals are true and correct.

Section 2. Pursuant to Section 147(f) of the Code, the City Council hereby approves the Conversion of the Notes with the final maturities not later than the respective final maturity set forth in the applicable Funding Loan Agreement. It is the purpose and intent of the City Council that this Resolution constitute approval of the Conversion of the Notes by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f).

Section 3. Owner shall issue payment to the City in the amount of \$3,500 as reimbursement for the costs associated with the public hearing and related actions authorized by this resolution.

Section 4. This Resolution shall take effect from and after its adoption.

Presented by

Approved as to form by

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Stacey Kurz  
Director of Housing and Homeless Services

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Marco A. Verdugo  
City Attorney