



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-12-16 (9)

Date: December 16, 2015
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Renew Tacoma Housing LLLP

This resolution will authorize the Executive Director to execute all documents related to the financial closing with the investor limited partner and various funders as necessary to the fix-up and refinancing of THA's public housing portfolio (7 senior buildings, Bergerson Terrace and Dixon Village.)

Background

In July 2015, Tacoma Housing Authority's (THA's) Board adopted Resolution 2015-7-30 (5) authorizing THA to form Renew Tacoma Housing LLLP (the "Partnership") for the purpose of acquiring, rehabilitating and operating nine affordable rental housing complexes consisting of 456 units (collectively, the "Projects"). The Projects include the K Street Apartments, the G Street Apartments, the EB Wilson Apartments, the Fawcett Apartments, the Ludwig Apartments, the Sixth Avenue Apartments, the Wright Street Apartments, the Bergerson Terrace Apartments, and the Dixon Village Apartments. Each of the Projects shall convert from Public Housing to Project Based Section 8 under HUD's Rental Assistance Demonstration ("RAD").

THA will serve as the developer and the general partner of the Partnership. The Partnership will own (for federal tax purposes) and operate the Projects, and THA will hold a right of first refusal to acquire the Projects from the Partnership at the end of the 15-year tax credit compliance period. The Partnership's initial limited partner is Tacoma Housing Development Group ("THDG") and the THA staff have negotiated agreements whereby RBC-TACOMA PORTFOLIO, LLC ("RBC") (or one or more affiliate thereof), will replace THDG as the Partnership's limited partner. In exchange for an expected allocation of federal low-income housing tax credits and other federal tax benefits, RBC is expected (as of the date hereof) to make capital contributions in the aggregate amount of approximately \$31,000,000, which will be used by the Partnership to establish reserves, pay rehabilitation costs, and retire a portion of the Partnership's debt. Citibank, N.A. will acquire notes issued by THA, and the note proceeds in an amount not expected to exceed \$45,000,000 will be used to fund a loan to the Partnership to pay rehabilitation costs. The notes are authorized to be issued pursuant to Resolution 2015-12-16 (8), which also will be presented to the Board at its December meeting. THA will also provide the Partnership additional loans in an amount not expected to exceed \$41,000,000 for the purpose of financing the Partnership's acquisition of the Projects and other rehabilitation and development costs. The Partnership will pay THA interest on the outstanding amounts of the master loan at the time the construction loan converts to a permanent loan and, thereafter, the master loan proceeds will be repaid from cash flow after debt service, reserves and deferred developer fees are paid.

Resolution 2015-12-16 (9) will authorize THA to execute all documents related to the closing with the investor limited partner and various funders, as necessary, in order to carry out the rehabilitation of the Projects and the conversion to Project Based Section 8 under RAD.

Recommendation

Approve Resolution 2015-12-16 (9).



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-12-16 (9) (Renew Tacoma Housing LLLP)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to Renew Tacoma Housing LLLP, authorizing loans to Renew Tacoma Housing LLLP, approving the execution and delivery of documents relating to the rehabilitation of the K Street Apartments, the G Street Apartments, the EB Wilson Apartments, the Fawcett Apartments, the Ludwig Apartments, the Sixth Avenue Apartments, the Wright Street Apartments, the Bergerson Terrace Apartments, and the Dixon Village Apartments, and determining related matters.

WHEREAS, RCW 35.82.070 authorizes the Authority, among other things, to “prepare, carry out, acquire, lease and operate housing projects; [and] to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof,” “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income,” and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwelling apartments, mobile home parks or other living accommodations for persons of low income,” and

WHEREAS, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper,” and

WHEREAS, Pursuant to the authority provided by RCW 35.82.070, the Authority formed Renew Tacoma Housing LLLP (the “Partnership”) with Tacoma Housing Development Group (“THDG”), and

WHEREAS, The Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to acquire, rehabilitate, operate and maintain the K Street Apartments, the G Street Apartments, the EB Wilson Apartments, the Fawcett Apartments, the Ludwig Apartments, the Sixth Avenue Apartments, the Wright Street Apartments, the Bergerson Terrace Apartments, and the Dixon Village Apartments consisting of 456 units (collectively, the “Project”), to provide housing for low income persons within the City of Tacoma, Washington (the “City”), and

WHEREAS, In connection with the financing for the Project, the Authority will lease the Project to the Partnership, and

WHEREAS, The financing for the Project will require the use of various funding sources, including tax-exempt bonds, low income housing tax credits and federal grants, and

WHEREAS, RBC-TACOMA PORTFOLIO, LLC (or one or more of its affiliates) (collectively, the "Investor") has offered to acquire the limited partner interest in the Partnership, and the Authority's Board of Commissioners (the "Board") finds and determines that the capital contributions expected to be made by the Investor to the Partnership will be sufficient, together with other available money, to enable the Partnership to acquire, rehabilitate, operate and maintain the Project, and

WHEREAS, As a condition to acquiring the limited partner interest in the Partnership, the Investor requested that the Authority amend and restate the Partnership's original limited partnership agreement and execute and deliver certain other agreements, certificates and other documents relating to the Partnership and the Project, which request the Board finds and determines to be reasonable, and

WHEREAS, The Board finds and determines that the Project likely would not be developed and maintained as housing for individuals and families of low income unless the Partnership was formed and the Investor committed to make its capital contributions to the Partnership, and

WHEREAS, The total cost of acquiring, constructing, equipping and financing the Project is not expected to exceed \$91,000,000, which will be financed by the Partnership with numerous sources of funds, including a loan of proceeds of tax-exempt notes issued by the Authority, seller financing and one or more loans from the Authority in the aggregate amount not expected to exceed \$41,000,000, and capital contributions from the Investor, and

WHEREAS, The Partnership will provide the Authority with a right of first refusal to acquire the Project at the end of the 15-year low-income housing tax credit "compliance period" for the Project, and

WHEREAS, The Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to serve as general partner of the Partnership and developer of the Project, and to obtain the various funding sources on behalf of the Project described above, and to make such funds available to the Partnership, and

WHEREAS, The Board finds and determines that the financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm, and

WHEREAS, Based on the consideration of funding sources available for the Project, the need for affordable housing in the City, and other matters, it is necessary that the Authority proceed with the transactions described in this resolution, now, therefore be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

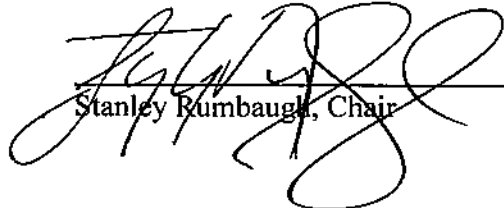
1. Approval of Partnership Documents. The Authority is authorized to continue as a general partner of the Partnership and to provide development services to the Partnership. The Chair of the Board, the Authority's Executive Director and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading "Partnership Documents" (collectively, the "Partnership Documents"); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Partnership Documents. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Partnership Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). From and after the date the Partnership Documents are effective, the Executive Director (or his designee) is authorized and directed, without further Board approval, to take such actions on behalf of the Authority as are required to be taken by the general partner of the Partnership.
2. Approval of Tax Exempt Loan Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading "Tax Exempt Loan Documents" (collectively, the "Tax Exempt Loan Documents"), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Tax Exempt Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
3. Approval of Housing Authority Loan Documents. The Authority is authorized to lend to the Partnership up to \$41,000,000 of available Authority funds, all pursuant to the documents listed in Exhibit A under the heading "Housing Authority Loan Documents" (collectively, the "Housing Authority Loan Documents"). Such loan is intended to be in addition to the loan of Authority bond proceeds authorized by the Board's Resolution No. 2015-12-16(8) (the "Bond Resolution"). The Authorized Officers (and each of

4. them acting alone) are authorized and directed to take all actions required of the Authority in connection with the loan to be made by the Authority to the Partnership in connection with the Project. In particular, the Authorized Officers (and each of them acting alone) are authorized to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority on its own behalf or in its capacity as general partner of the Partnership, as applicable: (i) the Housing Authority Loan Documents, substantially in the forms on file with the Authority, with such changes, including material changes, as the Authorized Officer executing such document deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Housing Authority Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
5. Approval of HUD Documents. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) (i) those documents listed in Exhibit A under the heading "HUD Documents" (collectively, the "HUD Documents"), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Authorized Officer executing such documents deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the HUD Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).
6. Approval of Real Estate Documents. The Authority is authorized to lease to the Partnership, for a term not exceeding 100 years, the Project and the land on which the Project is located, all existing improvements located on such land, and the Authority's interest in all personal property located on such land and in such improvements. The Authorized Officers (and each of them acting alone) are authorized and directed to execute and deliver, on behalf of the Authority (acting on its own behalf or as general partner of the Partnership), a lease transferring the Project and the land on which the Project is located to the Partnership in substantially the form on file with the Authority, the other documents listed in Exhibit A under the heading "Real Estate Documents" (the "Real Estate Documents"), and such other agreements and documents as are necessary for the Authority to transfer the land and Project thereon to the Partnership; provided however, any Authorized Officer may approve on the Authority's behalf any further changes to the draft Real Estate Documents (including material changes, changes to parties and changes to the title of any such document) and such Authorized Officer's signature on the final Real Estate Documents shall be construed as the Authority's approval of such changes.
7. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority (acting on its own behalf or as general partner of

8. the Partnership) to execute, deliver and/or file (or cause to be delivered and/or filed) all documents deemed necessary or appropriate to allow the Partnership to qualify for and obtain federal low-income housing tax credits in connection with the Project including, without limitation: the filing of one or more applications with the Washington State Housing Finance Commission; the execution of all necessary and related documents, including without limitation regulatory agreements, declarations and restrictive covenants; the making of determinations required by Section 42(m)(2)(D) of the Internal Revenue Code of 1986, as amended; and the making of certifications with respect to the Project and the Partnership of the type described in Treasury Regulation § 1.42-8(b)(4)(i).
9. Assignments. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to execute and deliver one or more instruments (i) assigning to the Partnership the Authority's rights, if any, under construction contracts, architect's contracts, the geotechnical consultant contracts and other development contracts, as such rights pertain to the rehabilitation of the Project and (ii) assigning to lenders and others the Partnership's interests in such contracts.
10. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of the Partnership) to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority and/or the Partnership not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, rehabilitation, development, financing, construction, and leasing of the Project; and (iii) cause the Authority and/or the Partnership to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution. Without limiting the scope of such authorization, such documents may include lease-up and marketing agreements, company management services agreements, development agreements, construction guaranty agreements, repayment guarantees, cash pledge agreements, environmental indemnity agreements, property management agreements, architect agreements, contractor agreements, housing assistance payment contracts, irrevocable consents and appointments of attorneys for service of process.
11. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as general partner of the Partnership, as applicable) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the various agreements authorized by this resolution. In the furtherance of the foregoing, the Authority is authorized to expend

12. such funds (and to cause the Partnership to expend such funds) as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.
13. Increase in Authority Participation. The Authorized Officers, and each of them acting alone, are authorized to decrease the principal amount of any loan or capital contribution authorized by this resolution by any amount, or to increase the principal amount of any loan by or capital contribution from the Authority by an amount up to \$1,000,000 more than the maximum principal amount for the loan or capital contribution stated in this resolution. The Board directs the Executive Director to report to the Board if the total amount borrowed by the Partnership for the Project exceeds the aggregate maximum principal amount stated in this resolution and the Bond Resolution for all loans to the Partnership.
14. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may, in such person's absence, be taken by the Vice Chair of the Board or the Acting Executive Director of the Authority, respectively.
15. Changes to Titles or Parties. While the titles of and parties to the various documents listed in Exhibit A hereto may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.
16. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.
17. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: December 16, 2015



Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

EXHIBIT A

TRANSACTION DOCUMENTS

Partnership Documents

- Amended and Restated Agreement of Limited Partnership by and among the Authority, THDG and the Investor;
- Development Agreement between the Partnership and the Authority;
- Purchase Option and Right of First Refusal Agreement between the Partnership and the Authority;
- Operating Subsidy Contract between the Partnership and the Authority;
- Property Management Agreement between the Partnership and the Authority;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;
- Regulatory Agreements (Extended Use Agreements) among the Washington State Housing Finance Commission (the "Commission"), the Authority and the Partnership;

Tax-Exempt Loan Documents

- Funding Loan Agreement between the Authority and Citibank, N.A. (the "Bank");
- Government Lending Note (Real Estate) by the Authority in favor of the Bank;
- Government Lending Note (Cash Collateral) by the Authority in favor of the Bank;
- Continuing Disclosure Agreement between the Partnership and the Bank;
- Contingency Drawdown Agreement between the Partnership and the Bank;
- Regulatory Agreement between the Partnership and the Authority;
- Borrower Loan Agreement between the Partnership and the Authority;
- Construction Funding Agreement between the Partnership and the Bank;
- Multifamily Note (Variable Rate) by the Partnership in favor of the Authority and endorsed by the Authority in favor of the Bank;
- Multifamily Note (Fixed Rate) by the Partnership in favor of the Authority and endorsed by the Authority in favor of the Bank;
- Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing from the Partnership in favor of the Authority, including the Master Lessor's Subordination and Joinder, to be entered by the Authority and the Partnership;
- Assignment of Multifamily Leasehold Deed of Trust and Loan Documents from the Authority to the Bank;
- Completion and Repayment Guaranty (Including Operating Deficit Guaranty) from the Authority;
- Exceptions to Non-Recourse Guaranty from the Authority;
- Agreement of Environmental Indemnification from the Authority and the Partnership;

- Replacement Reserve Agreement between the Partnership and the Bank;
- Deposit Account Control Agreement among the Partnership, the Authority and the Bank;
- Assignment of Housing Assistance Payments Agreement from the Partnership to the Bank;
- Assignment of Subordination of Developer Fees, Pledge and Security Agreement from the Partnership and the Authority to the Bank;
- Assignment of Management Agreement from the Partnership and the Authority to the Bank;
- Assignment of Equity Interests, Pledge and Security Agreement from the Partnership and the Authority to the Bank;
- Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement from the Partnership to the Bank;
- Assignment of Project Documents from the Partnership to the Bank;
- Assignment of Architect's Agreement and Plans and Specifications from the Partnership to the Bank;
- Assignment of Construction Contract from the Partnership to the Bank;
- Authorization to Request Advances from the Partnership;
- Borrower's Certificate and Agreement from the Partnership;
- Master Lease Estoppel Certificate from the Partnership and acknowledged by the Authority;
- Title Escrow Agreement by and among the Partnership, the Bank and First American Title Company;
- Subordination and Intercreditor Agreement among the Authority, the Partnership and the Bank;

Housing Authority Loan Documents

- Master Loan Agreement between the Partnership and the Authority;
- Promissory Note (Renew Tacoma Housing Project – Loan A) by the Partnership in favor of the Authority;
- Promissory Note (Renew Tacoma Housing Project – Loan B) by the Partnership in favor of the Authority;
- Promissory Note (Renew Tacoma Housing Project – Loan C) by the Partnership in favor of the Authority;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Skyline Crest Apartments – Master Loan) from the Partnership in favor of the Authority;
- Hazardous Substances Warranty/Indemnity Agreement by the Partnership in favor of the Authority;

HUD Documents

- Rental Assistance (RAD) Conversion Commitment (Public Housing and Section 8 Moderate Rehabilitation (Mod Rehab) Program Conversions; First Component) by and

among the Authority, the Partnership and the U.S. Department of Housing and Urban Development (“HUD”);

- First Amendment to RAD Conversion Commitment by and among the Authority, the Partnership and HUD;
- Rental Assistance Demonstration Use Agreement between the Partnership and HUD, together with the Rider to Use Agreement Relating to Foreclosure (for PBV and PBRA RAD conversions from Public Housing) between the Partnership and HUD;
- Section 8 Project Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation between the Partnership and HUD, together with Rental Assistance Demonstration (RAD); Rider to the Section 8 Project Based Voucher Program (PBV) Housing Assistance Payments (HAP) Contract for New Construction or Rehabilitated Housing (Public Housing Conversions; First Component) between the Partnership and HUD, the LIHTC Rider to Housing Assistance Payment Contract (for PBV RAD conversions from Public Housing) between the Partnership and HUD, and the Lender Rider to Housing Assistance Payment Contract (for PBV RAD conversions from Public Housing) between the Partnership and HUD;
- Consolidated Owner Certification – Rental Assistance Demonstration by the Authority and the Partnership;
- Certification and Assurances by the Authority and the Partnership;
- HUD Form 92458 Rental Schedule Low Rent Housing by the Partnership;
- Owner’s/Management Agent’s Certification (HUD Form 9839) by the Partnership and the Authority;

Real Estate Documents

- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership; and
- Assignment and Assumption of Leases, Security Deposits and Service Contracts between the Partnership and the Authority.



TACOMA HOUSING AUTHORITY

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached copy of Resolution No. 2015-12-16(9) (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a meeting of the Authority held on December 16, 2015, and duly recorded in the minute books of the Authority;


2. That written notice specifying the time and place of the meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the meeting, a true and complete copy of which notice is attached hereto as Appendix I;

3. That the written notice described above was also posted on the Authority's website and prominently displayed at the main entrance of the Authority's administrative office at 901 South L Street, Tacoma, Washington 98405 and at the meeting site, if different, at least 24 hours prior to the meeting;

4. That the written notice described above was given to each local radio or television station and to each newspaper of general circulation that has on file with the Authority a written request to be notified of special meetings and to any others to which such notices are customarily given by the Authority; and

5. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of December, 2015.



Michael Mirra, Secretary and Executive Director of
the Authority