



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-04-24 (4)

DATE: April 24, 2019

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: Renew Tacoma Housing LLLP Portfolio Loan Conversion

This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to execute all documents related to extending the conversion deadline for the borrower loan pertaining to the Governmental Lender Note, and/or to revise the time and conditions for capital contributions from the Investor for Renew Tacoma Housing LLLP.

Background

In July 2015, 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.

In December, 2015, THA's Board adopted Resolution 2015-12-16(9) authorizing the lease of the Projects to the Partnership, the execution of documents related to the financial closing of low-income housing tax credit financing for the project and various other funders, and conversion of each of the Projects from Public Housing to Project Based Section 8 under HUD's Rental Assistance Demonstration. In February, 2016, THA's Board adopted Resolution 2016-02-24(3) authorizing the issuance of THA's Multifamily Mortgage Revenue Note, 2016 (Renew Tacoma Housing Portfolio) (the "Governmental Note") and the use of the proceeds of the Governmental Note to make a loan to the Partnership to finance the acquisition and rehabilitation of the Projects. The Governmental Note was acquired by Citibank, N.A.

THA serves as the developer and the general partner of the Partnership, RBC-Tacoma Portfolio LLC, a Delaware limited liability company is the limited partner of the Partnership (the "Investor"), and RBC Tax Credit Manager II, Inc., is the special limited partner of the Partnership. In exchange for an expected allocation of federal low-income housing tax credits and other federal tax benefits, the Investor has agreed, pursuant to an Amended and Restated Agreement of Limited Partnership dated as of April 1, 2016, to make capital contributions to the Partnership in the aggregate amount of \$31,753,998, which is to be used by the Partnership to establish reserves, pay rehabilitation costs, and retire a portion of the Partnership's debt, including the borrower loan relating to the Governmental Lender Note.

The deadline for conversion of the financing provided by the Governmental Note from a construction

period to a permanent period is May 1, 2019. The Funding Lender's conditions to conversion include prepayment of the Governmental Note to an amount not to exceed \$20,000,000, and receipt of scheduled equity contributions from the Investor. Conditions to the Investor's requirement to pay capital contributions to the Partnership include, among other things, receipt of "no further action letters" in connection with Wright Street Apartments and K Street Apartments.

In the course of the Partnership's rehabilitation of the Wright Street Apartments and the K Street Apartments, the Washington State Department of Ecology identified additional environmental remediation at or around the sites of such Projects necessary to receive "no further action letters." As a result, receipt of "no further action letters" for Wright Street Apartments and K Street Apartments has been delayed, and it is necessary and desirable to amend certain agreements to contemplate an extension of the conversion date and/or to provide for payment of a portion of the Investor's scheduled capital contributions prior to receipt of "no further action" letters.

Resolution No. 2019-4-24(4) will authorize THA to execute all documents related to extending the conversion deadline for the borrower loan pertaining to the Governmental Lender Note, and/or to revise the time and conditions for capital contributions from the Investor.

Recommendation

Approve Resolution No. 2019-4-24(4).



TACOMA HOUSING AUTHORITY

THA BOC Resolution 2019-04-24 (4) (Renew Tacoma Housing LLLP Portfolio Loan Conversion)

A **RESOLUTION** of the Housing Authority of the City of Tacoma authorizing extension of the conversion date for the Multifamily Mortgage Revenue Note, 2016 (Renew Tacoma Housing Portfolio) and amendments to the Amended and Restated Agreement of Limited Partnership of Renew Tacoma Housing LLLP, and determining related matters.

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority") seeks to encourage the provision of long-term housing for low-income persons within the City of Tacoma, Washington; and

WHEREAS, Pursuant to Resolution 2015-12-16(9) of the Authority's Board of Commissioners (the "Board"), the Authority formed Renew Tacoma Housing LLLP (the "Partnership") for the purpose of acquiring, rehabilitating and operating nine affordable rental housing complexes containing a total of 456 units, including 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 (collectively, the "Projects"); and

WHEREAS, The Board previously adopted Resolution 2015-12-16(9) authorizing lease of the land and improvements constituting the Projects to the Partnership and execution of documents related to the financial closing of low-income housing tax credit financing and various other funding sources for the Projects, as well as conversion of each of the Projects from Public Housing to Project Based Section 8 under HUD's Rental Assistance Demonstration program; and

WHEREAS, Pursuant to Resolution 2016-02-24(3) the Authority issued its Multifamily Mortgage Revenue Note, 2016 (Renew Tacoma Housing Portfolio) (the "Governmental Note") and used the proceeds of the Governmental Note to make a loan (the "Borrower Loan") to the Renew Tacoma Housing LLLP (the "Borrower Loan") to finance the acquisition and rehabilitation of the Projects; and

WHEREAS, In the course of rehabilitating the Projects, the Washington State Department of Ecology identified environmental remediation at the K Street Apartments and the Wright Street Apartments in excess of the originally anticipated scope, which has delayed the receipt of no further action letters with respect to such Projects;

WHEREAS, In order to respond to the anticipated delay in receipt of no further action letters with respect to the K Street Apartments and the Wright Street Apartments, the Authority deems it necessary and advisable and in the best interest of the Authority to pursue amendments to the Amended and Restated Agreement of Limited Partnership of the Partnership and/or extension of the conversion date for the Governmental Note and Borrower Loan, and to authorize the negotiation and execution of documents in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. To assist in the continued financing of the Projects, with the public benefits resulting therefrom, 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 to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority (acting in its own behalf or as general partner of the Partnership) such documents as an Authorized Officer deems necessary or desirable to extend the conversion date of the Governmental Note and the Borrower Loan, to revise the timing and conditions for investor capital contributions, and to include such other provisions as the Authorized Officer executing such instrument determines necessary or desirable and consistent with the purposes of this resolution. Without limiting the foregoing, the Authorized Officers, and each of them acting alone, are authorized the discretionary authority on behalf of the Authority (acting in its own behalf or as general partner of the Partnership) to extend completion guarantees, deposit money in a construction escrow, to address the additional capital improvements required at or adjacent to the K Street Apartments and the Wright Street Apartments, to take such action as is necessary in order to obtain no further action letters from the Washington State Department of Ecology, and to and to negotiate, execute, deliver and, if applicable, file any agreement or instrument relating to the same. The execution of any agreement or other instrument by an Authorized Officer shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 2. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacities as general partner of the Partnership) to fulfill the Authority's duties and obligations, and to cause the Partnership to fulfill the Partnership's duties and obligations under the various instruments authorized by this resolution. In furtherance of the foregoing, the Authority is authorized to expend 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.

Section 3. Any action required by this resolution to be taken by the Chair of the Board of 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.

Section 4. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 5. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: April 24, 2019



Dr. Minh-Anh Hodge, Chair

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting 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 Resolution No. 2019-4-24 (4) (the "Resolution") is a 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 April 24, 2019, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; 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 on April 24, 2019.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: Michael Mirra
Michael Mirra, Executive Director