



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-7-24(3)

Date: July 24, 2019
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Supplemental Authorizations Regarding RAD Conversions

This resolution authorizes the combination of the Hillside Terrace Phase I and II Projects, terminates the land lease for Hillside Phase I and amends the land lease for Hillside Phase II in order to accomplish the combination. This change was requested by Housing and Urban Development (HUD) in order to simplify the Rental Assistance Demonstration (RAD) transaction for these two properties.

Background

Tacoma Housing Authority (THA) and the U.S. Department of Housing and Urban Development ("HUD") are parties to that certain Consolidated Annual Contributions Contract (ACC) (Form HUD-53012A and Form HUD-53012B) Number SF169, dated June 15, 2000, relating to public housing activities administered by THA.

THA is the general partner of Hillside Terrace Phase I Limited Partnership (the "HTI Partnership"), which limited partnership developed an affordable rental housing project located on the 2300 Block of South G Street in Tacoma, Washington (the "HTI Project"). The HTI Project is encumbered by deeds of trusts and restrictive covenants in favor of THA, the State of Washington Department of Community, Trade and Economic Development, Office of Community Development ("Commerce"), and the Tacoma Community Redevelopment Authority.

THA is the general partner of Hillside Terrace Phase II Limited Partnership (the "HTII Partnership"), which limited partnership developed an affordable rental housing project located on the 2300 Block of South G Street in Tacoma, Washington (the "HTII Project"). The HTII Project is encumbered by deeds of trusts and restrictive covenants in favor of THA and Commerce.

THA is the managing member of Salishan One LLC, which limited liability company developed an affordable rental housing project located at 1724 East 44th Street, Tacoma, Washington (the "Salishan One Project"). The Salishan One Project is encumbered by deeds of trusts and restrictive covenants in favor of THA and Commerce (including a deed of trust securing a re-loan of Federal Home Loan Bank's Affordable Housing Program grant proceeds).

THA is the managing member of Salishan Two LLC, which limited liability company developed an affordable rental housing project located at 1725 East 44th Street, Tacoma, Washington (the

“Salishan Two Project”). The Salishan Two Project is encumbered by deeds of trusts and restrictive covenants in favor of THA and Commerce (including a deed of trust securing a re-loan of Federal Home Loan Bank’s Affordable Housing Program grant proceeds).

THA is the managing member of Salishan Three LLC, which limited liability company developed an affordable rental housing project located at 1726 East 44th Street, Tacoma, Washington (the “Salishan Three Project”). The Salishan Three Project is encumbered by deeds of trusts and restrictive covenants in favor of THA and Commerce (including a deed of trust securing a re-loan of Federal Home Loan Bank’s Affordable Housing Program grant proceeds).

THA also has purchase options and rights of first refusal with respect to each of the HTI Project, the HTII Project, the Salishan One Project, the Salishan Two Project and the Salishan Three Project, which purchase options and rights of first refusal were obtained by THA to control the disposition of the projects. In September 2018, THA obtained the investors’ interests in the HTI Partnership, the HTII Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC, and caused Tacoma Housing Development Group to be admitted to each such entity, thereby rendering the purchase options and rights of first refusal unnecessary.

The HTI Partnership, the HTII Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC each lease their respective housing projects from THA pursuant to a long-term lease.

THA applied to HUD to allow the HTI Project, the HTII Project, the Salishan One Project, the Salishan Two Project, and the Salishan Three Project to be converted from public housing projects to a project-based Section 8 projects under HUD’s Rental Assistance Demonstration (“RAD”) program. In connection with HUD’s review of the various RAD transaction documents, HUD has suggested that the HTI Project and the HTII Project be combined, that the lease of the HTI Project be terminated, and that the lease of the HTII Project be amended to include the HTI Project. THA’s staff concurs in such suggestion.

Resolution No. 2019-7-24(3) will authorize THA to (1) execute releases with respect to certain of the encumbrances relating to THA loans to the HTI Partnership, the HTII Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC; (2) terminate the lease with the HTI Partnership; (3) amend the lease with the HTII Partnership to include the HTI Project; and (4) to unwind the HTI Partnership.

Recommendation

Approve Resolution No. 2019-7-24 (3).



TACOMA HOUSING AUTHORITY

THA BOC RESOLUTION 2019-07-24 (3) (Supplemental Resolutions Regarding RAD Conversions)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Authority to execute releases with respect to certain of the encumbrances relating to its public housing properties, to terminate the existing lease of the Hillside Terrace Phase I project, to amend the existing lease of the Hillside Terrace Phase II project, to unwind the Hillside Terrace Phase I limited partnership; and determining related matters.

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, RCW 35.82.070 authorizes the Housing Authority of the City of Tacoma (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,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income”; and

WHEREAS, The Authority is the general partner of Hillside Terrace Phase I Limited Partnership (the “HTI Partnership”) and Hillside Terrace Phase II Limited Partnership (the “HTII Partnership”), and is the managing member of Salishan One LLC, Salishan Two LLC and Salishan Three LLC; and

WHEREAS, In September 1, 2018, the Authority obtained the investors’ interests in the HTI Partnership, the HTII Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC (collectively, the “Owner Entities”), and caused Tacoma Housing Development Group to be admitted to each such entity as a limited partner or member, as applicable; and

WHEREAS, By Resolution No. 2018-10-24(2), adopted by the Authority’s Board of Commissioners on October 24, 2018, the Board authorized the Authority to forgive loans made by the Authority to the Owner Entities; and

WHEREAS, The Authority obtained purchase options and rights of first refusal from the Owner Entities that are no longer necessary to preserve the Authority’s ability to prevent the disposition of the affordable housing projects developed by the Owner Entities; and

WHEREAS, The Board finds it necessary and desirable, in connection with the conversion of the Hillside Terrace Phase I and Hillside Terrace Phase II public housing projects under HUD’s Rental Assistance Demonstration (“RAD”) program, to (1) combine such projects, (2) terminate the lease pertaining to the Hillside Terrace Phase I project, (3) amend the Authority’s lease with respect to the Hillside Terrace Phase II project, and (4) unwind the HTI Partnership; and

WHEREAS, The Board has been advised that the Authority's staff and counsel have prepared omnibus releases between the Authority and each of the Owner Entities that release certain loan agreements, regulatory agreements, deeds of trust, purchase options, rights of first refusal and other title encumbrances, all in connection with the proposed RAD conversion; now, therefore, be it

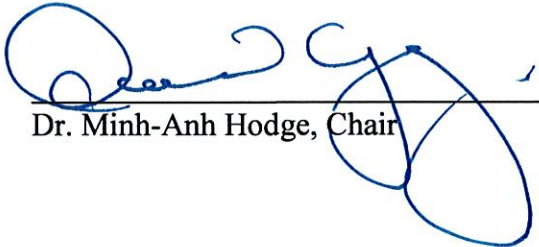
Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:

1. Omnibus Releases. The Authority's Executive Director and the Authority's Deputy Executive Director (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized and directed to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority and each of the Owner Entities an omnibus release that releases such loan agreements, regulatory agreements, deeds of trust, purchase options, rights of first refusal and other title encumbrances such Authorized Officer, or either of them, determines is necessary of desirable.
2. Amendment to Hillside Terrace Phase II Lease. The Authorized Officers (and each of them acting alone) are authorized to negotiate, execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority (acting on its own behalf or in its capacity as general partner of the HTII Partnership): (i) an amendment to the existing Lease Agreement between the Authority and the HTII Partnership to include the property currently leased by the Authority to the HTI Partnership, and to make such other revisions to said lease as are necessary or desirable in connection with the RAD program requirements; (ii) an amendment to the Memorandum of Lease Agreement between the Authority and the HTII Partnership to reflect such amendments to the Lease Agreement.
3. Termination of the Hillside Terrace Phase I Lease. 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 (acting on its own behalf or in its capacity as general partner of the HTI Partnership), such documents as are necessary to terminate the existing Lease Agreement and Memorandum of Lease Agreement between the Authority and the HTI Partnership.
4. Unwind of the HTI Partnership. 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 (acting on its own behalf or in its capacity as general partner of the HTI Partnership), such documents as are necessary to unwind and terminate the HTI Partnership after the existing Lease Agreement between the Authority and the HTI Partnership is terminated.
5. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or in its capacity as general partner or managing member of each Owner Entity, as applicable) 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 any Owner Entity not to execute or deliver such document; (ii) negotiate, 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 (iii) cause the Authority and/or any Owner Entity 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.

6. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director or Deputy Executive Director may, in such person's absence, be taken by any employee of the Authority that has been designated by the Executive Director to act in the absence of the Executive Director or Deputy Executive Director.
7. 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.
8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: July 24, 2019



Dr. Minh-Anh Hodge, Chair

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. 2019-07-24(3) (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a duly noticed special meeting of the Authority held on July 24, 2019, and duly recorded in the minute books of the Authority; and

2. 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 on July 24, 2019.



Michael Mirra, Secretary and Executive Director of
the Authority