TACOMA HOUSING AUTHORITY

RESOLUTION 2019-05-22 (4)

DATE: May 22, 2019

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: 1800 Hillside Terrace

This resolution will authorize Tacoma Housing Authority (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 construction of 1800 Hillside Terrace.

Background

Since THA's demolition of the 1800 block of Hillside Terrace during the Bay Terrace Phase I redevelopment, THA has been exploring options to develop new affordable units on that site. THA has now developed a plan pursuant to which a 64-unit multifamily housing facility to be known as the 1800 Hillside Terrace Apartments (the "Apartment Complex") will be constructed on the 1800 block of Hillside Terrace.

In September, 2016, THA's Board of Commissioners (the "Board") adopted Resolution No. 2016-09-28(d) authorizing THA to form Court F LLLP (the "Partnership") for the purpose of acquiring, constructing, equipping, operating and maintaining an affordable multifamily rental housing project located in the 1800 block of Hillside Terrace.

THA will serve as the developer and the general partner of the Partnership. The Partnership will own (for federal tax purposes) and operate the Apartment Complex, and THA will hold a right of first refusal to acquire the Apartment Complex 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 BCCC, Inc., and/or one or more of its affiliates (collectively, the "Investor") 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, the Investor is expected (as of the date hereof) to make capital contributions in the aggregate amount of approximately $12,740,582, which will be used by the Partnership to establish reserves, pay construction costs, and retire a portion of the Partnership's debt. Heritage Bank will acquire taxable and tax-exempt bonds issued by THA, and the bond proceeds in an amount not to exceed $16,000,000 will be used to fund a loan to the Partnership to pay construction costs. The bonds are authorized to be issued pursuant to a separate resolution which also will be presented to the Board at its May 22, 2019 meeting. Other public funding sources are TCRA UDAG funds in the amount of $300,000, TCRA CDBG funds in the amount of $277,006, and Washington State Department of Commerce Housing Trust Funds in the amount of $1,800,000. THA will also provide the Partnership one or more additional loans in an amount not to exceed $2,600,000 for the purpose of financing or refinancing the Partnership's acquisition and construction of the Apartment Complex, which will be repaid from cash

flow after debt service, reserves, and deferred developer fee (if any).

Recommendation

Approve Resolution No. 2019-05-22 (4).

TACOMA HOUSING AUTHORITY

THA BOC Resolution 2019-05-22 (4)
(1800 Hillside Terrace)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to Court F LLLP, authorizing one or more loans to Court F LLLP, approving the execution and delivery of documents relating to the 1800 Hillside Terrace development project, and determining related matters.

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

Section 1. Recitals and Findings. The Board of Commissioners (the "Board") of the Housing Authority of the City of Tacoma (the "Authority") finds and determines that:

(a) Statutory Authorization. The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof" (RCW 35.82.070(2)); (ii) "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project" (RCW 35.82.070(5)); (iii) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (iv) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); (v) "make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income" (RCW 35.82.070(18)); and (vi) issue bonds, notes or other obligations for any of its corporate purposes (RCW 35.82.020(11) and 35.82.130). The phrase "housing project" is defined by RCW 35.82.020 to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income."

(b) The Partnership. Pursuant to the authority provided by RCW 35.82.070(1), the Authority caused Court F LLLP, a Washington limited liability limited partnership (the "Partnership") to be formed by filing with the Washington Secretary of State a certificate of limited partnership on October 11, 2016, and executing a Limited Partnership Agreement with Tacoma Housing Development Group ("THDG"). THDG will withdraw from the Partnership and BCP/1800 Hillside Terrace, LLC, a Delaware limited liability company and BCCC, Inc., a Massachusetts Corporation (or one or more of its affiliates) (collectively, the "Investor") is willing to be a limited partner in the Partnership and to make capital contributions to the Partnership. In connection with the admission of the Investor as a limited partner of the Partnership, it is necessary to amend and restate the Partnership's original partnership agreement, and to execute and deliver certain other agreements, certificates and documents relating to the Partnership and the Project (as defined below).

(c) The Project. The Authority owns the real property located at 1815 South G. Street, Tacoma, Washington (the "Property"). The Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to finance, acquire (by lease) and construct a 64-unit affordable rental housing project to be located on the Property, to provide housing

for low-income persons within the Authority's service area and known or to be known as the 1800 Hillside Terrace (the "Project"). In connection with the financing for the Project, the Authority will lease the Project to the Partnership and the Partnership will provide the Authority with a right of first refusal to acquire the Partnership's interest in the Project at the end of the 15-year low-income housing tax credit "compliance period."

(d) Sources of Financing. The total cost of the Project is anticipated to be approximately $22,316,000, which will be financed by the Partnership with numerous sources of funds, including a Housing Trust Fund loan from the Washington State Department of Commerce ("Commerce") in the anticipated amount of $1,800,000, one or more loans in an aggregate amount not to exceed $16,000,000 of proceeds of tax-exempt and taxable bonds issued by the Authority, one or more additional loans from the Authority in an aggregate not to exceed $2,600,000 (a portion of which may be derived from proceeds of a Community Development Block Grant received by the Authority from Tacoma Community Redevelopment Authority ("TCRA") or the City of Tacoma), a loan of Urban Development Action Grant funds from TCRA in the amount of approximately $300,000, and capital contributions in an anticipated aggregate amount of approximately $12,740,000 from the Investor.

(e) Additional Findings. The Board finds and determines that the Property 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 capital contributions to the Partnership. 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. The financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm. The Board further finds that the loans to be made by the Authority authorized by this resolution are important for the feasibility of the Project and are necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law.

Section 2. Approval of Transaction Documents. The Authority is authorized to continue as a general partner of the Partnership and to provide development services to the Partnership. The Authority's Executive Director, the Chair of the Board 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 the general partner of the Partnership) (i) those documents listed in Exhibit A (collectively, the "Transaction Documents") in such forms as any Authorized Officer may approve (with the understanding that an Authorized Officer's signature on a Transaction Document shall be construed as the Authority's approval of such Transaction Document); and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Transaction 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 in its capacities as the general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Transaction Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). The Authorized Officers (or their designee), and each of them acting alone,

are 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.

Section 3. Approval of Housing Authority Loans. The Authority is authorized to lend to the Partnership up to $2,600,000 of available Authority funds, all pursuant to the terms of the Transaction Documents listed in Exhibit A under the heading "Housing Authority Loan Documents" (collectively, the "Housing Authority Loan Documents"). The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for each loan contemplated under the Housing Authority Loan Documents. Each loan is intended to be in addition to the loan of Authority bond proceeds to the Partnership authorized by a separate resolution (the "Bond Resolution"). At any Authorized Officer's discretion, all or any portion of the amount designated in this Section as a loan may be paid to the Partnership as a capital contribution in lieu of being lent to the Partnership.

Section 4. Authorization to Lease Property and Approval of Real Estate Encumbrances. In furtherance of its statutory authority to provide decent, safe and sanitary living accommodations for persons of low income, the Authority is authorized to: (i) lease to the Partnership, for a term not exceeding 100 years, the Property, all improvements located on such Property, and the Authority's interest in any personal property located on such Property and in such improvements; and (ii) encumber the Authority's interests in the Property (including its fee interest therein) pursuant to covenant agreements, regulatory agreements, extended use agreements, and other encumbrances that are Transaction Documents.

Section 5. 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 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 "Commission"); and 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).

Section 6. Assignments. 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 execute and deliver one or more instruments (i) assigning to the Partnership the Authority's rights, if any, under the construction contracts, the architects' contracts, the geotechnical consultant contracts, and other development contracts, as such rights pertain to the construction of improvements on the Property, and (ii) assigning to lenders and others the Partnership's interests in such contracts.

Section 7. 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, construction, 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.

Section 8. 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) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the various Transaction Documents.

Section 9. 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, and to increase the principal amount of any loan by or capital contribution from the Authority by an amount up to $500,000 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.

Section 10. 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 Deputy Executive Director of the Authority, respectively.

Section 11. Changes to Titles or Parties. While the titles of and parties to the various Transaction 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.

Section 12. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution (including, without limitation, the formation of the Partnership and the selection of the Investor) are ratified and confirmed.

Section 13. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: May 22, 2019

Dr. Minh-Anh Hodge, Chair

EXHIBIT A

TRANSACTION DOCUMENTS

"Partnership Documents"

- First Amended and Restated Agreement of Limited Liability Limited Partnership among the Authority, THDG, and the Investor;
- Development Agreement between the Partnership and the Authority;
- Purchase Option among the Partnership, the Authority and the Investor;
- Right of First Refusal Agreement among the Partnership, the Authority and the Investor;
- Tax certification of the Authority;
- Payment Certificates by the Authority;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;
- Regulatory Agreement (Extended Use Agreement) among the Commission, the Authority and the Partnership;
- Property Management Agreement between the Authority and the Partnership;

"Bond Loan Documents"

- Loan Agreement between the Authority and the Partnership;
- Regulatory Agreement between the Authority and the Partnership;
- Credit Agreement between the Partnership and the Authority;
- Construction Loan Agreement between the Authority and the Partnership
- Promissory Note (Tax-Exempt Loan) from the Partnership payable to the Authority (and to be endorsed by the Authority to the Heritage Bank (the "Bank");
- Promissory Note (Taxable Loan) from the Partnership payable to the Authority (and to be endorsed by the Authority to the Bank;
- Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Leases and Rents from the Partnership in favor of the Authority, and assigned by the Authority to the Bank;
- Assignment of Loan and Security Documents from the Authority to the Bank;
- Assignment of Construction Contract, with Contractor's Consent, in favor of the Bank;
- Assignment or Architect's Agreement and Plans and Specifications, with Architect's Consent, in favor of the Bank;
- Certificate and Indemnity Agreement Regarding Hazardous Substances made by the Partnership and the Borrower for the benefit of the Bank;
- Guaranty Agreement by the Authority in favor of the Bank;

- TIN and Foreign Status Certification by the Partnership;
- Federal Tax Exemption Certificate and Agreement between the Authority and the Partnership;

"Housing Authority Loan Documents"

- Master Loan Agreement between the Partnership and the Authority;
- One or more Promissory Note(s) from the Partnership in connection with loan(s) for costs relating to acquisition and/or construction of the Property and/or the Project;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Master Loan – 1800 Hillside Terrace) from the Partnership in favor of the Authority;
- Hazardous Substances Warranty/Indemnity Agreement between the Partnership and the Authority;

"Commerce Loan Documents"

- Specific Terms and Conditions, Housing Trust Fund Contract between the Washington State Department of Commerce ("Commerce") and the Authority, together with the Housing Trust Fund (HTF) General Terms and Conditions attached thereto;
- Promissory Note by the Authority payable to Commerce;
- Assignment, Assumption and Consent Agreement among the Authority, the Partnership and Commerce;
- Leasehold Deed of Trust by the Partnership and the Authority in favor of Commerce;
- Low Income Housing Covenant Agreement by the Partnership;

"Real Estate Documents"

- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership;
- Assignment of Contracts and Intangibles between the Authority and the Partnership;
- Priority and Subordination Agreement among the Authority, the Partnership, the Bank, Commerce, the Commission, and TCRA;

"CDBG Documents"

- Subrecipient Agreement between the City of Tacoma or TCRA and the Authority relating to Community Development Block Grant funds;
- Loan Agreement between the City of Tacoma or TCRA and the Authority;
- Promissory Note by the Authority payable to the City of Tacoma or TCRA;
- Leasehold Deed of Trust by the Partnership in favor of the City of Tacoma or TCRA;

- Affordability Covenant by the Partnership;

"UDAG Documents"

- Loan Agreement between the TCRA or the City of Tacoma and the Partnership;
- Promissory Note by the Partnership payable to TCRA or the City of Tacoma;
- Leasehold Deed of Trust by the Partnership in favor of TCRA or the City of Tacoma;
- Affordability Covenant by the Partnership.

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 copy of Resolution 2019-05-22(4) (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 May 22, 2019, and duly recorded in the minute books of the Authority;

2. That written notice specifying the time and place of the special 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 special 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 902 South L Street, Tacoma, Washington 98405 and at the meeting site, if different, at least 24 hours prior to the special 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 22nd day of May, 2019.

Michael Mirra

Michael Mirra, Secretary and Executive Director of the Authority