



TACOMA HOUSING AUTHORITY

RESOLUTION 2021-06-23 (6)

Date: June 23, 2021
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Replacement Omnibus Resolution for Hilltop Lofts

This resolution will authorize THA to lease property to Hilltop Lofts Housing, LLC (the "Company"), to withdraw as a member of the Company, and to execute documents related to the closing with the investor member and various funders in connection with the development of Hilltop Lofts. This resolution repeals and replaces Resolution No. 2021-04-28(4).

Background

THA has partnered with Horizon Housing Alliance (the "Sponsor") in connection with the development of the Hilltop Lofts Apartments to be located at 1120-1124 Martin Luther King Way, in Tacoma, Washington. This is a 57-unit permanent supportive housing project for individuals exiting homelessness. The community prioritized permanent supportive housing in THA's 2019 #DesigntheHill community engagement process.

The Hilltop Lofts Apartments will be owned and operated by the Company and located on land leased to the Company by THA. Wells Fargo Affordable Housing Community Development Corporation (the "Investor") will be admitted as the investor member of the Company and, in connection with the Investor's admission, THA will withdraw as a member of the Company. In exchange for an expected allocation of federal low-income housing tax credits and other federal tax benefits, the Investor is expected to make capital contributions to the Company, which will be used by the Company to establish reserves, pay construction costs, and retire a portion of the Company's debt. Construction financing for the Hilltop Lofts Apartments will be provided by Wells Fargo Bank, National Association. Other anticipated funding sources include loans from the Washington State Department of Commerce, Pierce County, and the Tacoma Community Development Authority. THA and the Sponsor will share a right of first refusal to acquire the Hilltop Lofts Apartments following the end of the 15-year tax credit compliance period.

Recommendation

Approve Resolution No. 2021-06-23 (6).



TACOMA HOUSING AUTHORITY

HOUSING AUTHORITY OF THE CITY OF TACOMA

RESOLUTION NO. 2021-06-23 (6)

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, authorizing the Authority to withdraw as investor member of Hilltop Lofts Housing, LLC; authorizing the lease of Authority property to Hilltop Lofts Housing, LLC; approving the execution and delivery of documents relating to Hilltop Lofts Housing, LLC, the ground lease, and otherwise in connection with the development of the Hilltop Lofts housing project; repealing Resolution No. 2021-04-28(4); and determining related matters.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA 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) "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)); (ii) "delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (iii) "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)). 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." The Uniform Electronic Transactions Act (chapter 1.80 RCW) provides that each governmental agency of the State of Washington "shall determine whether, and the extent to which, a governmental agency will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use and rely upon electronic records and electronic signatures" (RCW 1.80.170(1)).

(b) The Company. Horizon Housing Alliance, a California nonprofit public benefit corporation (the "Sponsor") formed Hilltop Lofts Housing, LLC (the "Company") by filing a Certificate of Formation with the Secretary of State of the State of Washington on January 13, 2020. Pursuant to an Operating Agreement for Hilltop Lofts Housing, LLC dated as of January 21, 2020 (the "Original Operating Agreement"), Hilltop Lofts Manager, LLC (the "Manager"), a Washington limited liability company of which the Sponsor is the sole member and manager, is the managing member of the Company, and the Authority is the initial investor member of the Company. Wells Fargo Affordable Housing Community Development Corporation (or one or more of its affiliates) (collectively, the "Investor") is willing to be a special investor member in the Company and to make capital contributions to the Company if the Authority relinquishes its investor member interest. In connection with the admission of the Investor as a special investor member, it is necessary to amend

and restate the Original Operating Agreement, and to execute and deliver certain other agreements, certificates and documents relating to the Company and the Project (as defined below).

(c) The Project. The Sponsor formed the Company to finance the acquisition, construction, and equipping of an approximately 57-unit residential rental project located in the vicinity of 1120 to 1124 Martin Luther King Way, in Tacoma, Washington (the "Project"). The Authority owns the fee simple interest in the land on which the Project is to be located. To facilitate the Borrower's development of the Project, the Authority will lease its interest in the land on which the Project is to be located to the Borrower, and will encumber the Authority's fee interest with certain regulatory covenants and use restrictions. The land lease and real property encumbrances are necessary to support the poor and infirm, 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'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 (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 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 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).

Section 3. Approval of Ground Lease and 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 Borrower, for a term not exceeding 76 years, the land on which the Project is to be located; (ii) encumber the Authority's interest in the Project and the land on which it is to be located (including its fee interest therein) pursuant to certain covenant agreements, regulatory agreements, extended use agreements, and other similar encumbrances; and (iii) encumber the Authority's interest in property adjacent to the land on which the Project is to be located with certain easements necessary or desirable for the construction and operation of the Project (the documents referred to in subsections (i), (ii), and (iii) are collectively referred to as the "Real Estate Documents"); provided, however, the foregoing authorization does not include any encumbrance that provides the grantee or beneficiary the right or potential right to foreclose on (whether by judicial foreclosure, non-judicial foreclosure, deed in lieu, or otherwise), terminate, or otherwise vacate by any means all or any portion of the Authority's interest in such land, improvements, or property.

Section 4. Authority Regarding Membership Interests. The Authority is authorized to relinquish its investor member interests in the Company.

Section 4. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority 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 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, applications, 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) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 5 Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Transactions Documents.

Section 6. Acting Officers Authorized. Any action authorized or required by this resolution to be taken by the Authority's Executive Director may, in such person's absence, be taken by the acting Executive Director of the Authority.

Section 7. Changes to Titles or Parties. While the titles of and parties to the Transaction Documents 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 8. 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 Authority's actions in connection with the formation of the Company and the execution of the Original Operating Agreement) are ratified and confirmed.

Section 9. Repeal of Resolution No. 2021-04-28(4). Resolution No. 2021-04-28(4) of the Authority, adopted April 28, 2021, is hereby repealed.

Section 9. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.


ADOPTED by the Board of Commissioners of the Housing Authority of the City of Tacoma at an open public meeting held on June 23, 2021.

HOUSING AUTHORITY OF THE CITY
OF TACOMA



Chair, Board of Commissioners

ATTEST:



Executive Director

Exhibit A

Transaction Documents

Company Documents

- Amended and Restated Operating Agreement by and among the Authority, as withdrawing investor member, the Managing Member, and the Investor; and
- Right of First Refusal, Purchase Option Agreement among the Sponsor, the Authority, the Company, the Managing Member, and the Investor.

Commerce Document

- Low Income Housing Covenant Agreement made by the Company and the Authority for the benefit of the Department of Commerce, a department of the State of Washington.

HUD Documents

- Agreement to Enter into Housing Assistance Payment Contract between the Authority and the Company;
- Housing Assistance Payment Contract between the Authority and the Company; and
- Rider to Agreement to Enter into Housing Assistance Payments Contract and Housing Assistance Payment Contract between the Authority and the Company.

Real Estate Documents

- Regulatory Agreement (Extended Use Agreement) relating to the Project among the Washington State Housing Finance Commission (the "Commission"), the Authority and the Company;
- Ground Lease Agreement between the Authority and the Company;
- Memorandum of Ground Lease between the Authority and the Company;
- Priority and Subordination Agreement (Hilltop Lofts) among the Company, the Sponsor, the Department of Commerce, Tacoma Community Redevelopment Authority, Pierce County, Wells Fargo Bank, National Association, the Authority, the Commission, and Darin Davidson;
- Restated and Amended Declaration of Covenants and Conditions among the City of Tacoma, the Company, and the Authority;
- Parking Easement Agreement between the Authority and the Company; and
- One or more easement agreements pertaining to utility access.

CERTIFICATE

I, Michael Mirra, the duly chosen, qualified 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 Resolution 2021-06-23 (6) (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 June 23, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) one or more options were provided for the public to attend the Meeting remotely, including by telephonic access, and (b) the means of attending the Meeting provided the ability for all persons attending the Meeting to hear each other at the same time;

3. The public was notified of access options for remote participation in the Meeting via public notice posted on THA's website and social media platforms; and

4. The 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 the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, 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 June 23, 2021.

HOUSING AUTHORITY OF THE CITY
OF TACOMA



Michael Mirra, Executive Director