



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2015-08-26 (10)

**DATE:** August 26, 2015  
**TO:** Board of Commissioners  
**FROM:** Michael Mirra  
Executive Director  
**RE:** Martin Luther King (MLK) NEW LOOK, LLC

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This resolution would approve Tacoma Housing Authority's (THA's) purchase of a 0.1% interest in the tax credit partnership that would own New Look Apartments. This purchase is part of the purchase of the property that THA will arrange through its nonprofit affiliate, Tacoma Housing Development Group (THDG). This resolution also authorizes a loan of up to \$1.2 million from THA to the New Look property. The THA loan will be used for some capital improvements, soft costs, and pay for the primary loan that Washington Community Reinvestment Association (WCRA) has on the New Look property.

### Background

On May 8, 2015, with THA Board approval, THA signed a Purchase and Sale Agreement with the Martin Luther King Housing Development Association (MLKHDA) to purchase its managing member interest in the MLK New Look, LLC. The original tax credits allocated to this project were for a non-profit as managing member. This means that its purchaser must be a nonprofit. THA does not qualify. For this reason, the Tacoma Housing Development Group (THDG) will purchase most of the Managing Member interest, 0.9%. THA will purchase the 0.1% interest. Combined, this represents 1% of the interest in the MLK New Look, LLC. The tax creditor investors will continue to own 99% of the partnership. THA expects to arrange for the tax credit investors exist in December 2016. When that happens, THA and THDG will be the sole owners, unless THA refinances with new tax credit investors. One reason to refinance in that way is to pay for the estimated \$1.8 Million in improvements that the property requires.

This resolution will authorize THA's acquisition of the 0.1% interest in MLK New Look, LLC and allow THA to loan up to \$1.2 Million to the project to provide funding for capital improvements, soft costs and pay for the primary loan that WCRA has on the property .

### Recommendation

Approve Resolution 2015-08-26 (1).



# TACOMA HOUSING AUTHORITY

## **Tacoma Housing Authority 2015-08-26 (10)**

### **Martin Luther King (MLK) NEW LOOK, LLC**

A **RESOLUTION** (i) authorizing the Authority to serve as special member of MLK New Look, LLC in connection with the MLK New Look Senior Housing Project, (ii) authorizing a loan to MLK New Look, LLC for the purpose of refinancing outstanding debt, and (iii) providing for other matters properly rated thereto.

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

**WHEREAS**, The Authority is authorized by the Housing Authorities Law (Chapter 35.82 RCW) to, among other things, "make and execute contracts and other instruments, including but not limited to partnership agreements" (RCW 35.82.070(1)), "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 make loans for the "rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income" (RCW 35.82.070(18)); and

**WHEREAS**, MLK New Look, LLC (the "Company") owns and operates the 49-unit low-income housing apartment complex known as the MLK New Look Senior Housing Project located at South Eleventh Street and Martin Luther King Jr. Way in the City (the "Project"); and

**WHEREAS**, The Authority agreed to purchase the interests of Martin Luther King Housing Development Association, Inc. (the "Withdrawing Member") in the Company pursuant to the Managing Member Interest Purchase and Sale Agreement between the Authority and the Withdrawing Member dated May 8, 2015, (the "Purchase Agreement"), subject to the satisfaction of certain conditions precedent; and

**WHEREAS**, The Authority's staff has negotiated the terms of a Second Amended and Restated Operating Agreement (the "Operating Agreement") with the Company's investor member, a copy of which is on file with the Authority; and

**WHEREAS**, If the Authority becomes a member of the Company, the Board finds and determines if it would be desirable for the Authority to lend the Company money to refinance certain outstanding debt (the "Refinancing") and make certain improvements to the Project (the "Improvements"); and

**WHEREAS**, The Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for the Authority to acquire the Withdrawing Member's interest in the Company pursuant to the Purchase Agreement and to provide a loan to the Company for the purpose of carrying out the Refinancing and the Improvements, all as described above; and

**WHEREAS**, The Authority has requested Tacoma Housing Development Group (“THDG”) participate as the Company’s managing member; now, therefore, be it

**Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, that:**

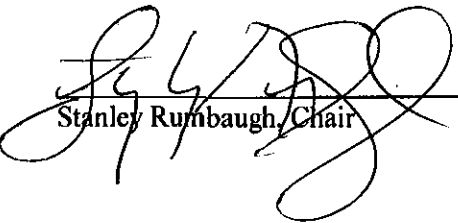
1. Acquisition of Special Member Interest; Approval of Operating Agreement. The Authority is authorized to acquire a special member interest in the Company. The Chair of the Board, the Authority’s Executive Director and their respective designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized and directed to execute and deliver on behalf of the Authority (i) the Operating Agreement substantially in the form on file with the Authority; and (ii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the Operating Agreement. 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 Operating Agreement (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). From and after the date the Operating Agreement is 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 special member of the Company.

The Authority’s authorization to serve as special member of the Company shall become effective only upon the satisfaction of all conditions precedent set forth in the Purchase Agreement, including but not limited to the restructuring of certain outstanding Company debt.

2. Approval of Loan. The Authority is authorized to lend to the Company up to \$1,200,000 of available Authority funds (the “Loan”) to be used to carry out the Refinancing and the Improvements. The Authorized Officers, and each of them acting alone, are authorized and directed to take all actions required of the Authority in connection with the Loan including, without limitation, negotiation and execution of loan documents and any other documents reasonably required to be executed by the Authority (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). Notwithstanding the foregoing, the Authority shall not make the Loan unless and until it has been admitted as the Company’s special member.
3. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in their discretion to give effect to this resolution and to consummate the transactions contemplated herein.

4. 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 duly authorized Acting Executive Director of the Authority, respectively.
5. 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.
6. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: August 26, 2015

  
Stanley Rumbaugh, Chair



# TACOMA HOUSING AUTHORITY

## CERTIFICATE

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

1. That the attached Resolution 2015-08-26 (1) (the "Resolution") is a true and correct copy of a resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on the 26<sup>th</sup> day of August, 2015, 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; 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 26<sup>th</sup> day of August, 2015.

HOUSING AUTHORITY OF THE CITY  
OF TACOMA

By: Michael Mirra  
Michael Mirra, Executive Director