



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2016-10-26 (4)

**DATE:** October 26, 2016

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Authorization to Execute Documents and Form a Tax Credit Entity with Respect to the New Look Apartments

### Purpose

This resolution would approve the participation by Tacoma Housing Authority ("THA") in a series of transactions by which MLK New Look, LLC (the "Company") will transfer its interest in the New Look Apartments (the "Apartment Complex") to THA, and THA and Tacoma Housing Development Group ("THDG") will form a new limited liability limited partnership to undertake necessary repairs and renovations to the Apartment Complex. In particular, the resolution authorizes THA to:

- (1) execute documents relating to the transfer of the Apartment Complex\ to THA by gift from the Company;
- (2) form a limited liability limited partnership;
- (3) prepare, execute and submit to Washington State Housing Finance Commission any agreements or other documents necessary to secure the proper approval of THA's use of low-income housing tax credits for the Apartment Complex; and
- (4) expend such funds as may be necessary to be paid by the THA in connection with filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

### Background

The Apartment Complex contains 49 dwelling units for low-income persons, together with ground floor commercial space. It is located at 1102 South 11<sup>th</sup> Street, in Tacoma, Washington.

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 Company. The original tax credits allocated to the Apartment Complex were for a non-profit as managing member. To comply with federal tax requirements, THDG acquired 10% of MLKHDA's membership interest, and THA acquired 90% of MLKHDA's membership interest.





# TACOMA HOUSING AUTHORITY

## **Tacoma Housing Authority 2016-10-26 (4) (MLK New Look, LLC – Alberta J. Canada LLLP)**

A **RESOLUTION** authorizing the Authority to accept the gift of the New Look Apartments from MLK New Look, LLC, and to form a limited liability limited partnership, and providing for other matters properly related 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**, MLK New Look, LLC (the “Company”) owns and operates a 49-unit low-income housing apartment building, that includes ground floor commercial space, located at 1102 South 11<sup>th</sup> Street in Tacoma, Washington, and commonly known as the New Look Apartments (the “Apartment Complex”); and

**WHEREAS**, On September 29, 2015, the Authority, Tacoma Housing Development Group (“THDG”) and Oregon Equity Fund IV Limited Partnership (the “Investor”) entered into a Second Amended and Restated Operating Agreement and other related documents pertaining to the Company, and the Authority lent the Company \$1,200,000 to refinance certain existing debt and pay for certain improvements to the Apartment Complex; and

**WHEREAS**, The Investor has consented to the Authority’s request that the Company transfer the Apartment Complex to the Authority, for no consideration, on or shortly after December 1, 2016; and

**WHEREAS**, The Apartment Complex is in need of repairs and renovations, the total financing for which will require the use of various funding sources, including low-income housing tax credits, commercial loans, and state and local grants and loans, and certain of these funding sources will require the formation of a limited liability limited partnership to maximize the benefits and minimize the risks to the Authority; and

**WHEREAS**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwelling apartments, mobile home parks or other living accommodations for persons of low income;” and

**WHEREAS**, RCW 35.82.070 authorizes 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,” “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” “acquire, lease, rent, sell, or otherwise dispose of any commercial space located in buildings . . . containing a housing project,” “make and execute contracts and other instruments, including but not limited to partnership agreements,” and “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing of persons of low income;” and

**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**, The Board finds and determines that both the Partnership (as defined below) and the Apartment Complex will provide for the necessary support of the poor within the City, and that any financing provided by the Authority for the Apartment Complex is important for project feasibility and is necessary to enable the Authority to carry out its powers and purposes under chapter 35.82 RCW; and

**WHEREAS**, Based on the consideration of funding sources available for the Apartment Complex, the need for affordable housing in the City, and other matters, it is necessary that the Authority proceed with the transactions described in this resolution; now, therefore, be it

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

1. The Authority, as the Company’s special member, approves the transfer of the Apartment Complex from the Company to the Authority for no consideration. The Authority’s Executive Director, the Authority’s Deputy Executive Director and their respective designees (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as the Company’s special member) to cause the Company to transfer the Apartment Complex to the Authority and, in connection therewith, to cause the Authority and the Company to enter into such assignment and assumption agreements, and to make amendments to such agreements, as are necessary to properly evidence the transfer of the Apartment Complex and the assumption by the Authority of the Company’s obligations in connection with the Apartment Complex. Without limiting the foregoing authority, the Authority is authorized to enter into (i) assignment and assumption agreements with any lender that has made a loan to the Company that is outstanding; and (ii) an agreement with the Washington State Housing Finance Commission assuming responsibility for complying with the extended use agreement for the Apartment Complex.
2. Once the transactions described in Section 1 are completed, the Authority is authorized to assist THDG with actions necessary to unwind the Company and cause liquidating distributions to be made to the Authority and the Investor. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as the Company’s special member) to execute, deliver and, if applicable, file (or cause to be delivered and/or filed) any and all documents necessary to liquidate and terminate the Company.
3. The Authority is authorized to participate in the formation of, and become a partner in, a Washington limited liability limited partnership (the “Partnership”). The Board intends that the Partnership will acquire and rehabilitate the Apartment Complex and receive low-income housing tax credits in connection therewith. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, a partnership agreement, a certificate of limited partnership and all such forms, certificates,

applications and other documents that are necessary to form the Partnership; (ii) determine the name of the Partnership; and (iii) take any other action that they deem necessary and advisable to give effect to this resolution and the transactions contemplated herein. The Authority's Executive Director is delegated the authority to cause, in his discretion, the Partnership to be created as a Washington limited liability company, in which case all references in this resolution to limited liability limited partnership, partnership agreement, general partner, limited partner, chapter 25.10 RCW, and certificate of limited partnership shall be deemed to be references to limited liability company, operating agreement, managing member, investor member, chapter 25.15 RCW and certificate of formation, respectively.

4. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the Partnership's general partner) to: (i) apply for, and enter into contracts relating to, such funding for the Apartment Complex as they deem necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), an allocation of private activity bond volume cap from the Washington State Department of Commerce, and other federal, state and local funds; (ii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply to the Washington State Housing Finance Commission for an allocation of (or approval of the use of) low-income housing tax credits for the Apartment Complex (depending on whether the Authorized Officers determine to pursue "9%" or "4%" tax credits), enter into such agreements (including a credit reservation and carryover allocation contract), provide such documents (including cost certifications) necessary to secure such allocation (or approval), and cause such allocation (or any portion thereof) to be assigned to the Partnership if the allocation initially is made to the Authority; (v) seek and approve investors to serve as subsequent limited partners in the Partnership in connection with the receipt of low-income housing tax credits for the Apartment Complex; (vi) negotiate with potential investors regarding their acquisition of limited partnership interests in the Partnership and, if the Executive Director determines the same to be advisable, limited partner or member interests in limited partnerships and/or limited liability companies formed to finance other Authority tax credit projects; (vii) execute documents pursuant to which Authority funds (including amounts granted or lent to the Authority for the Apartment Complex) may be lent to the Partnership; (viii) prepare all appropriate resolutions for Board review and approval; (ix) prepare all documents required so that the Authority and the Partnership comply with state and federal securities laws; (x) negotiate contracts relating to the use, management and naming of the Apartment Complex; (xi) take all necessary and appropriate actions for the Partnership to acquire the Apartment Complex by sale or lease from the existing owner thereof (including entering into any option to lease, or lease, necessary to provide the Partnership with control of the Apartment Complex site); (xii) apply for bond insurance and other credit enhancement for any bonds to be issued by the Authority for the Apartment Complex (but only if the Authority's Executive Director determines such credit enhancement to be cost effective); (xiii) solicit investment banking firms to serve as the lead underwriter(s)



and as members of a selling group (if any) for any bonds to be issued for the Apartment Complex, and select such lead underwriter(s) and the members of any selling group (if the Executive Director determines that a selling group is desirable); (xiv) apply for ratings of any bonds to be issued by the Authority for the Apartment Complex (but only if the Authority's Executive Director determines such ratings to be desirable); (xv) assist in the preparation of any official statement to be used in connection with the offering of any bonds by the Authority for the Apartment Complex; and (xvi) otherwise execute the Authority's rights under the Partnership Agreement. Nothing herein shall commit the Authority to issuing bonds to finance the Apartment Complex.

5. The Authority is authorized 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. To the extent any fees or predevelopment costs are incurred and payable by the Partnership prior to the time the Authority enters into a formal loan agreement, the Authority may lend money to the Partnership to pay such costs, with the loan bearing interest at such rate that the Executive Director determines, in his discretion (which may be 0% per annum).
6. 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, including, but not limited to, a development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Apartment Complex, contracts with architects, engineers and other consultants, and construction contracts.
7. 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.
8. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved:** October 26, 2016

  
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Dr. Arthur C. Banks, 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. 2016-10-26 (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 October 26, 2016, 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 October 26, 2016.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: Michael Mirra  
Michael Mirra, Executive Director