



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2017-11-15(6)

**DATE:** November 15, 2017

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra  
Executive Director

**RE:** Alberta J. Canada LLLP

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### Purpose

This resolution will authorize 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 rehabilitation of the Alberta J. Canada Building (formerly known as the New Look Apartments) (the "Apartment Complex").

### Background

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

In October 2016, THA's Board adopted Resolution No. 2016-10-26(4) authorizing THA to form The Alberta J. Canada LLLP (the "Partnership") for the purpose of acquiring, rehabilitating and operating the Apartment Complex.

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 AEGON USA Realty Advisors, LLC ("AEGON") (or one or more affiliate thereof), 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, AEGON is expected (as of the date hereof) to make capital contributions in the aggregate amount of approximately \$3,990,000, which will be used by the Partnership to establish reserves, pay rehabilitation costs, and retire a portion of the Partnership's debt. Banner Bank will acquire a bond issued by THA, and the bond proceeds in an amount not expected to exceed \$7,500,000 will be used to fund a loan to the Partnership to pay rehabilitation costs. The bond is authorized to be issued pursuant to a separate resolution which also will be presented to the Board at its November meeting. THA will also provide the Partnership one or more additional loans in an amount not expected to exceed \$3,400,000 for the purpose of financing or refinancing the Partnership's acquisition and rehabilitation of the Apartment Complex, which will be repaid from cash flow after debt service, reserves and deferred developer fees are paid.

### Recommendation

Approve Resolution No. 2017-11-15(6).





# TACOMA HOUSING AUTHORITY

**Tacoma Housing Authority 2017-11-15(6)**

Alberta J. Canada LLLP

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to The Alberta J. Canada LLLP, authorizing one or more loans to The Alberta J. Canada LLLP, approving the execution and delivery of documents relating to the acquisition and rehabilitation of the Alberta J. Canada Building, and determining related matters.

**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,” “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”;

**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”;

**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”;

**Whereas**, pursuant to the authority provided by RCW 35.82.070, the Authority formed The Alberta J. Canada LLLP (the “Partnership”) with Tacoma Housing Development Group (“THDG”);

**Whereas**, the Partnership has applied to the Authority for financial assistance for the purpose of providing part of the funds with which to acquire, rehabilitate, operate and maintain the Alberta J. Canada Building currently consisting of 49-unit low-income housing units and ground floor commercial space (the “Project”), to provide housing for low income persons within the City of Tacoma, Washington (the “City”);

**Whereas**, in connection with the financing for the Project, the Authority will lease the Project to the Partnership;

**Whereas**, the financing for the Project will require the use of various funding sources, including a tax-exempt bond, low income housing tax credits and federal grants;

**Whereas**, AEGON USA Realty Advisors, LLC (or one or more of its affiliates) (collectively, the “Investor”) has offered to acquire the limited partner interest in the Partnership, and the Authority’s Board of Commissioners (the “Board”) finds and determines that the capital contributions expected to be made by the Investor to the Partnership will be sufficient, together with other available money, to enable the Partnership to acquire, rehabilitate, operate and maintain the Project;

**Whereas**, as a condition to acquiring the limited partner interest in the Partnership, the Investor requested that the Authority amend and restate the Partnership's original limited partnership agreement and execute and deliver certain other agreements, certificates and other documents relating to the Partnership and the Project, which request the Board finds and determines to be reasonable;

**Whereas**, the Board finds and determines that the Project 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 its capital contributions to the Partnership;

**Whereas**, the total cost of acquiring, constructing, equipping and financing the Project is not expected to exceed \$15,000,000, which will be financed by the Partnership with numerous sources of funds, including a loan of proceeds of a tax-exempt bond issued by the Authority, one or more additional loans from the Authority in the aggregate amount not expected to exceed \$4,300,000, and capital contributions from the Investor;

**Whereas**, the Partnership will provide the Authority with a right of first refusal to acquire the Project at the end of the 15-year low-income housing tax credit "compliance period" for the Project; and

**Whereas**, 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;

**Whereas**, the Board finds and determines that the financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm; and

**Whereas**, based on the consideration of funding sources available for the Project, 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;

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

1. 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 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, 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 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 as 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).

From and after the date the Transaction Documents are 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 general partner of the Partnership.

2. Authorization to Lend Money. The Authority is authorized to lend to the Partnership, pursuant to the terms of the Transaction Documents listed in Exhibit A under the heading "Housing Authority Loan Documents", an amount(s) of up to \$4,300,000 for the purpose of financing or refinancing costs of the Project. 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. Such loan (or loans) is intended to be in addition to the loan of Authority bond proceeds authorized by the Board by a separate resolution.
3. Authorization to Lease Apartment Complexes. The Authority is authorized to lease to the Partnership, for a term not exceeding 100 years, the Project and the land on which the Project is located.
4. 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 under the construction contract, the architects' contracts, the geotechnical consultant contracts, and other development contracts, as such rights pertain to the construction of improvements on land leased to the Partnership, and (ii) assigning to lenders and others the Partnership's interests in such contracts.
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"); 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).
6. 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, rehabilitation, 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.

7. 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, as applicable) to fulfill the Authority's duties and obligations, and cause the Partnership to fulfill the Partnership's duties and obligations under the various agreements authorized by this resolution.
8. 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, or 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.
9. 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.
10. Changes to Titles or Parties. While the titles of and parties to the various 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.
11. 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.

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

**Approved: November 15, 2017**

  
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Janis Flauding, Chair

## EXHIBIT A

### TRANSACTION DOCUMENTS

#### **Partnership Documents**

- Amended and Restated Agreement of The Alberta J. Canada LLLP A Washington Limited Liability Limited Partnership by and among the Authority, Tacoma Housing Development Group and the Investor;
- Development Services Agreement by and between the Partnership and the Authority;
- Put Option Agreement by and among the Partnership, the Authority and the Investor;
- Purchase Option and Right of First Refusal Agreement by and among the Partnership, the Authority and the Investor;
- Assignment, Pledge and Security Agreement by and among the Partnership, the Authority and the Investor;
- Environmental Indemnity Agreement by the Authority in favor of the Partnership and the Investor;
- Repurchase Option Agreement by and among the Partnership, the Authority and the Investor;
- Unconditional Guaranty by the Authority in favor of the Partnership and the Investor;
- Property Management Agreement by and between Quantum Management Services, Inc. and the Partnership;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;
- Assignment and Assumption Agreement Section 8 Housing Assistance Payment Contract among the Authority and the Partnership;

#### **Bond Loan Documents**

- Loan Agreement between the Authority and the Partnership;
- Regulatory Agreement between the Authority and the Partnership;
- Renovation and Term Loan Agreement between the Partnership and Banner Bank (the "Bank");
- Promissory Note from the Partnership payable to the Authority (and to be endorsed by the Authority to the Bank);



- Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing from the Partnership in favor of the Bank;
- Landlord's Consent and Subordination Agreement among the Authority, the Partnership, and the Bank;
- Replacement Reserve and Security Agreement between the Partnership and the Bank;
- Assignment of Construction Contracts and Permits by the Partnership in favor of the Bank;
- Assignment of Architect Contracts and Plans by the Partnership in favor of the Bank;
- Assignment of Rights Under Management Agreement by the Partnership in favor of the Bank;
- Hazardous Waste Warranty and Indemnification Agreement from the Partnership and the Authority in favor of the Bank;
- Commercial Guaranty by the Authority in favor of the Bank;
- Assignment of Rights Under Development Agreement by Borrower in favor of Bank;
- Federal Tax Exemption Certificate and Agreement between the Authority and the Partnership;

#### **Housing Authority Loan Documents**

- Master Loan Agreement between the Authority, as lender, and the Partnership, as borrower;
- Promissory Note (The Alberta J. Canada Project – Acquisition Loan) by the Partnership for the benefit of the Authority;
- Promissory Note (The Alberta J. Canada Project – Rehabilitation Loan) by the Partnership for the benefit of the Authority;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (The Alberta J. Canada Project – Master Loan) by the Partnership in favor of the Authority; and
- Hazardous Substance Warranty/Indemnity Agreement by the Partnership for the benefit of the Authority.

#### **Real Estate Documents**

- Regulatory Agreement (Extended Use Agreement) relating to each Apartment Complex among the Commission, the Authority and the Partnership;



- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership;
- Commercial Lease Agreement between the Authority and the Partnership;
- Assignment of Leases and Rents between the Authority and the Partnership;
- Assignment of Contracts and Intangibles between the Authority and the Partnership; and
- Priority and Subordination Agreement among the Authority, the Partnership, the Bank, Tacoma Community Redevelopment Authority and the Commission.

## 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. 2017-11-15(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 November 15, 2017, 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 November 15, 2017.

HOUSING AUTHORITY OF THE CITY OF  
TACOMA

By: Michael Mirra  
Michael Mirra, Executive Director