



TACOMA HOUSING AUTHORITY

RESOLUTION 2022-10-26 (1)

Date: October 26, 2022
To: THA Board of Commissioners
From: April Black
Executive Director
Re: Omnibus Resolution for Housing Hilltop

This resolution would authorize several transactions related to the financial closing of the Housing Hilltop project.

Background

THA is developing 231 units of housing affordable to households earning 60% of less of the area median income on parcels owned by the agency on South L Street between South 10th and Earnest S. Brazil Street.

The financing includes up to \$21,500,000 in loans from THA. The sources of these loans include \$2,877,000 paid to THA for the lease of the land, \$1,000,000 from the City of Tacoma, \$900,000 from TCRA, \$6,600,000 in developer fee earned by THA, and \$10,123,000 in agency reserves. We anticipate that \$1,100,000 in funds could come from Pierce County, thereby reducing THA's reserve contribution.

Some remaining unknowns include the cost of our builder's risk insurance, which could increase THA's contribution. We also have increasing interest rates, which could decrease our borrowing capacity and increase THA's contribution. For this reason, the resolution authorizes the combined THA loans described above to increase to \$24,000,000.

HOUSING AUTHORITY OF THE CITY OF TACOMA

RESOLUTION 2022-10-26 (1)

(HOUSING HILLTOP)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the lease of Authority property to Housing Hilltop LLLP, authorizing loans to Housing Hilltop LLLP, approving the execution and delivery of documents relating to the acquisition, construction, financing, and operation of an affordable rental housing project within the City of Tacoma, Washington initially to be known as Housing Hilltop, 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) "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 and . . . to establish and revise the rents or charges therefor" (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(19)); 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) and Resolution No. 2018-11-14(1) of the Authority adopted November 14, 2018, the Authority caused Housing Hilltop LLLP (the "Partnership") to be formed by filing a certificate of limited partnership with the Washington Secretary of State on November 16, 2018, and executing a Limited Partnership Agreement for Housing Hilltop LLLP dated as of November 15, 2018, with Tacoma Housing Development Group, a Washington nonprofit corporation (the "Initial Limited Partner"), for purposes including acquiring (by ownership or long-term lease), developing, constructing, equipping, operating, managing and maintaining one or more rental housing projects in Tacoma, Washington. RBC-Housing Hilltop, LLC, a Delaware limited liability company, or one or more of its affiliates (the "Investor Limited Partner"), and RBC Community Investments Manager II, Inc., a

Delaware corporation, or one or more of its affiliates (the "Special Limited Partner" and, together with the Investor Limited Partner, the "Investors") are willing to be limited partners in the Partnership and to make capital contributions to the Partnership. In connection with the admission of the Investors as limited partners 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 land located at or around 1011 and 1111 South L Street, Tacoma, Washington. The Partnership intends to develop an affordable rental housing project on such land, to be known as Housing Hilltop, and to consist of approximately 231 dwelling units, functionally related and subordinate facilities, and ground floor commercial space, all to provide housing for low-income persons within the Authority's service area (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 an option and right of first refusal to acquire the Partnership's interest in the Project. The Authority anticipates that the Partnership will sublease a portion of the space within the Project to the Authority, for use or sub-lease as commercial space.

(d) Sources of Financing. The total cost of the Project is anticipated to be approximately \$118,200,000, which will be financed by the Partnership with numerous sources of public and private funds, including: a loan in the approximate amount of \$70,000,000 of proceeds of tax-exempt and taxable bonds issued by the Authority to JPMorgan Chase Bank, N.A. (the "Bank"), of which approximately \$52,000,000 is expected to be repaid with capital contributions from the Investor Limited Partner and/or other sources; one or more loans from the Authority in the approximate aggregate amount of \$21,500,000 (a portion of which is expected to be derived from proceeds of loans from the City of Tacoma, Washington (the "City"), Tacoma Community Redevelopment Authority ("TCRA"), the County (as hereinafter defined), and/or Commerce (as hereinafter defined)); a loan from Amazon.com NV Investment Holdings LLC or an affiliate thereof ("Amazon") in the approximate amount of \$22,500,000; capital contributions in the approximate amount of \$50,625,000 from the Investors; and capital contributions from the Authority in the approximate amount of \$100. The Project may also be eligible to receive proceeds of one or more Housing Trust Fund loans or grants from the Washington State Department of Commerce ("Commerce") and one or more loans from Pierce County, Washington (the "County"), which financial support may not be available until after the closing of other financing sources, and which may be made available directly to the Partnership or to the Authority and used by the Authority to fund a loan to the Partnership.

(f) Additional Findings. The Board finds and determines that the Project likely would not be developed as housing for individuals and families of low income unless the Partnership was formed and the Investors committed to make capital contributions to the Partnership. The Board further finds that the loans to be made by the Authority to the Partnership are important for the feasibility of the Project. 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.

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, Deputy 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 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 capacity 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. Authorization to Lend Money. The Authority is authorized to lend to the Partnership up to \$24,000,000 of available Authority funds (which may include, without limitation, funds received from the City, TCRA, the County, and/or Commerce), all pursuant to 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").

Section 4. Approval of Housing Authority Capital Contribution; Development Deficit/Operating Deficit Loans. The Authority is authorized to make capital contributions or additional development deficit and/or operating deficit loans to the Partnership, in any case from available Authority funds, and all pursuant to the Transaction Documents listed in Exhibit A under the heading "Partnership Documents"; provided, however, that subject to Section 10 of this resolution, the cash portion (if any) of any capital contribution of the Authority to the Partnership payable on or before the date of admission of the Investors as limited partners of the Partnership, shall not exceed \$500,000. 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 such capital contributions and/or loans contemplated under the Transaction Documents.

Section 5. 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 land on which the Project is located, all improvements located on such land, and the Authority's interest in all personal property located on such land and in such improvements; (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 the covenant agreements, regulatory agreements, the extended use agreements, a landlord's consent for the benefit of the Bank, and other encumbrances that are Transaction Documents; and (iii) cause the Partnership to encumber the Partnership's interest in the Project and the land on which the Project is to be located (including its leasehold interest therein) and certain other property of the Partnership pursuant to the Transaction Documents.

Section 6. Tax Credit Documents. The Authorized Officers (and each of them acting alone) are authorized on behalf of the Authority (acting on its own behalf and/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).

Section 7. Assignments. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf and/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 construction contracts, architect's contracts, the geotechnical consultant contracts and other development contracts, as such rights pertain to the development of the Project and (ii) assigning to lenders and others the Partnership's interests in such contracts.

Section 8. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf and/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, development, financing, construction, and leasing of the Project; (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; and (iv) 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. 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 9. 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 the 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 Transaction Documents.

Section 10. 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 or contributed to the Partnership for the Project exceeds the aggregate maximum principal amount stated in this resolution and the Bond Resolution for all loans and capital contributions by the Authority to the Partnership.

Section 11. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may, in such person's absence, be taken by the Deputy Executive Director of the Authority.

Section 12. 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 13. 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 Investors) are ratified and confirmed.

Section 14. 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 City of Tacoma at an open public meeting thereof this 26th day of October, 2022.

HOUSING AUTHORITY OF THE CITY OF
TACOMA



Chair, Board of Commissioners

ATTEST:



Secretary

EXHIBIT A
TRANSACTION DOCUMENTS

Partnership Documents

- Amended and Restated Agreement of Limited Liability Limited Partnership among the Authority, the Investor Limited Partner, the Special Limited Partner and the Initial Limited Partner;
- Development Agreement between the Partnership and the Authority;
- Purchase Option and Right of First Refusal Agreement between the Partnership and the Authority, and consented to by the Investor Limited Partner and the Special Limited Partner;
- Tax representation letter from the Authority;
- Reimbursement and Assignment Agreement between the Partnership and the Authority;

Bond Loan Documents

- Loan Agreement between the Authority and the Partnership;
- Construction and Permanent Loan Agreement between the Partnership and the Authority;
- Promissory Note (Tax-Exempt) by the Partnership payable to the Authority and indorsed to the Bank;
- Promissory Note (Taxable) by the Partnership payable to the Authority and indorsed to the Bank;
- Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing from the Partnership in favor of the Bank;
- Lessor's Estoppel Certificate, Consent and Agreement among the Partnership, the Authority, and the Bank;
- Environmental Indemnity Agreement made by the Partnership and the Authority in favor of the Bank;
- Replacement Reserve and Security Agreement between the Partnership and the Bank;
- Completion Guaranty made by the Authority in favor of the Bank;
- Payment Guaranty made by the Authority in favor of the Bank;
- Assignment of Loan Documents by the Authority and acknowledged by the Partnership in favor of the Bank;
- Collateral Assignment of Rights to Tax Credits and Partnership Interests by the Partnership and the Authority in favor of the Bank;
- Collateral Assignment and Pledge of Developer Fees and Security Agreement by the Authority and acknowledged by the Partnership in favor of the Bank;
- Assignment of Management Agreement and Consent and Subordination of Manager by the Partnership and FPI Management, Inc. in favor of the Bank;
- Assignment of Construction and Design Agreements by the Partnership in favor of the Bank;

- Contractor's Consent to Assignment of Construction Contract by Walsh Construction Co./Washington in favor of the Bank;
- UCC-1 Financing Statement naming the Partnership, as debtor, and the Bank, as secured party;
- UCC-1 Financing Statement naming the Partnership and the Authority, as debtors, and the Bank, as secured party;
- Borrower Administrative Questionnaire by the Partnership;
- Rate Lock Confirmation and Agreement by the Partnership in favor of the Bank;
- Rate Lock Guaranty by the Authority in favor of the Bank;
- Regulatory Agreement between the Authority and the Partnership;
- Federal Tax Exemption Certificate and Agreement between the Authority and the Partnership;

Amazon Loan Documents

- Loan Agreement between the Partnership and Amazon;
- Promissory Note by the Partnership payable to Amazon;
- Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, from the Partnership in favor of Amazon;
- Affordable Housing Covenant Agreement by the Partnership in favor of Amazon;
- Environmental Indemnity Agreement made by the Partnership and the Authority for the benefit of Amazon;
- Limited Guaranty by the Authority in favor of Amazon;
- UCC-1 Financing Statement naming the Partnership, as debtor, and Amazon, as secured party;

TCRA Loan Documents

- Affordable Housing Development Agreement between TCRA and the Authority;
- Promissory Note by the Authority payable to TCRA;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of TCRA;
- Regulatory Agreement by the Partnership in favor of TCRA;

City Loan Documents

- Affordable Housing Development Agreement between the City and the Authority;
- Promissory Note by the Authority payable to the City;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of the City;
- Regulatory Agreement by the Partnership in favor of the City;

Housing Authority Loan Documents

- Omnibus Loan Agreement between the Partnership and the Authority;

- Promissory Note (Housing Hilltop – Omnibus Loan #1) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #2) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #3) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #4) by the Partnership in favor of the Authority;
- Promissory Note (Housing Hilltop – Omnibus Loan #5) by the Partnership in favor of the Authority;
- Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Omnibus Loan – Housing Hilltop) from the Partnership in favor of the Authority;
- Hazardous Substances Warranty/Indemnity Agreement between the Partnership and the Authority;

Commerce Documents

- One or more Specific Terms and Conditions, Housing Trust Fund Contract between the Washington State Department of Commerce (“Commerce”) and the Authority or the Partnership, together with the Housing Trust Fund (HTF) General Terms and Conditions attached thereto;
- One or more Promissory Note by the Authority or the Partnership payable to Commerce;
- One or more Leasehold Deed of Trust by the Partnership and/or the Authority in favor of Commerce;
- One or more Low Income Housing Covenant Agreement by the Partnership and/or the Authority in favor of Commerce;

County Documents

- Loan Agreement between the County and the Authority;
- Promissory Note by the Authority payable to the County;
- Leasehold Deed of Trust and Security Agreement from the Partnership in favor of the County;
- Regulatory Agreement by the Partnership in favor of the County;

Real Estate Documents

- Lease Agreement between the Authority and the Partnership;
- Memorandum of Lease Agreement between the Authority and the Partnership;
- Commercial Space Sublease between the Authority and the Partnership;
- Parking Easement Agreement by the Authority and agreed to and consented to by the Partnership and The Alberta J. Canada LLLP;
- Priority and Subordination Agreement among the Authority, the Partnership, the Bank, Amazon, TCRA, the City, the Commission, Commerce (if applicable), and the County (if applicable);

- Subordination and Intercreditor Agreement among the Bank, Amazon, and the Partnership;

Miscellaneous Documents

- Regulatory Agreement (Extended Use Agreement) among the Commission, the Authority and the Partnership;
- LIHTC/HUD Management Agreement for Housing Hilltop Apartments, together with Addendum to Property Management Agreement, each between the Partnership and FPI Management, Inc.;
- AIA Document 141-2014 Standard Form of Agreement Between Owner and Design-Builder between the Partnership and Walsh Construction Co./Washington, together with one or more amendments thereto;
- Professional Services Contract between the Authority and J.H. Brawner & Company.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary 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 2022-10-26 (1) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a regular meeting of the Authority held at the regular meeting place on October 26, 2022 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That the public was notified of access options for remote participation in the Meeting www.tacomahousing.org; and;

3. That the Meeting was duly convened, held, and included an opportunity for public comment, 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, 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 26th day of October, 2022.



APRIL BLACK, Secretary and Executive Director of
the Authority

[CERTIFICATE]