



Legislation Details (With Text)

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Title: Resolution approving the Housing Authority of the City of Milwaukee to take all action necessary in connection with the rehabilitation and Rental Assistance Demonstration (RAD) conversion of the Townhomes at Carver, including serving as Guarantor for all loans related thereto and as developer for the Townhomes at Carver

Sponsors: THE CHAIR

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Attachments:

Date	Ver.	Action By	Action	Result	Tally
4/13/2022	0	HOUSING AUTHORITY	ADOPTED	Pass	2:0

13318

Original

The Chair

Resolution approving the Housing Authority of the City of Milwaukee to take all action necessary in connection with the rehabilitation and Rental Assistance Demonstration (RAD) conversion of the Townhomes at Carver, including serving as Guarantor for all loans related thereto and as developer for the Townhomes at Carver

WHEREAS, the Rental Assistance Demonstration program (“**RAD**”) permits public housing authorities to redevelop public housing and is a key component of the U.S. Department of Housing and Urban Development (“**HUD**”)’s plan for preserving affordable rental housing, encouraging greater efficiency among HUD programs, and building viable communities;

WHEREAS, the Housing Authority of the City of Milwaukee (the “**Authority**”) authorized the creation of an LLC Owner for Townhomes at Carver Park, a 122-unit residential housing development with other ancillary improvements, and approved the submission of a Financing Plan Proposal to HUD for the RAD Conversion of the Project;

WHEREAS, the Project is currently owned by Carver Park Tax Credit Limited Partnership (the “**Partnership**”);

WHEREAS, Townhomes at Carver LLC, a Wisconsin limited liability company (the “**Project Owner**”) was formed to be the LLC Owner of the Project pursuant to Articles of Organization (the “**Articles**”), filed on October 15, 2021 with the State of Wisconsin Department of Financial Institutions;

WHEREAS, the Authority authorized the formation of Townhomes at Carver Development LLC, a Wisconsin limited liability company (the “**Company**”), to be the sole Managing Member of the Project Owner, pursuant to Articles of Organization, (the “**Articles**”), filed October 15, 2021 with the State of Wisconsin Department of Financial Institutions;

WHEREAS, the Authority is the sole member and managing member of the Company pursuant to that certain Operating Agreement for the Company, effective October 15, 2021 (the “**Operating Agreement**”), as authorized by the Authority;

WHEREAS, the Project Owner was organized for the purpose, among others, of acquiring, rehabilitating, developing, owning and operating the Project;

WHEREAS, the Wisconsin Housing and Economic Development Authority ("**WHEDA**") awarded the Project Owner low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code for the rehabilitation of the Project;

WHEREAS, in connection with the rehabilitation of the Project, pursuant to the letter of intent dated October 26, 2021, and any amendments thereto (the "**Letter of Intent**"), issued by RBC Capital Markets, RBC Community Investments, LLC, an Illinois limited liability company ("**RBC**"), will invest as investor member of the Project Owner (the "**Investor Member**") and RBC Community Investments Manager II, Inc., a Delaware corporation will invest as special investor member (the "**Special Investor Member**");

WHEREAS, in connection with the rehabilitation of the Project, the Company Investor Member and Special Investor Member desire to enter into an Amended and Restated Operating Agreement for the Project Owner (the "**Amended and Restated Operating Agreement**"), and various other agreements, certificates and documents required thereunder or described therein;

WHEREAS, in connection with the RAD Conversion, the Project Owner, the Authority and HUD entered into that certain RAD Conversion Commitment (the "**RCC**"); dated February 21, 2022;

WHEREAS, as part of the RAD Conversion, the Partnership shall convey to the Authority, pursuant to a **[Special Warranty Deed]** (the "**Deed**"), a fee interest in the Project, which includes certain real property (the "**Land**") and other buildings and improvements situated thereon (the "**Improvements**");

WHEREAS, pursuant to a Ground Lease Agreement, the Project Owner shall acquire a leasehold interest in the Land and a fee interest in the Improvements;

WHEREAS, in connection with the rehabilitation of the Project, the Project Owner shall receive a loan from WHEDA in the approximate principal amount of [Six Million Nine Hundred Thousand Dollars (\$6,900,000)] or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the "**WHEDA Loan**"), and in the approximate principal amount of [Two Hundred Thousand Dollars (\$200,000)], or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the "**WHEDA CMF Loan**") (the WHEDA Loan and the WHEDA CMF Loan are collectively the "**WHEDA Loans**");

WHEREAS, in connection with the rehabilitation of the Project, the Project Owner has secured or is attempting to secure a loan from Associated Bank ("**Associated Bank**") in the approximate principal amount of [Seven Million Dollars (\$7,000,000)] or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the "**Associated Bank Loan**");

WHEREAS, in connection with the rehabilitation of the Project, the Project Owner shall receive an acquisition loan from the Authority in the approximate principal amount of [Five Million Two Hundred Eighty Four (\$5,284,000)] or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the "**Authority Loan**").

WHEREAS, as a condition of investing as a member of the Project Owner, the Investor Member has required the Authority to guarantee certain obligations of the Project Owner (the "**Guaranty**"), and has further required the Authority to enter into certain agreements, instruments and documents in connection therewith and with the admission of the Investor Member into the Project Owner; and

WHEREAS, to induce RBC to invest as Investor Member, the Authority has agreed to act as the developer for the Project under the terms of a development agreement, as amended (the "**Development Agreement**").

NOW, THEREFORE, BE IT RESOLVED, that Authority's formation of the Project Owner as the future owner of the Project is hereby confirmed and authorized; and be it

FURTHER RESOLVED, that the Authority's formation of the Company as Managing Member of the Project Owner is hereby confirmed and authorized; and be it

FURTHER RESOLVED, that the Authority is hereby authorized to serve as Managing Member of the Company; and be it

NOW, THEREFORE, BE IT RESOLVED, that the Authority in its own capacity, as applicable and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents to acquire a leasehold interest in the Land and a fee interest in the Improvements therein, and to negotiate, enter into, execute and deliver all agreements, instruments, certificates and documents required thereunder or in connection therewith ("**Ground Lease Documents**"), and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by Authority as they pertain to the Authority and/or the Authority's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver, any and all documents in connection with the RAD Conversion, including, but not limited to, the RCC, RAD PBV Housing Assistance Payments Contract (the "**RAD HAP**"), the RAD Use

Agreement, Certification and Assurances, Consolidated Owner's Certification, Release from Declaration of Trust, Management Agreement, Management Plan (the "**RAD Documents**"), and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by the Authority as they pertain to the Authority and/or the Authority's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents in connection with the Associated Bank Loan, including, but not limited to the Loan Agreement, Mortgage and Note (the "**Associated Bank Loan Documents**"); and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by the Authority as they pertain to the Authority and/or the Authority's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents in connection with the WHEDA Loan, including, but not limited to, the Loan Agreement, Note and the Land Use Restriction Agreements (the "**WHEDA Loan Documents**"); and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by the Authority as they pertain to the Authority and/or the Authority's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver, any and all documents in connection with the Authority Loans, including, but not limited to, Loan Agreement, Mortgages and Notes (the "**Authority Loan Documents**"); and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by the Authority as they pertain to the Authority and/or the Authority's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents in connection with the admission of Investor Member and Special Investor Member into the Project Owner including, without limitation, the Development Agreement, the Purchase Option and Right of First Refusal, and the Amended and Restated Operating Agreement continuing the operation of the Project Owner; and be it

FURTHER RESOLVED, that the Authority in its own capacity is hereby authorized, empowered, and directed to enter into, execute, and deliver the Guaranty; and be it

FURTHER RESOLVED, that the Authority in its own capacity and as Managing Member of the Company is hereby authorized, empowered, and directed to enter into, execute, and deliver the Development Agreement; and be it

FURTHER RESOLVED, that the Authority is hereby authorized, empowered, and directed to furnish to RBC all due diligence materials specified in RBC's closing checklist, as the same may be modified and supplemented by RBC for the Project or otherwise requested by RBC in connection with its investment in the Project Owner; and be it

FURTHER RESOLVED, that the Secretary-Executive Director of the Authority, or his designee, is hereby authorized to execute any and all Acquisition Documents, RAD Documents, WHEDA Loan Documents, Associated Bank Loan Documents and Authority Loan Documents as they pertain to the Authority and/or the Authority's interest in the Project; and be it

FURTHER RESOLVED, that all acts previously performed, relative to this matter, by the Authority's Board and the Secretary-Executive Director of the Authority, are hereby approved, ratified and confirmed in all respects; and be it

FURTHER RESOLVED, that the Secretary-Executive Director of the Authority or his designee, is hereby authorized, empowered and directed to take any and all such action on behalf of the Authority in its own capacity, as applicable, and as the Managing Member of the Company, as deemed necessary or desirable by the Secretary-Executive Director of the Authority in connection with the RAD Conversion; and be it

FURTHER RESOLVED, that the Secretary-Executive Director of the Authority or his designee, is hereby authorized, empowered, and directed to take such further action on behalf of the Authority as they deem necessary to effectuate the foregoing.

Housing Management, Fernando Aniban, 04/07/2022