



Legislation Text

File #: R13067, **Version:** 0

R13067

Original

Chair

Resolution approving the Housing Authority of the City of Milwaukee to take all action necessary in connection with the rehabilitation RAD conversion of Holton Terrace, including serving as guarantor for all loans related thereto; and as developer for Holton Terrace

WHEREAS, the Housing Authority of the City of Milwaukee (the “**Authority**”) is the sole and managing member (“**Managing Member**”) of Holton Terrace Development LLC, a Wisconsin limited liability company (“**Holton Terrace Development**”), pursuant to that certain Operating Agreement for Holton Terrace Development LLC, effective June 26, 2018 (the “**Operating Agreement**”), adopted by resolution dated April 17, 2019;

WHEREAS, Holton Terrace Development is the sole and managing member of Holton Terrace LLC, a Wisconsin limited liability company (“**Holton Terrace LLC**”) pursuant to that certain Operating Agreement for Holton Terrace LLC, effective June 26, 2018 (the “**Operating Agreement**”), adopted by resolution dated April 17, 2019;

WHEREAS, Holton Terrace LLC was organized for the purpose, among others, of acquiring, rehabilitating, developing, owning and operating a 120-unit low income residential apartment building located at 2825 North Holton Street, Milwaukee, Wisconsin, known as Holton Terrace (the “**Project**”);

WHEREAS, pursuant to a Special Warranty Deed from the Authority, as grantor, and Holton Terrace LLC, as grantee (the “**Deed**”), Holton Terrace LLC shall acquire a fee interest in the Project, as well as certain real property and other buildings and improvements situated thereon, as more particularly described on Exhibit A attached hereto (the “**Property**”);

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, as approved by a duly adopted resolution of the Authority’s Board of Commissioners (the “**Authority’s Board**”) dated March 15, 2018, the Authority approved the conversion of Holton Terrace from public housing operating assistance to RAD Section 8 project based voucher (“**PBV**”) assistance under Section 8(o)(13) of the United States Housing Act of 1937, as amended (the “**RAD Conversion**”);

WHEREAS, the Wisconsin Housing and Economic Development Authority (“**WHEDA**”) provides awards of low-income housing tax credits pursuant to Section 42

of the internal Revenue Code to meet the affordable housing and community development needs of low and moderate income persons;

WHEREAS, pursuant to duly adopted resolutions of the Authority’s Board dated December 14, 2017 the Authority submitted an application for and was awarded low- income housing tax credits for the rehabilitation of 100 units within the Project;

WHEREAS, in connection with the RAD Conversion, Holton Terrace LLC, the Authority and HUD will enter into that certain RAD Conversion Commitment (the “**RCC**”) to be issued prior to closing on the Project;

WHEREAS, in connection with the rehabilitation of the Project, Holton Terrace LLC shall receive a loan from WHEDA in the approximate principal amount of One Million Two Hundred Thousand Dollars (\$1,200,000) or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the “**WHEDA Loan**”);

WHEREAS, in connection with the rehabilitation of the Project, Holton Terrace LLC has secured or is attempting to secure a loan from Associated Bank ("**Associated Bank**") in the approximate principal amount of Three Million Six Hundred Thirty-Five Thousand Dollars (\$3,635,000) 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, Holton Terrace LLC shall receive a federal funds loan from the Authority in the approximate principal amount of One Million Five Hundred Sixteen Thousand Eight Hundred Thirty-Two Dollars (\$1,516,832) or such other amount as deemed acceptable by the Secretary- Executive Director of the Authority (the "**Authority Federal Funds Loan**") and an acquisition loan from the Authority in the approximate principal amount of Four Million Seven Hundred Sixty Thousand Dollars (\$4,760,000) or such other amount as deemed acceptable by the Secretary-Executive Director of the Authority (the "**Authority Land Loan**") (collectively the "**Authority Loans**");

WHEREAS, in connection with the rehabilitation of the Project, pursuant to the letter of intent dated October 29, 2018, and any amendments thereto (the "**Letter of Intent**"), issued by RBC Tax Credit Equity, LLC, an Illinois limited liability company ("**RBC**"), in the manner and pursuant to the terms and conditions described in the Letter of Intent, RBC will invest as investor member of Holton Terrace LLC (the "**Investor Member**");

WHEREAS, in connection with the rehabilitation of the Project, Holton Terrace Development and the Investor Member desire to enter into an Amended and Restated Operating Agreement, by and among Holton Terrace Development, as managing member, RBC as Investor Member, and RBC Tax Credit Manager II, Inc., a Delaware

corporation, as special investor member (the "**Special Investor Member**") (the "**Amended and Restated Operating Agreement**"), and various other agreements, certificates and documents required thereunder or described therein;

WHEREAS, as a condition of investing as a member of Holton Terrace LLC, the Investor Member has required that the Authority guarantee certain obligations of Holton Terrace LLC (the "**Guaranty**"), and has further required that the Authority enter into certain agreements, instruments and documents in connection therewith and with the admission of the Investor Member into Holton Terrace LLC; 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 (the "**Development Services Agreement**").

NOW, THEREFORE, BE IT RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents transferring the Property to Holton Terrace LLC, including, but not limited to the Deed to the Property as described herein and to negotiate, enter into, execute and deliver all agreements, instruments, certificates and documents required thereunder or in connection therewith (the "**Acquisition 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 Holton Terrace Development are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development 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 Holton Terrace Development are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development 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 Holton Terrace Development are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development 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 Holton Terrace Development are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development 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 Holton Terrace Development are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Authority in its own capacity, as applicable, and as Managing Member of Holton Terrace Development is hereby authorized, empowered, and directed to enter into, execute, and deliver any and all documents in connection with the admission of RBC as the Investor Member into Holton Terrace LLC including, without limitation, the Amended and Restated Operating Agreement continuing the operation of Holton Terrace LLC; 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 Holton Terrace Development is hereby authorized, empowered, and directed to enter into, execute, and deliver the Development Services 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 (the “**Checklist**”) or otherwise requested by RBC in connection with its investment in Holton Terrace LLC; 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 Holton Terrace Development; 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 Holton Terrace Development, 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, Kaylin Nuss - Director of Strategic Initiatives