



Legislation Text

File #: R13066, **Version:** 0

R13066

Original

Chair

Resolution approving Holton Terrace Development LLC, as sole and managing member of Holton Terrace LLC; approval and authorization of the RAD conversion of Holton Terrace; the execution of all loan documents related to the RAD conversion of Holton Terrace and the admission of the investor member and special investor member to Holton Terrace LLC

WHEREAS, Holton Terrace LLC, a Wisconsin limited liability company ("**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, the Housing Authority of the City of Milwaukee (the "**Authority**") is the sole and managing member of the Holton Terrace Development LLC, a Wisconsin limited liability company (the "**Company**") 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, the Company is the sole and managing member of 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, 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 the Company, 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**"); and

WHEREAS, in connection with the rehabilitation of the Project, the Company and the Investor Member desire to enter into an Amended and Restated Operating Agreement, by and among the Company, as managing member (the "**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.

NOW, THEREFORE, BE IT RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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 Company related thereto are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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 consummate the transactions contemplated thereby, and such actions heretofore taken by the Company related thereto are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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 consummate the transaction contemplated thereby, and such actions heretofore taken by the Company related thereto are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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 consummate the transaction contemplated, and such actions heretofore taken by the Company related thereto are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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 consummate the transaction contemplated thereby, and such actions heretofore taken by the Company related thereto are hereby approved and ratified; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC 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, but not limited to, the Amended and Restated Operating Agreement continuing the operation of Holton Terrace LLC; and be it

FURTHER RESOLVED, that the that the Company in its own capacity and as Managing Member of Holton Terrace LLC is hereby authorized, empowered, and directed to execute deliver, file, and publish any required certificates with the State of Wisconsin; and be it

FURTHER RESOLVED, that the Company in its own capacity and as Managing Member of Holton Terrace LLC is hereby authorized, empowered, and directed to execute and deliver all other Project investment closing documents 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 the Company; and be it

FURTHER RESOLVED, that the Company be and it is hereby authorized, empowered, and directed to furnish to RBC all due diligence materials specified in the Checklist or otherwise requested by RBC in connection with its investment in the Company; and be it

FURTHER RESOLVED, that the Secretary-Executive Director of the Authority, or his designee, are hereby authorized, empowered, and directed to execute and deliver all documents, and that such officers or staff of the Company be and are thereby authorized, empowered, and directed to furnish all materials, necessary to consummate the formation of the Company and the investment by RBC as Investor Member thereof in accordance with the Letter of Intent, the Checklist, and the foregoing resolutions, and that any previous execution and delivery or furnishing of documents and materials by such officers or staff be and it is hereby authorized, confirmed, and ratified; 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 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 Company as they deem necessary to effectuate the foregoing.

Housing Management, Kaylin Nuss-Director of Strategic Initiatives, 5/31/2019