



Legislation Text

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R13432

Original

The Chair

Resolution approving the Housing Authority of the City of Milwaukee (HACM) to take all action necessary in connection with the rehabilitation of Highland Gardens, including serving as Guarantor for all loans related thereto and as Developer for Highland Gardens.

WHEREAS, the Housing Authority of the City of Milwaukee (“**HACM**”) authorized the creation of an LLC Owner for Highland Gardens, a 114-unit residential housing development with other ancillary improvements (the “**Project**”);

WHEREAS, the Project is currently owned by Highland Park Community LLC (the “**Current LLC**”);

WHEREAS, Highland Gardens LLC, a Wisconsin limited liability company (the “**Project Owner**”) was formed to be the LLC Owner of the Project pursuant to Articles of Organization, filed on July 11, 2023 with the State of Wisconsin Department of Financial Institutions;

WHEREAS, HACM authorized the formation of Highland Gardens Development LLC, a Wisconsin limited liability company (the “**Company**”), to be the sole Managing Member of the Project Owner, pursuant to Articles of Organization, filed July 11, 2023 with the State of Wisconsin Department of Financial Institutions;

WHEREAS, HACM is the sole member and managing member of the Company pursuant to that certain Operating Agreement for the Company, effective July 11, 2023 (the “**Operating Agreement**”), as authorized by HACM;

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, investor members to be named will invest as investor members of the Project Owner (the “**Investor Members**”) pursuant to a Letter of Intent to be provided, and a special investor member to be named will invest as special investor member (the “**Special Investor Member**”);

WHEREAS, in connection with the rehabilitation of the Project, the Investor Members and Special Investor Member shall 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 rehabilitation of the Project, the Current LLC shall convey to the Company, 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, in connection with the rehabilitation of the Project, the Project Owner shall receive a construction loan from WHEDA in the approximate principal amount of Eight Million Two Hundred Eighteen Thousand and Seven Hundred Ninety Seven Dollars (\$8,218,797) or such other amount as deemed acceptable by the Secretary-Executive Director of HACM (the “**WHEDA Construction Loan**”), and in the approximate principal amount of Two Million Five Hundred Twenty Seven Thousand Six Hundred Twenty Two Dollars (\$2,527,622), or such other amount as deemed acceptable by the Secretary- Executive Director of HACM (the “**WHEDA Permanent Loan**”) (the WHEDA Construction Loan and the WHEDA Permanent Loan are collectively the “**WHEDA Loans**”);

WHEREAS, as a condition of WHEDA extending loan into the Project, WHEDA shall require HACM to provide corporate guarantee

on the loan and guarantee certain obligations of the Project Owner (the "**Guaranty**"), and shall further require HACM to enter into certain agreements, instruments and documents in connection therewith; and

WHEREAS, in connection with the rehabilitation of the Project, the Project Owner shall receive an acquisition loan from HACM in the approximate principal amount of Eight Million Five Hundred Fifty Thousand Dollars (\$8,550,000) or such other amount as deemed acceptable by the Secretary-Executive Director of HACM (the "**HACM Loan**").

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

WHEREAS, HACM 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 HACM's formation of the Project Owner as the future owner of the Project is hereby confirmed and authorized; and be it

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

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

NOW, THEREFORE, BE IT FURTHER RESOLVED, that HACM 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 Loans, including, but not limited to, the Loan Agreement, Mortgage, 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 HACM as they pertain to HACM and/or HACM's interest in the Project are hereby approved and ratified; and be it

FURTHER RESOLVED, that HACM 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 HACM Loan, including, but not limited to, Loan Agreement, Mortgages and Notes (the "**HACM Loan Documents**"); and to perform all of its obligations thereunder, and to consummate the transaction contemplated thereby, and such actions heretofore taken by HACM as they pertain to HACM and/or HACM's interest in the Project are hereby approved and ratified; and be it

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

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

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

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

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

Attachments:

Project Description
Project Proforma
Draft of Construction Management Contract

Housing Management 10/19/2023