

RESOLUTION NO. 2254

RESOLUTION AUTHORIZING THE HOUSING AUTHORITY OF THE CITY OF SALEM, OREGON (THE “**HOUSING AUTHORITY**”) APPROVING AND AUTHORIZING THE AUTHORIZED REPRESENTATIVE TO TAKE ALL ACTIONS NECESSARY TO CLOSE ON PROJECT FINANCING IN CONNECTION WITH THE REHABILITATION OF A 54-UNIT SCATTERED SITE MULTIFAMILY RENTAL HOUSING PROJECT KNOWN AS THE LIVINGSTON AND NORTHGATE PROPERTIES (COLLECTIVELY THE “**PROJECT**”); AND TO SERVE AS THE SPONSOR AND GUARANTOR OF THE PROJECT.

WHEREAS, the Housing Authority was created under the laws of the State of Oregon for the purpose of financing, planning, undertaking, constructing and operating housing in the City of Salem; and

WHEREAS, ORS 456.120(18) provides that a housing authority may enter in a partnership agreement with or loan money to an individual, partnership, Housing Authority or other association to finance, plan, undertake, construct, acquire or operate a housing project; and

WHEREAS, ORS 456.065 defines “housing project” to include, among other things, “any work or undertaking ...to provide decent, safe, sanitary urban or rural housings for persons or families of lower income”; and

WHEREAS, ORS 456.055 and 456.175 provide that a housing authority may issue bonds, notes, interim certificates, debentures or other obligations for any of its corporate purposes; and

WHEREAS, the Housing Authority has determined that it is consistent with its purpose to rehabilitate the Project located at 2903 – 2977 Hawthorne Avenue NE, Salem, OR 97301 (Livingston) and 3501 – 3575 Hawthorne Avenue NE, Salem, OR 97301 (Northgate) (collectively the “**Property**”); and

WHEREAS, the Property is currently owned by the Housing Authority; and

WHEREAS, the Housing Authority formed a partnership known as Salem Housing Preservation 4 Percent Limited Partnership, an Oregon limited partnership (the “**Partnership**”), for the purpose of carrying out the Project, in which the Housing Authority is the general partner, and Salem Affordable Housing LLC is the sole initial limited partner; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority and the Project to sell the Property to the Partnership; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority and the Project to hold a note from the Partnership for a portion of the **\$9,530,000** sales price of the Property in the amount of **\$8,338,750** (the “**Seller Loan**”) (as such amount may change based on underwriting); and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing

Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project to obtain a low-income housing tax credit ("LIHTC") investment in the Partnership of approximately **\$5,804,472** (which amount may change based on underwriting) (the "LP Investment") from U.S. Bancorp Community Development Corporation, a Minnesota corporation, and/or its successors or assigns ("USBCDC") and to admit USBCDC as limited partner of the Partnership; and

WHEREAS, upon the admission of USBCDC as a limited partner of the Partnership, Salem Affordable Housing LLC desires to withdraw as the initial limited partner of the Partnership; and

WHEREAS, as part of the LP Investment, USBCDC requires that the current Agreement of Limited Partnership of the Partnership be amended and restated in its entirety to reflect the terms of the LP Investment (the "**Amended Partnership Agreement**"); and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project to take all actions reasonably necessary to facilitate the LP Investment in the Partnership by USBCDC by entering into all reasonably necessary agreements with USBCDC and the Partnership (collectively the "**Syndication Documents**") and by taking such further actions as are reasonably necessary as to facilitate the LP Investment in the Partnership by USBCDC; and

WHEREAS, the Housing Authority will be required to enter into a guaranty agreement in favor of USBCDC guaranteeing payment and performance of the obligations and duties of the Housing Authority under the Syndication Documents; and

WHEREAS, the Housing Authority (in its individual capacity and as general partner of the Partnership) has determined it to be in the best interests of the Housing Authority, the Partnership, and the Project for the Partnership and the Housing Authority to enter into such documents as are reasonably necessary to obtain from U.S. Bank National Association, a national banking association ("**Bank**") a loan to the Partnership in the maximum amount of up to **\$9,400,000** for the purpose of constructing and developing the Project ("**Construction Loan**"); and

WHEREAS, in connection with the Construction Loan, the Partnership and Housing Authority (in its individual capacity and as general partner of the Partnership) will be required to enter into such documents (the "**Construction Loan Documents**") as required to obtain the Construction Loan from Bank; and

WHEREAS, the Housing Authority will be required to provide certain guaranties and indemnities to the Bank in connection with the Construction Loan; and

WHEREAS, upon meeting certain conditions, the Construction Loan shall be repaid in full with loan proceeds from a permanent loan in the approximate amount of **\$3,528,220** (the "**Permanent Loan**") which shall be made and serviced by the Network for Oregon Affordable Housing ("**NOAH**") and the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project for the Partnership and the Housing Authority to enter into such documents (the "**NOAH Commitment**") to obtain the Permanent Loan from NOAH; and

WHEREAS, the Construction Loan will be used to cash collateralize certain tax-exempt bonds in the maximum amount of up to **\$11,000,000** (the “**Bonds**” and the “**Bond Issuance**”), the proceeds of which Bonds shall be disbursed to the Partnership to pay for construction costs related to the rehabilitation of the Project; and

WHEREAS, in connection with the Bond Issuance, the Partnership and the Housing Authority (in its individual capacity and as general partner of the Partnership) will be required to execute such documents as may be required by the State of Oregon, acting by and through its State Treasurer, and its Housing and Community Services Department (collectively, the “**Issuer**”) and/or bond counsel (together, the “**Bond Documents**”); and

WHEREAS, to fund the Bond Issuance, the Bonds will be purchased by U.S. Bancorp Investments, Inc. (the “**Underwriter**”) and offered for public sale (the “**Public Sale**”); and

WHEREAS, in connection with the Public Sale, the Partnership and the Housing Authority (in its individual capacity and as general partner of the Partnership) will be required to execute such documents as may be required by the Issuer, the Underwriter, and/or bond counsel (together, the “**Public Sale Documents**”); and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership) the Partnership, and the Project to cause the Housing Authority to contribute funds to the Partnership in the approximate amount of **\$1,191,250** (the “**Sponsor Funds**”) to be used for Project purposes; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership) the Partnership, and the Project to enter into such agreements as are reasonably necessary to obtain a grant in the approximate amount of **\$1,725,000** of State Lottery Backed Bonds for Preservation funds (the “**Preservation Funds**”) from the State of Oregon acting by and through its Housing and Community Services Department to be used for Project purposes; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project to enter into such agreements as are reasonably necessary to obtain a grant in the approximate amount of **\$23,000** from Energy Trust of Oregon (the “**ETO Funds**”) to be used for Project purposes; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project to enter into such agreements as are reasonably necessary to loan the proceeds of the Sponsor Funds, the Preservation Funds, and the ETO Funds to the Partnership (collectively the “**Sponsor Loan**”); and

WHEREAS, the Authority desires to convert its public housing units in the Project to project-based Section 8 units pursuant to the United States Department of Housing and Urban Development’s (“**HUD**”) Rental Assistance Demonstration (“**RAD**”) program; and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing

Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project to authorize the execution and delivery of certain agreements for architectural, construction, and technical related services related to the Project (the “**Project Documents**”); and

WHEREAS, the Housing Authority has determined it to be in the best interests of the Housing Authority (in its individual capacity and as general partner of the Partnership), the Partnership, and the Project for the Housing Authority to assign to the Partnership certain Project Documents the Housing Authority entered into prior to the admission of USBCDC as the limited partner.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SALEM, OREGON AS FOLLOWS:

1. Approve Amended Partnership Agreement, Admission of Limited Partner; Execution of Related Agreements, including the Guaranty Obligations.

BE IT RESOLVED, that the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority and/or the Partnership, as the case may be, a letter of intent relating to an anticipated Amended Partnership Agreement of the Partnership among the Housing Authority (as general partner), Salem Affordable Housing LLC (as withdrawing limited partner), and USBCDC (as the sole limited partner), in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document);

BE IT FURTHER RESOLVED, that the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority and/or the Partnership, as the case may be, the Syndication Documents listed on the attached **Exhibit A** (whether bearing the name listed or names to similar effect) and such other documents as reasonably may be required in connection with the closing of the LP Investment by USBCDC, all in the form approved by any single Authorized Representative.

2. Authorize Sale of Property to the Partnership.

BE IT RESOLVED, that the Housing Authority is authorized to negotiate, execute, and deliver on behalf of the Housing Authority and/or the Partnership, as the case may be, the documents as reasonably may be required in connection with the sale of the Property to the Partnership all in the form and for a price approved by any single Authorized Representative.

3. Authorize Seller Loan.

BE IT RESOLVED, that in connection with the sale of the Improvements, the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, or its capacity as general partner of the Partnership) and/or the Partnership, as the case may be, the Seller Loan Documents listed on the attached **Exhibit A** and such other documents as reasonably may be required in connection with the Seller Loan all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

4. Authorize Construction Loan from Bank.

BE IT RESOLVED that the Construction Loan is approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) and/or the Partnership, as the case may be, the Construction Loan Documents listed on the attached **Exhibit A** (whether bearing the name listed or names to similar effect) and such other documents as reasonably may be required in connection with the closing of the Construction Loan all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

5. Authorize NOAH Commitment.

BE IT RESOLVED that the Permanent Loan is approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) and/or the Partnership, as the case may be, the NOAH Commitment, all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

6. Authorize Bond Documents.

BE IT RESOLVED that the Bonds are approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) and/or the Partnership, as the case may be, the Bond Documents listed on the attached **Exhibit A** and such other documents as reasonably may be required in connection with the issuance of the bonds all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

7. Authorize Public Sale Documents.

BE IT RESOLVED that the Public Sale is approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) and/or the Partnership, as the case may be, the Public Sale Documents listed on the attached **Exhibit A** and such other documents as reasonably may be required in connection with the issuance of the bonds all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

8. Authorize Contribution of Sponsor Funds to the Partnership.

BE IT RESOLVED, that the Sponsor Funds are approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority, such documents as are required to evidence the contribution of the Sponsor Funds to the Partnership.

9. Authorize Receipt of Preservation Funds by Housing Authority.

BE IT RESOLVED, that the Preservation Funds are approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority, such documents as are required to evidence and obtain a grant of the Preservation Funds.

10. Authorize Receipt of ETO Funds by Housing Authority.

BE IT RESOLVED, that the ETO Funds are approved and the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority, such documents as are required to evidence and obtain a grant of the ETO Funds.

11. Authorize Sponsor Loan.

BE IT RESOLVED, that the Housing Authority is authorized to make the Sponsor Loan to the Partnership and to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, or its capacity as general partner of the Partnership) and/or the Partnership, as the case may be, the Sponsor Loan Documents listed on the attached **Exhibit A** and such other documents as reasonably may be required in connection with the Sponsor Loan all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

12. Authorize RAD Transaction.

BE IT RESOLVED, that the Housing Authority is authorized to negotiate, execute and deliver on behalf of the Housing Authority and/or the Partnership, as the case may be, the documents necessary to close on the RAD transaction including but not limited to the execution and delivery of those documents identified on **Exhibit A**.

13. Authorize Execution of LIHTC Credit Reservation.

BE IT RESOLVED, that the Housing Authority is authorized to negotiate, execute, and deliver on behalf of the Housing Authority and/or the Partnership, as the case may be, a LIHTC Reservation and Extended Use Agreement pertaining to the LIHTC Credits anticipated to be awarded in respect of the Project, all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

14. Authorize Project Documents on behalf of Partnership.

BE IT RESOLVED that the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) and/or the Partnership is authorized, empowered and directed to negotiate, enter into, execute, deliver and perform its obligations under any Project Documents respecting the acquisition, design, construction, financing and development of the Project all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized

Representative on such document).

15. Authorize Assignment of Project Documents to the Partnership.

BE IT RESOLVED, that the Housing Authority is authorized to assign to the Partnership and the Partnership is authorized to assume the Project Documents entered into by Housing Authority before USBCDC was admitted as limited partner, all in the form approved by any Authorized Representative (such approval to be conclusively demonstrated by the signature of any Authorized Representative on such document).

16. Authorized Representatives.

BE IT RESOLVED that the following identified persons shall each be an "**Authorized Representative**," as that term is used in these Resolutions, and individually authorized, empowered and directed to execute by a single signature and perform, without the consent or signature of the other Authorized Representative or any other officer or person, the actions authorized herein on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) or the Partnership.

- Steve Powers, Executive Director of the Housing Authority of the City of Salem, Oregon, or his designee
- Nicole Utz, Housing Administrator of the Housing Authority of the City of Salem, Oregon, or her designee
- Kristin Retherford, City of Salem Urban Development Director, or her designee

17. General Resolutions Authorizing and Ratifying Other Actions

BE IT RESOLVED, that any Authorized Representative is authorized to negotiate, execute and deliver on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) or the Partnership, as the case may be, such other agreements, certificates, and documents, and to take or authorize to be taken all such other actions any Authorized Representative shall deem necessary or desirable to carry out the transactions contemplated by the foregoing resolutions (such determination to be conclusively demonstrated by the signature of any Authorized Representative on such document); and

BE IT FURTHER RESOLVED, that to the extent any action, agreement, document or certification has heretofore been taken, executed, delivered or performed by an Authorized Representative named in these Resolutions on behalf of the Housing Authority (whether in its own capacity, its capacity as general partner of the Partnership, its capacity as developer, or its capacity as a guarantor) or the Partnership and in furtherance of the Project, the same is hereby ratified and affirmed.

ADOPTED by the Housing Authority of the City of Salem, Oregon Board of Commissioners this
____ day of _____, 2019.

ATTEST:

Recording Secretary

Approved by City Attorney: _____

EXHIBIT A
PROJECT DOCUMENTS

USBCDC Syndication Documents

1. Amended and Restated Agreement of Limited Partnership of Salem Housing Preservation 4 Percent Limited Partnership
2. Guaranty Agreement;
3. Joint Marketing MOU;
4. Partnership Management Agreement;
5. Development Services Agreement; and
6. Such other documents as required in connection with the closing of the LP Investment by USBCDC

Bank Construction Loan Documents

1. Construction Loan Agreement;
2. Construction Loan Note;
3. Trust Deed, Assignment of Leases and Rents, Security Agreement and Fixture Filing;
4. Repayment and Completion Guaranty;
5. Environmental and ADA Indemnification Agreement;
6. Collateral Assignment of Contract Rights;
7. Assignment of Partnership Interests, Capital Contributions, and Credits;
8. Assignment of Development Services Agreement and Developer Fee Subordination Agreement;
9. Assignment of Property Management Agreement;
10. Assignment and Subordination of Construction Contract;
11. Assignment and Subordination of Architect's Contract;
12. Assignment of Rental Subsidy Agreements;
13. Subordination Agreements; and
14. Such other documents as are required in connection with closing of the Construction Loan.

NOAH Commitment Documents

1. Permanent Loan Commitment Letter

Bond Documents

1. Loan Agreement;
2. Regulatory Agreement;
3. Line of Credit Deed of Trust;
4. Intercreditor Agreement;
5. Priority and Subordination Agreement;
6. Operating Agreement and Declaration of Restrictive Covenants; and
7. Such other documents as are required in connection with the issuance of the Bonds.

Public Sale Documents

2. Bond Purchase Agreement;
3. Remarketing Agreement;
4. Official Statement; and

5. Such other documents as are required in connection with the Public Sale.

Seller Loan Documents

1. Seller Loan Promissory Note;
2. Seller Loan Deed of Trust; and
3. Such other documents as are required in connection with the Seller Loan.

Preservation Funds Documents

1. Preservation Funds Grant Agreement and Declaration of Restrictive Covenants;
2. Preservation Funds Assignment and Assumption Agreement and Declaration of Restrictive Covenants;
3. Tripartite Agreement, Subordination, and Declaration of Restrictive Covenants; and
4. Such other documents as are required in connection with the Preservation Funds grant.

ETO Funds Documents

1. ETO Funds Grant Agreement; and
2. Such other documents as are required in connection with the ETO Funds grant.

Sponsor Loan Documents (Sponsor/Preservation/ETO Funds)

1. Sponsor Loan Promissory Note;
2. Sponsor Loan Deed of Trust; and
3. Such other documents as are required in connection with the loan of the Preservation Funds, Sponsor Funds, and ETO Funds.

RAD Transaction Documents

1. Housing Assistance Payment Payments (HAP) Contract and any applicable Riders;
2. RAD Use Agreement;
3. RAD Conversion Commitment;
4. Certifications and Assurances;
5. Release of Declaration of Trust; and
6. Such other documents as are required in connection with the RAD Transaction.