

Legislation Text

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AN ORDINANCE relating to the financing of an economic development and revitalization project in unincorporated South King County; authorizing the King County executive to execute such financing agreements, promissory notes, security arrangements, and related documents for a \$5,250,000 and a \$1,000,000 Section 108 Loan Guarantee with the United States Department of Housing and Urban Development (HUD) for which King County will pledge future Community Development Block Grant funds for the repayment of the principal and interest due the Department of Housing and Urban Development Fiscal Agent or Trustee and other security; and authorizing the executive to reloan the proceeds from the Section 108 Loan to the White Center Investment Fund, LLC and execute such financing agreements, security arrangements and other related documents, to provide equity financing for the construction of a multi-tenant retail/office plaza in unincorporated King County and to provide security for King County's loan to the White Center Investment Fund, LLC.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of the ordinance have the meanings specific;

A. "Community Development Block Grant (CDBG)" funds means those entitlement monies King County receives through the United States Department of Housing and Urban Development and that are dedicated to the CDBG Fund.

B. "CDBG Entitlement Community" means the local community entitled to receive CDBG monies from the United States Department of Housing And Urban Development.

C. "Housing and Urban Development Section 108 Loan Guarantee" means the guaranteeing by the United States Department of Housing and Urban Development of loans secured by notes issued by a CDBG Entitlement Community and guaranteed by the CDBG Entitlement Community's future CDBG allocation to finance economic development or other capital facilities projects that directly benefit low income people.

D. "HUD Section 108 Loans" means the \$5,250,000 loan and the \$1,000,000 loan to King County in accordance with the terms of the Contracts for Loan Guarantee Assistance with HUD.

E. "Notes" means the promissory notes guaranteed by HUD required under the Contracts for Loan Guarantee Assistance under Section 108 of the Housing and Community Development Act of 1974 ("Contract") executed between King County and the Secretary of Housing and Urban Development, and includes the Fiscal Agency Agreement and the Trust Agreement defined under the Contract.

SECTION 2. The council finds and determines it is necessary and appropriate and in the best interest of the county to contract with the United States Department of Housing and Urban Development for Housing and Urban Development Section 108 Loan Guarantees in the amounts not more than \$5,250,000 and \$1,000,000 to fund the development of a multi-tenant retail/office plaza in the White Center business district by a private for profit developer. The project is consistent with the economic development objectives of King County's adopted Consolidated Housing and Community Development Plan; and upon completion, it will provide goods and services to the White Center community and job opportunities for low-to-moderate income persons.

SECTION 3. The executive is hereby authorized to enter into Contracts for Loan Guarantee Assistance with HUD, Attachment A to this ordinance, in substantially the form attached and to issue nonrecourse promissory notes ("Notes") guaranteed by HUD, Attachment B to this ordinance, in substantially the form attached, in the aggregate principal amount of not more than \$6,250,000. Under the Contracts for Loan Guarantee Assistance, King County will pledge its future CDBG entitlement as security for the Notes, as well

as any other security required by HUD in the Contracts. The executive is also authorized to execute any documents required by HUD to close the HUD Section 108 Loans.

SECTION 4. As required by the HUD Contracts, the executive is also authorized to execute a loan agreement with the White Center Investment Fund, LLC, Attachment C to this ordinance, in substantially the form attached, to provide the available HUD Section 108 Loan proceeds as equity funding for the a multi-tenant retail/office plaza in the White Center business district. The White Center Investment Fund, LLC is required to execute a promissory note in the amount of \$6,250,000 and execute a Pledge and Security Agreement, Attachment D to this ordinance. The executive is also authorized to execute any documents required in order to close the Investment Fund loan.

SECTION 5. As required by the HUD Contracts, the executive is authorized to execute a Collateral Agency Agreement with the NDC New Markets Investments XL, LLC and the White Center Investment Fund, LLC, Attachment E to this ordinance, in substantially the form attached, to allow the county to act as the collateral agent for NDC New Markets Investments XL, LLC to ensure completion of the project and compliance with the HUD Section 108 Loan related requirements. The executive is also authorized to execute any required collateral assignment to HUD required by the Contracts.

SECTION 6. The executive is authorized to execute a related Subordination and Standstill Agreement with the Vong Brothers, LLC, Attachment F to this ordinance, in substantially the form attached, to increase the security of King County's Loan to the White Center Investment Fund, LLC.

SECTION 7. The executive is also authorized to execute an Indenture and Custodial Agreement with the Bank of New York, Attachment G to this ordinance, in substantially the form attached, to manage and account for payments from the White Center Investment Fund, LLC under the loan agreement, or related security, and repayments of the HUD Section 108 Loans.

SECTION 8. The executive is also authorized to execute a CDE Interest Control Agreement, Attachment H to this ordinance, in substantially the form attached, to perfect the county's security interest in

the collateral pledged to the county for the Investment Fund loan.

SECTION 9. The executive is also authorized to execute a Waiver and Consent Agreement, Attachment I to this ordinance, in substantially the form attached, to provide flexibility to the New Market tax credit investors.

SECTION 10. The HUD Section 108 Loans shall be repaid to the Fiscal Agent or Trustee of HUD in accordance with the terms and conditions of the HUD Contracts for Loan Guarantee Assistance and the Notes. In the event the funds held by the Bank of New York in the loan repayment account and loan repayment investment account are insufficient to make principal and interest payments, the executive is authorized to use CDBG funds to make the payments to HUD required by the Contracts for Loan Guarantee Assistance and the Notes.

SECTION 11. Should any section, subsection, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, such declaration shall not affect the validity of all remaining portions of this ordinance.