SEATTLE CITY COUNCIL

Legislative Summary

CB 118583

Record No.: CB 118583 **Type:** Ordinance (Ord) **Status:** Passed

Version: 1 124948 **In Control:** City Clerk

File Created: 11/10/2015

Final Action: 12/17/2015

Title: AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region; and providing that 2015 appropriations for the REDI Fund shall automatically carry forward into the 2016 fiscal year.

Notes:

Sponsors: O'Brien

Attachments: Att A - Interlocal Agreement

Drafter: lindsay.masters@seattle.gov

	Date
Filed with City Clerk:	
Mayor's Signature:	
Vetoed by Mayor:	
Veto Overridden:	
Veto Sustained:	

Filing Requirements/Dept Action:

History of Legislative File **Legal Notice Published:** ☐ Yes ☐ No

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	11/17/2015	Mayor's leg transmitted to Council	City Clerk			

Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk
Notes:

Ver-sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	11/17/2015	sent for review	Council President's Office			

Action Text: The Council Bill (CB) was sent for review. to the Council President's Office
Notes:

1	Council President's Office	11/17/2015	sent for review	Committee on Housing Affordability, Human Services, and Economic Resiliency		
	Action Text:	The Council Bill (CB) was sent for review. to the Committee on Housing Affordability, Human Services, and Economic Resiliency				
	Notes:					
1	Full Council	11/30/2015	referred	Planning, Land Use, and Sustainability Committee		
	Action Text:	The Council Bill (CB) was referred. to the Planning, Land Use, and Sustainability Committee				
	Notes:					
1	Planning, Land Use, and Sustainability Committee	12/01/2015	pass			Pass
	Action Text:	The Committee recommends that Full Council pass the Council Bill (CB).				
		In Favor: 4	Chair O'Brien, Vice Chair Burgess, Member Licata, Alternate González			
		Opposed: 0				
1	Full Council	12/07/2015	passed			Pass
	Action Text:	The Council Bill (CB) was passed by the following vote and the President signed the Bill:				
	Notes:					
		In Favor: 7	Council President Burgess, Councilmember Bagshaw, Councilmember Godden, Councilmember González , Councilmember Harrell, Councilmember Licata, Councilmember Rasmussen			
		Opposed: 0				
1	City Clerk	12/11/2015	submitted for Mayor's signature	Mayor		
	Action Text:	The Council Bill (CB) was submitted for Mayor's signature. to the Mayor				
	Notes:					
1	Mayor	12/17/2015	Signed			
	Action Text:	The Council Bill (CB) was Signed.				
	Notes:					
1	Mayor	12/17/2015	returned	City Clerk		
	Action Text:	The Council Bill (CB) was returned. to the City Clerk				
	Notes:					
1	City Clerk	12/17/2015	attested by City Clerk			
	Action Text:	The Ordinance (Ord) was attested by City Clerk.				
	Notes:					

CITY OF SEATTLE

ORDINANCE 124948

COUNCIL BILL 118583

AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region; and providing that 2015 appropriations for the REDI Fund shall automatically carry forward into the 2016 fiscal year.

WHEREAS, in September 2013 the Council adopted Resolution 31547, calling for promoting workforce housing in Seattle by supporting a regional transit oriented development acquisition fund, and establishing the Council's intent to authorize $1,000,000 for the Regional Equitable Development Initiative Fund (REDI Fund), conditioned on approval of a business plan and appropriate agreements with regional funding partners; and

WHEREAS, in September 2014 the Council adopted Resolution 31546, in which the Council and Mayor proposed that a Seattle Housing Affordability and Livability Agenda (HALA) Advisory Committee be jointly convened by the Council and Mayor to evaluate potential housing strategies; and

WHEREAS, in July 2015 the HALA Advisory Committee recommended that the City provide seed capital to the REDI Fund to support land acquisition; and

WHEREAS, in the 2015 Adopted Budget, Council authorized the one-time expenditure of $1,000,000 in Housing Bonus Funds for the REDI Fund; and

WHEREAS, in April 2015 a fund administrator was selected to solicit private investment and form a business plan for the REDI Fund; and

WHEREAS, the Council has reviewed and approved the REDI Fund business plan; and

WHEREAS, the Mayor and City Council wish to carry forward the authorization of unexpended Housing Bonus Funds into 2016; and

WHEREAS, RCW 39.34, the Interlocal Cooperation Act, allows local governmental units to make the most efficient use of their powers by enabling them to cooperate and enter into agreements with each other; and

WHEREAS, it is desirable and in the City's best interest to enter into an Interlocal Cooperation Agreement to create and operate the REDI Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of the Office of Housing or the Director's designee is authorized to execute, deliver, and administer, for and on behalf of The City of Seattle, an agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville, substantially in the form attached to this ordinance as Attachment A, (1) declaring joint support for equitable development that primarily creates and preserves affordable housing in locations near transit stations and stops that provide a high level of transit service to the region's job, economic, cultural, health, and education centers ; and (2) contributing public funds from into a public/private Regional Equitable Development Initiative Fund (REDI Fund) that will enable land to be purchased for such equitable development. Nothing in this ordinance or the agreement shall be construed to authorize or require any action by any City department or officer contrary to law.

Section 2. The Director of the Office of Housing or the Director's designee is authorized to execute, deliver, and administer, for and on behalf of The City of Seattle, any credit, financing, regulatory or other agreements that are necessary or convenient to implement the REDI Fund.

Section 3. Any portion of the $1,000,000 in Housing Bonus Funds allocated to the REDI Fund not spent or encumbered in 2015 shall automatically carry over into the 2016 fiscal year.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 7th day of December, 2015, and signed by me in open session in authentication of its passage this 7th day of December, 2015.

President ______ of the City Council

Approved by me this 17th day of December, 2015.

Edward B. Murray, Mayor

Filed by me this 17th day of December, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment A – Interlocal Agreement Regarding the Establishment and Administration of a Regional Equitable Development Initiative Fund

INTERLOCAL AGREEMENT REGARDING THE ESTABLISHMENT AND ADMINSTRATION OF A REGIONAL EQUITABLE DEVELOPMENT INITIATIVE FUND

This Interlocal Agreement regarding the Establishment and Administration of a Regional Equitable Development Initiative Fund ("Agreement") is entered into by and among the jurisdictions of King County, The City of Seattle, Pierce County, Snohomish County and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville, who for purposes of this Agreement are jointly referred to as A Regional Coalition for Housing (ARCH) [collectively "the Parties"]. This Agreement is made pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW, in order to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region, encompassing King, Pierce and Snohomish Counties.

RECITALS

WHEREAS, the Parties desire to further the following goals:

- Expand and preserve affordable housing choices for low and moderate-income households in proximity to frequent and/or high-capacity transit services that connect riders with job, economic, educational , cultural, health and other opportunities;
- Advance transit ridership through support of nearby population densities, including household types that use transit most heavily, including Low- and Moderate-Income households;
- Support equitable transit-oriented residential and mixed-use development projects throughout the region that address disparities in access to healthy sustainable communities and provide opportunities for lower income people, small local businesses and community facilities to thrive;
- Overcome barriers to site acquisition for developers of affordable housing in proximity to frequent and high-capacity transit services with high and/or increasing real estate demand;
- Enable the acquisition of residential properties for long-term affordability in locations with current or anticipated risk of displacement and loss of affordable units;
- Finance projects that achieve transit-supportive densities, use community building and sustainable design principles, provide a mix of uses and minimize negative impacts on existing residents or businesses; and

WHEREAS, the Parties desire to act cooperatively in order to efficiently and expeditiously establish and administer a Regional Equitable Development Initiative (REDI)

Fund, which will be jointly administered by an administrative agent, as set forth in this Agreement; and

WHEREAS, the Parties have combined responsibility and authority for local and regional planning and funding for the provision of housing affordable to people that work and/or live in the counties of King, Pierce and Snohomish; and

WHEREAS, the Parties desire to cooperatively establish clear requirements of the REDI Fund and clear expectations regarding their participation in and oversight of the REDI Fund.

NOW, THEREFORE, in consideration of the foregoing circumstances, and the mutual promises and undertakings contained herein, the Parties agree as follows:

I. PURPOSE AND DESCRIPTION

The Parties join in this Agreement in order to: declare their joint support for equitable development that primarily creates and preserves affordable housing in locations near transit stations and stops that provide frequent and/or high capacity transit services within the Sound Transit service area in King, Pierce and Snohomish Counties; contribute public funds from or on behalf of the respective jurisdictions into a public/private REDI Loan Fund that will enable land to be purchased for such equitable development; and effectively utilize and share funds granted from Washington State to the region for such a loan fund.

II. REDI FUND REQUIREMENTS, AGREEMENTS, ELIGIBLE PROPERTIES AND FUND STRUCTURE

A. **REDI Fund Requirements**. The REDI Fund is designed primarily for property acquisition to create and preserve housing that will include affordable housing units in areas near frequent and/or high capacity transit services. The Parties agree to the following minimum requirements:

1) Minimum affordability for all projects. A minimum of 10% of the units in a project seeking a REDI Fund loan must have monthly rent or multi-family for-sale prices set at least 20% below the level of the average rent or multi-family for-sale prices for the Area Market in which the acquired property is located, for a minimum period of 50 years. The rents or multi-family for-sale prices of the affordable housing units may not exceed rents or prices affordable to households at or below 80% of area median income (AMI)[1]. Greater affordability will be encouraged for projects seeking publicly subsidized Permanent Financing, consistent with the requirements of such funding. The intent of the Parties is to

[1] Current area median income as determined by HUD on an annual basis.

encourage and approve loans for projects that exceed the minimum affordability of this Sub-section, to the extent feasible.

2) Requirements for projects that will preserve existing housing. Applicants proposing to acquire existing housing must clearly demonstrate how they will create or preserve affordability relative to housing in the Area Market of the same age and quality. Enforcement of the REDI affordability requirements for preservation projects may be deferred until after Permanent Financing is acquired per the Affordable Housing Regulatory Agreement.
3) All projects must demonstrate best efforts to minimize displacement of residential and/or commercial tenants during and after the term of the REDI Fund loan. Efforts may include agreements not to increase rents of existing tenants during the term of the REDI Fund loan beyond a reasonable annual inflationary amount based on the consumer price index or agreements to offer income-eligible residential and/or commercial tenants a right to return to a newly renovated property. Such agreements may be expressed as loan conditions in a REDI Fund loan agreement.
4) For a project that will cause displacement of residential or commercial tenants, relocation assistance may be required. The relocation assistance amount per tenant household will be established by the local relocation policy of the city where the project is located; or the county where the project is located if the city does not have a local relocation policy; or the nearest county of the Parties if the county where the project is located does not have a local relocation policy.
5) An Affordable Housing Regulatory Agreement (as defined in Section VI) that runs with the land will be recorded in first lien position for each property obtained through the REDI Fund. The Affordable Housing Regulatory Agreement will be granted in favor of the local jurisdiction and/or county in which the property is located. Upon repayment of the REDI Fund loan, the REDI Fund and local jurisdiction or county may re-convey their interest in the Affordable Housing Regulatory Agreement in order to replace it with a new Affordable Housing Regulatory Agreement, so long as it operates as a covenant that runs with the land and contains the minimum the level of affordability required by this section. For projects that preserve existing housing and propose to reduce some or all of the unit rents, the Affordable Housing Regulatory Agreement will define eviction for cause and will specify that current tenants will not be evicted other than for cause during the term of the REDI Fund loan, and that the start date for reduced rent levels will begin after the receipt of Permanent Financing and/or funding to support the ongoing operations of the project.

B. Other REDI Fund Agreements.

1) Coordination. The Parties agree to release their individual fund contributions to the REDI Fund into public top loss fund account(s) to be administered and coordinated by the "Administrative Agent" (as set forth in Section IV). All Parties agree to proactively coordinate their respective public funding processes with the REDI Fund project pipeline.
2) Application Process and Eligible Applicants. REDI Fund loans will be awarded through an application process that is open and available on a rolling basis. Eligible applicants include non-profit and for-profit housing developers, public development authorities, housing authorities and non-profit land banking agencies. Properties acquired with REDI funds may include properties that are one hundred percent affordable, mixed-income properties and mixed-use properties with affordability components.
3) Geographic Distribution. The Parties agree to work together and with the Administrative Agent and other REDI Fund investors to achieve the specific percentages of the REDI Fund to be spent in sub-regions of King County, Seattle and the ARCH sub-region, and in Pierce and Snohomish Counties, consistent with applicable law, over the ten-year duration of the REDI Fund, as set forth in Appendix A, Table of Percentages for Distribution of REDI.
4) Other Goals and Priorities. While the primary purpose of REDI is for the creation and preservation of housing projects with affordable housing located near frequent and/or high capacity transit services, the Parties will work together to further the goals set forth at page one of this Agreement, and will work with partners to encourage and approve projects that are committed to equitable development, healthy, resilient communities near frequent and/or high capacity transit services, and community benefits in the allowable non-housing portion of projects, including facilities that meet community needs and community desired spaces for small business development and business incubation, such as business innovations districts.

C. Eligible Properties and Uses. Lending from the REDI Fund shall be for the following :

1) Acquisition of vacant, improved or unimproved land for new development. Primary use must be for housing at transit supportive densities, with at least the minimum amount of affordable housing on site as defined in this Agreement. A project that will acquire improved and occupied property for demolition or substantial rehabilitation and may result in tenant displacement will be required to demonstrate net equitable public benefit.

2) Acquisition of existing multi-family housing with the goal of minimizing displacement of residents of such housing in transit oriented locations, rehabilitating such housing, as needed, and preserving it as affordable. This category of eligibility may be exempted from the transit supportive densities requirement and will be reviewed on a case by case basis.
3) Pre-development funds to support the development of properties acquired with a REDI Fund loan. Pre-development fund requests will be reviewed on a case by case basis and will be reserved for circumstances where other sources of pre-development funds are not available or are not feasible for a project.

REDI Fund Structure. The REDI Fund shall be established as a "Syndicated Loan" structure, a loan fund offered by a group of lenders (a syndicate) who work together to provide blended funds for a single borrower, with an Administrative Agent appointed as the lead.

The REDI Fund has three tiers of capital. The first tier is comprised of the public "top loss" funds. The second tier is comprised of second loss and subordinate investors, including Program Related Investments (PRI) and flexible debt from mission-driven investors. The third tier is comprised of senior debt investors. The tiers will be administered as a cohesive fund by the Administrative Agent, who will package the fund sources into individual REDI Fund loans.

The first tier funds are contributed to the fund without interest. The second and third tier funds are contributed at a variety of interest rates. For each loan, the Administrative Agent will blend funds from each of the tiers into one blended rate loan. The Master Credit Agreement (as set forth in Section V) will detail the blending of the capital of individual funders and investors from the three tiers for each loan.

The Master Credit Agreement will detail how public funds will be allocated to individual projects. To the extent practical, while accounting for any requirement of specific fund sources, projects will receive funds from multiple public fund sources. The Administrative Agent will track, retain and share records with the funders regarding the amount of each fund source contributed to each REDI loan so that the parties have a record of the percentage of their funds in each loan.

III. PUBLIC FUNDER CONTRIBUTIONS AND FUND RELEASE REQUIREMENTS

A. Public Funder Contributions

1) King County. Subject to the provisions of Subsection III.B., King County will contribute $1 million to the REDI Fund. King County's requirement for the use of this investment mirrors the minimum affordable housing unit requirements, as described in Section II.A., for each REDI loan. In addition, within 7 years of capitalization of the fund, some combination of projects that will create and/or preserve a minimum of 5 units affordable to 50% AMI and below, and a minimum of 15 units affordable to 30% AMI and below, must have received a REDI Fund loan within King County.

   In addition, through an agreement with the Puget Sound Regional Council (PSRC), King County will contribute a pass-through grant from the State of Washington in the amount of $2.5 million. The State is granting the funds for a revolving loan fund to support affordable housing opportunities near transit stations and stops that provide frequent and/or high capacity transit services and are located within the Sound Transit service area. The $2.5 million is contributed to the first tier (public top loss tier) on behalf of three participating counties, King, Pierce and Snohomish.

2) The City of Seattle. Subject to the provisions of Subsection III.B., The City of Seattle will contribute $1 million to the REDI Fund. Within five years of capitalization of the fund, a minimum of 10 units affordable to households earning up to 80% AMI for a period of fifty years must have received a REDI Fund loan within Seattle city limits. The City of Seattle reserves the right to withdraw its investment at the end of five years if this minimum requirement has not been met.

3) A Regional Coalition for Housing (ARCH). Subject to the provisions of Subsection III.B., those cities collectively referred to as ARCH will contribute $500,000 to the REDI Fund in the following amount for each individual city:

Bellevue:	$250,000
Issaquah	$ 36,500
Kenmore	$ 25,000
Kirkland	$120,000
Mercer Island	$ 11,500
Redmond	$ 50,000
Woodinville	$ 7,000

   ARCH's requirement for the use of these investments mirrors the minimum affordable housing unit requirements for each REDI loan, described in Section II.

B. Release of Public Funds to REDI Fund Account(s). The funds of the Parties will be released to the REDI account(s) established by the Administrative Agent only after each of the following has occurred: (1) execution of this Interlocal Agreement; (2) execution of the Master Credit Agreement by the Executives of the Parties and by all initial investors in the REDI Fund; (3) constitution of an Oversight Committee and confirmation by the REDI Fund Staff Work Group that all documents necessary to administer the REDI Fund have been approved by that Committee; and (4) at least $18 million has been committed to the REDI Fund through a combination of all investment tiers.

IV. ADMINISTRATION AND OVERSIGHT OF THE REDI FUND

A. Administrative Agent. Day-to-day REDI Fund activities and operations will be administered by an Administrative Agent chosen by the Executives of the Parties.

1) The role and duties of the Administrative Agent and the process for selecting and replacing the Administrative Agent, if necessary, will be specified in the Master Credit Agreement.
2) The Administrative Agent will maintain all REDI Fund financial records and submit all reports required by the REDI Oversight Committee in a form that is acceptable to that Committee.
3) The Administrative Agent will staff the REDI committees and provide regular reports for such committees and for fund investors, as specified in the Master Credit Agreement. Annual reports, including a report in an acceptable format for the State of Washington, will be available to the REDI Fund public funders, committees and the Executives of the Parties, to deliver to the State and their stakeholders.
4) The Administrative Agent will have the lead role in obtaining second and third tier mission investors and senior debt investors to the fund, maintaining investor relations and exploring options to expand and/or replace capital as needed.
5) Compensation of the Administrative Agent through the REDI Fund shall be detailed in the Master Credit Agreement.

B. Governance and Oversight.

1) Advisory Committee. The REDI Fund will receive advice and feedback through an Advisory Committee, whose members will include major regional affordable housing and transportation stakeholders, representatives from all investor entities and the REDI Fund Administrative Agent. While all investors may participate, this is not mandatory. The Advisory Committee will provide high-level advice, feedback and recommendations to the Oversight Committee and the

Administrative Agent. The Advisory Committee shall meet at least once per year. The total number of members and composition of this committee shall be specified in the Master Credit Agreement. The Parties agree to communicate and coordinate so that at least one public funder representative attends each of these committee meetings.

2) Oversight Committee. The REDI Fund will be governed by an Oversight Committee. The Oversight Committee will always be chaired by a first tier public top loss investor, and the Parties agree to rotate this role as the Chair. Details of the rotation process will be specified in the Master Credit Agreement.

   The Oversight Committee members will include the following: one permanent seat for each direct public funder of the first tier (top loss); one permanent seat for the Administrative Agent; one rotating seat for jurisdictions that share in the REDI Fund indirectly through funds granted from the State of Washington; one or two rotating seats for Tier 2 lenders, depending on the number of such lenders; and, one or two rotating seats for senior Tier 3 lenders, depending on the number of such lenders. The total number of committee members, selection process and seat rotation process will be specified in the Master Credit Agreement.

   The Oversight Committee will oversee the details of the direction and business of the REDI Fund to ensure that the fund is meeting its stated purpose, mission and goals, including oversight of a REDI Fund evaluation process that will recognize and account for the goals and priorities of the respective Parties. Such oversight includes reviewing the cumulative activities of the REDI Fund, and, on an as needed basis, amending REDI Fund policies and procedures. The Oversight Committee may discuss potential revisions to REDI Fund underwriting criteria and policies/procedures contained in the Master Credit Agreement, and if such revision(s) are deemed necessary, initiate a process for all investors to sign a revised Master Credit Agreement. The Oversight Committee will meet at least twice per year, and may meet more frequently if determined necessary.

3) Credit Committee. A Credit Committee will be convened periodically, and as needed, by the Administrative Agent to review loan applications, and to take action to approve such applications based on criteria established by the Oversight Committee. As needed, the Credit Committee may also evaluate requests for amendments or loan extensions. The membership of the Credit Committee will include: a) one regularly rotating seat for first tier funders; b) one seat for the Most Local Public Funder of the application (s) being reviewed by the committee; c) one regularly rotating seat for second tier investors; d) one regularly rotating

seat for third tier investors; and, e) a seat for the Administrative Agent. The details of the credit committee processes, including seat rotation, will be specified in the Master Credit Agreement.

The Parties agree to communicate with each other regarding project applications within a jurisdiction that does not currently have a representative sitting on the credit committee in order to protect each other's interests. The Parties agree to support the minimum requirements of fellow public funders contained in Section III when projects are otherwise equally qualified. All written correspondence and minutes from Credit Committee meetings will be provided promptly to all members of the Oversight Committee.

V. REDI FUND MASTER CREDIT AGREEMENT.

All investors in the REDI Fund will sign and enter into a Master Credit Agreement that is consistent with this Interlocal Agreement and establishes the following, at a minimum:

A. The roles, responsibilities, duties and processes, as applicable of investors, committees, and the Administrative Agent;
B. Procedures for the Oversight Committee to initiate a process to replace the Administrative Agent, if determined necessary;
C. Amounts and terms of capital contributions by the investors and capital flow through the life of the fund, i.e. the manner in which the capital from the individual lenders will be layered into individual loans and the operating approach of the fund;
D. Eligible borrowers, eligible project location areas, and other relevant qualification criteria for project selection;
E. Details of REDI Fund policies and procedures, including the REDI Fund application, relocation and displacement;
F. Percentages for the sub-regional distribution of loans per Appendix A;
G. Terms and conditions to ensure that the Parties' public funds are used for their intended purpose;
H. Provisions for mitigating losses to the first tier public funds;
I. Provisions for administering fund resources and obligations upon expiration of the Agreement, if the Agreement is not renewed.
J. Provisions requiring the Administrative Agent to track, retain and share records with the funders regarding the amount of each fund source contributed to each REDI loan so that the parties have a record of the percentage of their funds in each loan.

The elements, policies and conditions of the Master Credit Agreement shall be guided by the principles and requirements of this Agreement and signed by the Executives of the Parties.

VI. DEFINITIONS

A. Affordable Housing Regulatory Agreement. Affordable Housing Regulatory Agreement means a recorded agreement that runs with the land regulating the minimum number of affordable housing units required by the REDI Fund for an acquired property. An Affordable Housing Regulatory Agreement is recorded at the time a REDI Fund loan is closed and runs with the land for a period of fifty years, unless released and replaced per the provisions of Section II.A.

B. Area Market. Area Markets for the purpose of determining average rents and average multi-family for-sale prices for the area in which an applicant's project is located shall be determined by local rental research information and for-sale listing service publications, and shall be detailed in the Master Credit Agreement.

C. Executive. Executive means the appropriate designated authority of each of the Parties (e.g. County Executive, Mayor). The Parties collectively referred to as ARCH appoint the designated authority of the Administering Agency of ARCH, as designated and defined in the Amended and Restated Interlocal Agreement for ARCH to act as their Executive. The Executive for the ARCH Parties will consult with the ARCH Executive Board prior to acting on behalf of the ARCH Parties.

D. Low-Income Household. A Low Income Household is a household whose income is at or below 50% of area median income (AMI), as determined and published by HUD on an annual basis, for the area in which a REDI project is located.

E. Moderate-Income Household. A Moderate Income Household is a household whose income is at or below 80% AMI, and more than 50% AMI, as determined and published by HUD on an annual basis, for the area in which a REDI project is located.

F. Most Local Public Funder. The Most Local Public Funder is the first tier public funder with the smallest jurisdictional boundary in which a project application is located; e.g. for a project in Seattle, Seattle is the Most Local Public Funder, for a project in Bellevue, ARCH is the Most Local Public Funder, and for a project in SeaTac or Shoreline, King County is the Most Local Public Funder.

G. Permanent Financing. Permanent Financing means long-term debt or equity financing that supports the development or acquisition/rehabilitation of a housing asset.

H. REDI Fund Staff Work Group. The REDI Fund Work Group consists of the lead staff of the three direct public investors, King County, Seattle and ARCH; the Administrative Agent; staff from the Puget Sound Regional Council; and staff representatives from Pierce County and Snohomish County.

VIII. CONTACT PERSONS

For purposes of this Agreement, the following persons shall serve as contact persons for their respective jurisdictions:

King County:

Snohomish County:

Pierce County:

The City of Seattle:

ARCH:

IX. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be effective on ______________, 2015.

X. DURATION OF AGREEMENT

A. Duration. Unless otherwise renewed as provided herein, this Agreement shall remain in effect until ____________.

B. Renewal. The Executives of the Parties agree to have discussions with the other REDI Fund investors no later than December 31, 2022 to determine if the Parties wish to renew this Agreement and continue the Fund beyond the initial ten-year period. The Agreement may be renewed for an additional ten year term, or for such other lesser period as the parties may agree.

C. Termination. The Oversight Committee shall review and discuss whether the Master Credit Agreement should include provisions that would allow for the termination of the REDI Fund before the ten year period of this Agreement if there is no activity in the fund for a prescribed period of time.

XI. ADDITIONAL PARTIES, REVISIONS

A. Additional jurisdictions may become a Party to this Agreement upon investment of the jurisdiction's public funds into the first tier of the REDI Fund, and approval and signature of this Agreement.

B. Revisions to the Appendix A, Table of Percentages for Distribution of REDI, may be made in order to reflect the addition of Parties to this Agreement, failure of a Party to sign this Agreement or additional public fund contributions made. Such revisions shall be approved by the Executives of the Parties. Revisions to Appendix A shall be considered to be approved in writing when the revised Appendix A is signed by all the Executives of the Parties.

XII. GENERAL MATTERS AND RECORDING

A. Entire Agreement. This Agreement is the complete expression of the terms hereof, and any representations or understandings, whether written or oral, not incorporated herein are excluded.

B. No Assignment. No party shall have the right to transfer or assign its rights or obligations under this Agreement without the prior written consent of all other parties.

C. No Separate Legal Entity. No separate legal entity is created by this Agreement.

D. Venue. Any action filed under or related to this Agreement must be brought in King County Superior Court.

E. Recording. This Agreement shall be filed with King County Records or otherwise made public in accordance with the Interlocal Cooperation Act.

F. Dispute Resolution. If any dispute arises among the Parties which is not resolved by routine meetings or communications, the disputing parties agree to seek resolution of such dispute in good faith by meeting, as soon as feasible. If the parties do not come to an agreement on the dispute, the parties may agree to pursue mediation through a process to be mutually agreed upon, with the parties to the dispute sharing equally the costs of mediation and assuming their own costs.

G. No Third Party Beneficiaries. This Agreement is for the benefit of the Parties only, and no third party shall have any rights hereunder.

H. Retained Responsibility and Authority. Except as expressly provided for herein, the Parties retain the responsibility and authority for managing and maintaining their own respective systems and programs related to affordable housing activities.

The invalidity of any clause, sentence, paragraph, section, or portion thereof shall not affect the validity of the remaining provisions of the Agreement. In the event the provision invalidated is necessary for any Party to continue to receive the benefit it was receiving under the Agreement before the invalidation, the Parties agree to consider amending the Agreement to provide a substitute provision that enables the affected Party or Parties to continue to receive that benefit. If such an amendment cannot be agreed upon, the Agreement will be deemed terminated as of any date required by the invalidation.

XIII. COUNTERPARTS

A. This Agreement may be signed in counterparts and, if so signed, shall be deemed one integrated Agreement.

Approved and executed this ____ day of ___________, 20XX

Jurisdiction: ____________________________________

Signature: ____________________________________

By: ____________________________________
Printed Name

Title: ____________________________________

Approved as to form:

____
City/County Attorney

Appendix A

Table of Percentages for Distribution of REDI Funds

Source	Top Loss Share	Seattle	East King	Balance King	Snohomish	Pierce
State (4)	$ 2,500,000	$ 529,963	$ 412,194	$ 529,963	$ 435,789	$ 592,091
King Co	$ 1,000,000	$ 360,000	$ 280,000	$ 360,000		
Seattle	$ 1,000,000	$ 1,000,000				
ARCH	$ 500,000		$ 500,000			
Total Public Top Loss	$ 5,000,000	$ 1,889,963	$ 1,192,194	$ 889,963	$ 435,789	$ 592,091
Leveraged	**$ 18,000,000**	**$ 6,840,000**	**$ 4,320,000**	**$ 3,240,000**	**$ 1,620,000**	**$ 2,160,000**
% Split		**38%**	**24%**	**18%**	**9%**	**12%**
King Split (5)		36%	32%	32%		
	North adjustment (3)	**36%**	**28%**	**36%**		
Regional Split						
	Population (1)			56%	20%	24%
	Transit Nodes (2)			62%	14%	24%
	Combined			**59%**	**17%**	**24%**

(1) Based on 2010 Census population in each county as a whole.

(2) Estimated share of total acreage within eligible TOD areas.

(3) North King Co share moved from East King Co to Balance King Co.

(4) State top loss assigned to each area based on combined population-transit node share and, within King Co share of RHAP allocation.

(5) Based on Regional Affordable Housing Program formula agreement between King County jurisdictions.

SUMMARY and FISCAL NOTE*

Department:	Contact Person/Phone:	Executive Contact/Phone:
Office of Housing	Lindsay Masters/4-0340	Leslie Price/6-9136

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region; and providing that 2015 appropriations for the REDI Fund shall automatically carry forward into the 2016 fiscal year.

Summary and background of the Legislation: This legislation implements the Council's direction to commit funding and authorize appropriate agreements necessary to participate in the Regional Equitable Development Initiative Fund (REDI Fund), with the goal of providing loans to secure sites for affordable housing near existing and future transit stations and corridors throughout the Puget Sound. The legislation also ensures that the 2015 appropriation for the REDI Fund carries forward into 2016.

2. CAPITAL IMPROVEMENT PROGRAM

____ This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

_X__ This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?** In the 2015 Adopted Budget, the Council added $1,000,000 of appropriation authority and directed the Office of Housing to contribute that amount of fund balance from incentive zoning revenues to the REDI Fund. This legislation includes a provision to carry forward the appropriation authority into 2016, at which time it will be used for the purpose Council intended in the 2015 Adopted Budget.

b) **Is there financial cost or other impacts of not implementing the legislation?** No.

c) **Does this legislation affect any departments besides the originating department?** No.

d) **Is a public hearing required for this legislation?** No.

e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** No.

f) **Does this legislation affect a piece of property?** No.

g) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?** The intent of the REDI Fund is to secure sites for affordable housing near existing and future transit stations and corridors throughout the Puget Sound. People of color are disproportionately affected by high housing costs. The implementation of this legislation will support RSJI principles by reducing that burden.

h) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.** n/a

i) **Other Issues:**

List attachments/exhibits below:
Attachment 1: REDI Fund Business Plan

REDI Fund Business Plan
Draft

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EXECUTIVE SUMMARY

The mission of the Regional Equitable Development Initiative (REDI) Fund (the Fund) is to promote equitable development within transit communities in the central Puget Sound region. By financing strategic acquisitions of both land and existing buildings, the Fund will support development and preservation of affordable housing, mixed-income and mixed-use projects that serve both low- and moderate-income households and are located within walking distance of frequent transit service.

The Fund will provide non-profit, mission-aligned for-profit and public entity borrowers access to efficient financing for the acquisition of sites for the preservation and development of affordable housing, near high capacity transit, within King, Pierce and Snohomish Counties.

Enterprise Community Loan Fund (ECLF), the CDFI subsidiary of Enterprise Community Partners (ECP), with support from ECP (collectively ECP and ECLF referred to hereafter as Enterprise), will serve as the administrative agent, the sole originator and loan servicer for the Fund and one of the senior lenders in the Fund. The administrative agent will be responsible for structuring and raising the capital, drafting the Fund's master credit agreement and the project loan documents and closing the Fund. In addition, the administrative agent will also manage the Fund's day-to-day operations including loan origination, credit review and approval process, financial and portfolio tracking and reporting. All loans will be approved by a credit committee to be composed of a subset of the entities providing the capital.

The capital stack of the Fund will be modeled after successful efforts in other markets including the Denver Regional TOD fund and the Transit Oriented Affordable Housing (TOAH) Fund in the San Francisco Bay Area. The Fund will be structured as a syndication with capital structured in tranches by risk. The top loss capital committed by the public funders will sit in a first loss position, leveraged by two subordinate debt tiers, and a tranche of senior debt from two Community Development Financial Institutions (CDFIs). See Exhibit A for more details for the Fund's capital stack.

The advantages of the proposed structure are the ability to blend multiple sources of capital in order to provide a loan product to the market with terms that will address the financing needs of developers targeting the acquisition of sites that promote equitable development within transit communities. These terms will include higher than typical loan-to-value, particularly for undeveloped, vacant land, loan terms of between three and six years and lower interest rates. The goal is to provide a loan product that will provide sufficient time for developers to refine project plans and secure funding while easing the burden of the high carrying costs associated with interest payments for these longer loan terms. In addition, the higher than typical LTV nature of the loan product will allow borrowers the flexibility to target the use of their existing financial resources to the predevelopment activities associated with the projects vs. tying up these funds for the acquisition of the sites. This in turn should allow developers to advance projects through the predevelopment stage in a more efficient manner.

The initial capital raise for the Fund is $18 million; leveraging $5 million of public sector investment. Each project loan will have a proportionate share of each risk tier and thus losses on any one project loan will be borne progressively by each risk tier. Public funds will absorb losses up to 28% of a single loan, then the 2nd loss lender, and so on. Because of the geographic restrictions imposed on a portion of the public sector capital, the specific composition of top loss for a given loan will differ by geography. The capital composition and risk tiers of the Fund are proposed in the Exhibit A.

As noted previously, the Fund will be structured as a syndication and will be documented via a master credit agreement detailing the fund operations including:

- the capital composition of the Fund,
- the underwriting and closing criteria to be applied to each underlying loan originated,
- the loan application and credit approval process,
- the flow of funds (disbursement and repayment of funds),
- the governance of the syndication including the strategic oversight committee and the credit committee[1],
- the loan documents template for documenting each underlying loan,
- the reporting of the activities of the Fund,
- the roles and responsibilities of Enterprise Community Loan Fund as administrative agent, sole loan originator and senior lender,

[1] ~~The public sector lenders in the REDI fund will also convene an advisory committee of housing and community development stakeholders to offer feedback on the use of the REDI fund and encourage alignment between other actors in the housing finance section. This will not be governed by the master credit agreement.~~

BACKGROUND

In two voter approved ballot initiatives, the Puget Sound region has committed local funding for a $25 billion dollar transit investment that spans three counties. The first of those investments opened in 2009 and subsequent sections of rail and bus service are slated to come online through 2023. This transit investment brings light rail and high capacity bus service to the Seattle area just as the region became one of the fastest growing in the country. Rapid population growth and local planning efforts to concentrate and incentivize growth around transit has created a highly competitive market for sites near transit. In many submarkets, land costs are increasing, development opportunities listed on the market are snapped up quickly, and affordable housing developers struggle to compete for sites near transit.

The Affordable Housing Steering Committee of the Growing Transit Communities (GTC) initiative[2], staffed by the Puget Sound Regional Council (PSRC), identified the need for a transit oriented affordable housing fund as a key implementation tool of the initiative to address equitable development issues. The GTC plan provides a regional framework for focusing residential and employment growth around the expanding transit system. The plan prioritizes increasing access to opportunity and affordable housing choices near transit, and looks to innovative tools such as an equitable transit oriented development acquisition fund for the Seattle region to achieve those outcomes.

Beyond aligning with the regional planning priorities, the REDI Fund is launching at a critical time in central Puget Sound. Economic growth has spurred Seattle to become one of the fastest growing cities in the country[3]. With housing production struggling to keep up, average rents have increased 6% annually since 2012, including a 7.5% increase on existing units[4]. Rents have increased most dramatically in centrally located neighborhoods with access to transit, jobs and retail amenities. Rent growth in the central city is pushing lower income households further from the opportunities and transportation links that are critical to their upward mobility. These growth patterns are also burdening household budgets, causing households in the Central Puget Sound to spend 50% of their income on housing and transportation costs.

Strong rental and office demand has created fierce competition for centrally located development sites, manifesting in both high prices and quick closings. The REDI Fund will provide affordable housing and mixed income developers an acquisition financing tool to make competitive offers and secure sites near transit and other amenities and opportunities. The REDI Fund's preassembled capital will have the ability to close

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[2] Counties and cities in the Puget Sound region, as well as major institutions, affordable housing advocates, housing developers and other key stakeholders were very active partners in GTC and the Affordable Housing Steering Committee.

[3] http://www.citylab.com/housing/2015/05/these-11-cities-are-growing-faster-than-san-francisco/393860/

[4] http://www.smartgrowthseattle.org/mike-scott-can-handle-truth-apartment-rents/

quickly on new opportunities, and provide sufficient time to assemble permanent financing at a competitive interest rate.

The idea for an equitable TOD acquisition fund was further advanced through a contract that was overseen by the GTC Affordable Housing Steering Committee, between the PSRC, Enterprise and Impact Capital. These key entities worked to develop a business plan framework for a TOD fund including developer interviews, and an analysis of existing acquisition products and the gaps in the spectrum of financing tools necessary to facilitate equitable transit oriented development. The business plan framework was presented to a working group of public funders from the GTC Affordable Housing Steering Committee who shared an interest in seeding an equitable transit oriented acquisition fund for the region.

Throughout 2014, the working group of public funders met together with PSRC staff and Enterprise to further refine the business plan framework developed for GTC, and to develop a consensus on the public goals for a Regional Equitable Development Initiative (REDI) Fund. The concept was to create a capital source to facilitate the preservation and development of affordable housing via site control by mission aligned organizations and developers. The group recognized what was needed was acquisition loan capital with favorable terms that would assist affordable housing developers in acquiring strategic sites in advance of market speculation.

In January 2015, the working group of public funders with a strong commitment to seeding the REDI Fund, requested a proposal from Enterprise to be the administrative agent of the fund. This request was based on the prior competitive award of the contract to develop the equitable TOD fund concept through GTC, in which the public funders were all key partners.

Recognizing the importance of the REDI Fund's ability to finance strategic acquisitions in areas near frequent transit service, the three local housing funders, King County, City of Seattle and A Regional Coalition for Housing (ARCH) committed $2.5 million in public capital. In addition, King County and PSRC provided leadership and staff time to secure an additional $2.5 million from the State of Washington. This local funder collaboration has not only provided critical capital for creating an acquisition fund, but it has provided an opportunity for these public funders to collaborate on the direction of the region's affordable housing pipeline. Furthermore, the involvement by the public funders as founding members of the REDI Fund builds upon the already strong collaborative nature of these entities in coordinating their permanent financing resources for affordable housing projects and extending that collaboration to focus on a longer term pipeline.

KEY PARTNERS

The REDI Fund has progressed to this point due the efforts of numerous key partners, each of whom has brought expertise and oversight in creating the current business plan for this fund, and will continue to support the launch and deployment of this important affordable housing resource for the Puget Sound region.

Puget Sound Regional Council
As the coordinating agency for the Growing Transit Communities initiative, PSRC provided the backbone infrastructure and staffing to coordinate the GTC partners' pursuit of knowledge regarding the equitable TOD acquisition fund concept. As the regional Metropolitan Planning Organization, PSRC has been an invaluable facilitator of the REDI Fund working group and an amazing resource as the group has worked through many of the policy goals of the REDI Fund. In addition, PSRC was named the recipient entity in state legislation to receive the $2.5 million in state resources allocated to the REDI Fund. PSRC will have a pass-through sub-agreement with King County, and King County will move the state funds into the REDI Fund in compliance with the applicable state legislation. Given this role PSRC will remain involved with the deployment and ongoing evaluation of the REDI Fund, and will participate on the REDI Fund Advisory Committee.

King County, City of Seattle, and A Regional Coalition for Housing (ARCH)
As important partners in GTC, leaders in the Affordable Housing Steering Committee and local public lenders of the top loss capital portion of the REDI Fund, , these three public entities have provided the leadership and the financial investment to make this business plan viable. Moreover, these are the three local affordable housing gap funders in King County, and, as such, are the primary decision-makers regarding permanent funding for many of the projects that will access REDI Fund acquisition loans. Their collaboration in creating a financing tool that will thoughtfully and intentionally build a long range pipeline of affordable housing projects near frequent transit significantly advances the effort to create an efficient and well-aligned housing finance system.

Pierce and Snohomish Counties
Representatives from Pierce and Snohomish Counties were involved in the GTC partnership and the Affordable Housing Steering Committee, and have been attending working group meetings throughout the process to give their perspective on the REDI Fund's applicability and value to housing projects in their markets. The inclusion of state funds in the top loss capital portion of the fund has widened the geographic reach to allow a portion of loan activity in these two Puget Sound counties within the Sound Transit service area. Having their perspectives infused into the specific terms and the general approach of this fund, enables the fund to have a single set of terms that will be effective in submarkets throughout the three county area.

Enterprise Community Partners and Enterprise Community Loan Fund
Beginning in 2011, Enterprise brought staff resources from the programmatic and CDFI sides of the organization to advance the thinking around a Puget Sound TOD acquisition fund and share early lessons from our experience in creating funds around the country. Since that time Enterprise has worked in a variety of capacities to advance this early concept into its current state as an investable proposition, including creating business plan framework for PSRC in 2014 to communicate the opportunity to their membership,

and formally taking on the role of administrative agent to create the fund proposed here. Enterprise will:

- be the lead actor in assembling capital, structuring, documenting and closing the Fund;
- originate, underwrite and asset manage all loans on behalf of the Fund; and
- serve as the administrative agent for the Fund.

Additional information on Enterprise Community Partners and Enterprise Community Loan Fund is included in Exhibit G.

Impact Capital
Impact Capital collaborated with Enterprise early on to respond to the GTC Request for Proposals/Qualifications to develop the TOD acquisition fund concept into a framework. Impact Capital was a contract partner with Enterprise to develop the early framework and to facilitate discussions of the framework for the purpose of securing public investment. Impact Capital's insights on capital availability, critical financing gaps, and developer needs assisted in shaping the public funders interest and goals in creating the fund. As the REDI Fund begins to deploy capital, Enterprise anticipates a close working relationship with Impact Capital to pair their loan product offerings, including pre-development loans, with the Fund's acquisition capital.

THE REDI FUND STRUCTURE

Capital Stack

The REDI fund will have a total fund capitalization of $18 million, consisting of tiered risk tranches of public funds, subordinate debt (philanthropic and CDFI), and senior capital. Details on the loans by tranche are included in exhibit A.

Each project loan funded through the Fund will be comprised of capital from each of the risk tiers in the proportions shown above based on the geographic location of the project.

- **Top-Loss Capital:** The top loss capital totals $5 million. These funds are essential to the success of the Fund, providing a buffer against potential losses and allowing the Fund to lend at more flexible terms, including: 1) loan-to-value ratios higher than traditional financing; and 2) interest rates that are sensitive to the longer hold period required by these transactions.

  As shown above in the two capital stacks in attachment A, a portion of the top loss capital is restricted to projects located within Seattle. Loans originated in Seattle will draw funds as noted in the Seattle only capital stack. The capital designated for Seattle only is targeted at approximately 38% of the available capital. Exhibit A describes how loans will be funded based on their geographic location (Seattle or outside of Seattle).

  On a pro-rata basis, top loss lenders will absorb any losses on a given loan prior to the remaining REDI Fund lenders. The top loss share of each loan will be made non-recourse for borrowers that agree to a regulatory agreement that exceeds the minimum affordability requirements. See details in loan requirements section below.

  A portion of the King County funds are being granted from PSRC, which received those funds from an allocation of funds from the State of Washington for the purpose of capitalizing a portion of the public sector top loss tier.

- **Subordinate Capital:** The Living Cities Catalyst Fund will provide $3.5 million in subordinate capital. Subordinate mission capital is critical to scaling the overall size of the Fund while keeping the interest rate favorable to the borrowers. Subordinate capital will have a proportionate interest in each loan made from the Fund. These funds will also be made available on a recourse basis to the borrowers.

- **Senior Capital.** The balance of the Fund capital is comprised of $9 million of senior loan capital from Enterprise and potentially one additional investor. The senior risk position in the capital stack allows CDFI capital to be made available through the Fund at favorable rates and terms. Senior capital will have full recourse to the borrowers.

Fund Term and Origination Period

The Fund is proposed to have an initial ten year term with a five year origination period. The capital will be deployed as project loans are funded and repaid upon repayment of the project loans. Capital that is repaid prior to the maturity of the Fund will revolve and become available for funding of additional project loans.

Capital Disbursement

It is anticipated that the public sector capital will be made available on a non-interest bearing basis and will be held in trust accounts by Enterprise, and be disbursed into each project loan at closing. Interest bearing debt will be drawn down via capital calls as individual project loans are closed.

All acquisition and pre-development funds will be drawn by the borrower at closing. Interest reserves, where applicable, will be capitalized annually for the following 12 months.

Payments, Repayments and Risk Waterfall

The interest rates for the project loans will be fixed based on the blending of the interest rates due to each of the lenders plus servicing costs as reflected in the capital stack detail in Exhibit A. Individual project loans from the REDI Fund will have interest due quarterly with principal repayment due in full at project loan maturity. Interest payments will be distributed according the risk waterfall to each of the lenders for all outstanding project loans on a quarterly basis subject to payment by the borrowers. In the case that a project loan borrower does not make the required interest payments and/or principal repayment at maturity, Enterprise will not be required to make the corresponding payment to the lenders.

When interest payments and/or principal repayment is received by Enterprise, entirely or in part, each lender will be repaid in order of seniority in the cash flow waterfall. For loan tiers with multiple lenders, lenders will be repaid pro rata based on their share of that risk tier. The repayment waterfall will be structured to allow the following order of repayment:

- Operating costs due for fund administration
- Interest and principal to Senior Lenders,
- Interest and principal to Subordinate lenders,
- interest and principal to Second Loss,
- principal due to Top Loss lenders

Exhibit B attached includes sample loan loss scenarios to illustrate this repayment waterfall in the different geographic subareas.

As noted above, the Fund is being structured to allow for capital to revolve during the ten year term of the Fund. Thus, the public sector lenders have agreed to allow the repayment of principal to be re-deposited into the appropriate accounts for the purpose of making additional project loans. At the termination of the Fund, if the Fund is not renewed beyond the initial ten year term, the public sector lenders will receive payment of their capital net of any realized losses on an equal pro rata basis.

Concentration Limits

The portfolio concentration for the Fund must adhere to the following limitations:

- No more than 25% of the outstanding balance of the Fund involves transactions without an identified developer
- Administrative agent should strive to have no more than 50% of the outstanding balance of the Fund is secured by vacant (improved and unimproved), non-cash producing properties. In addition;
-

Geographic Balance

The REDI Fund will make best efforts to achieve approximately the following geographic distribution of funds to project loans over the life of the Fund:

- Seattle (38%)
- East King County (24%)
- South King County & Shoreline (18%)
- Pierce County (12%)
- Snohomish County (9%)

The distribution of capital closed and disbursed for project loans is expected to vary over time. The public lenders in the Fund will collaborate with Enterprise on proactive origination in all of the subareas in order to facilitate achievement of this target distribution. If borrowers and acquisition opportunities cannot be cultivated in a certain subarea, the oversight committee will determine how to direct lending activity in a way that makes effective use of the REDI Fund capital.

Exhibit H describes the formula for determining these percentages and how they might change with the addition of new public capital.

THE REDI FUND OPERATING PLAN

REDI Fund Documentation

As previously noted, the REDI Fund will be structured as a syndication and will be governed by a master credit agreement detailing the capital composition of the Fund as a whole and for each project loan, the underwriting requirements, the credit approval process, etc.

In addition to the master credit agreement, all public lenders will be party to an interlocal agreement outlining the agreements of the public funders for a collaborative loan fund in which the public lenders are able to pool resources across jurisdictional boundaries. The interlocal agreement documents the necessary agreements and requirements between the public lenders and details the agreement to pool separate sources of local public capital together in one fund managed by a third party entity, Enterprise. The interlocal agreement will also articulate the collective goals and expectations of the public lenders, such as geographic lending goals and lender requirements. In order to execute the interlocal agreement, the executive branch and councils of each jurisdiction must approve the terms of the interlocal agreement. Any modifications to the interlocal agreement that are not anticipated in writing within the agreement require the approval of the executive branch and councils for each jurisdiction.

Project loans will be documented by Enterprise and will name Enterprise Community Loan Fund as the administrative agent. Loans receivable will be held proportionally by each participating lender. Each lender will hold an interest in each project loan according to their share of the total capital stack and subordinated according to that lenders' position in the repayment waterfall. As the administrative agent, Enterprise will receive loan payments and distribute them quarterly to each contributing lender.

Fund Management and Governance

<u>Fund Advisory Committee</u>
The operation of the REDI Fund will be informed by an Advisory Committee, whose members will include REDI fund investors, regional TOD and affordable housing stakeholders, state level housing funders, affordable housing development consortia, community organizations and public interest groups with missions to promote equitable development in the urban areas of King County and the Puget Sound.

The Advisory Committee will be advisory to the Oversight Committee, and will offer outreach and origination guidance, provide perspective on how changes in the housing finance climate might affect loans in the REDI Fund portfolio, serve as ambassadors for the Fund to the public and community development community, and provide other strategic, programmatic, and outreach guidance to the Fund.

The Advisory Committee will serve solely in an advisory capacity and will not have any legally binding authority for the Fund. The Advisory Committee will not review individual project loan requests, nor will it have credit authority to approve or disapprove individual project loans nor make any changes to the Fund's legal structure or procedures.

The Advisory Committee will meet twice in the first year of deployment of the Fund and annually thereafter. In our role as Administrative Agent, Enterprise will present an annual summary of the REDI portfolio and lending activity to the Advisory committee.

The Advisory Committee will be convened by the rotating chair of the Oversight Committee.

Fund Oversight Committee

The Oversight Committee will include all participating lenders as well as designated housing staff from Pierce and Snohomish counties. The Oversight Committee will meet twice in the first year and annually thereafter. to review Fund activity and reports, and the Fund's loan portfolio. The Oversight Committee will consider and determine the strategic direction of the Fund, as necessary and appropriate. If deployment or other concerns necessitate, this committee could meet as frequently as quarterly The role of chairperson will rotate among the contributing public lenders.

The Oversight Committee will flag issues of concern but the consent of all participating lenders will be required for decisions that affect the structure, intent, or other significant and material aspect of the Fund's operations or make changes to the Master Credit Agreement. Examples include:

- Fund structural changes;
- Changes to the composition or voting rights of the credit committee;
- Changes to the underwriting criteria;
- Changes to reporting requirements.

The Oversight Committee will receive a report on the loan portfolio 45 days after each interim quarter and after the end of each calendar year. This report will include financial information on the loan portfolio as well as a summary of the progress toward affordability and geographic goals.

Role of Administrative Agent and Loan Originator and Servicer

Enterprise will serve as the administrative agent and the sole loan originator and servicer for the Fund. Duties include:

- Raising capital, developing the Fund's structure and legal documentation, and closing the Fund;
- Originating, underwriting, preparing loans for approval by the credit committee and closing the project loans;
- Managing the Fund's day-to-day operations, including project loan tracking, portfolio management, and reporting.

Enterprise's CDFI subsidiary will apply its normal lending standards and practices in its role as sole originator and servicer for REDI Fund project loans. These lending standards and practices adhere to commonly accepted industry standards.

The key personnel from Enterprise that will be responsible for all Fund activities are listed in Exhibit G.

REDI FUND Acquisition loan Terms

- *Term:* Acquisition loans for vacant or redevelopment sites may have a loan term up to 84 months. Operating multifamily properties that are not intended for redevelopment may have a loan term up to 48 months. Loan extensions will be considered on a case-by-case basis. Every effort will be made to structure project loans at origination with a term that meets the development plan and timeline.

- *Eligible Borrowers:* Eligible applicants include non-profit and for-profit housing developers, public development authorities, housing authorities and non-profit land banking agencies. Eligible borrowers and/or project partners must be able to meet minimum underwriting criteria and demonstrate a commitment and/or ability to develop and/or preserve affordable rental housing

- *Eligible Purpose of Loans*: Project loans originated through the Fund may fund the acquisition of: (1) vacant land and redevelopment sites, and (2) existing multifamily housing for long term preservation. The Fund will seek to diversify risk both by product type and geography, by making loans in accordance with the geographic targets previously listed.

- *Maximum Loan-to-Value:* The maximum loan-to-value will differ by borrower type. Project loans may not exceed 100% loan-to-value of the lesser of "as-is" appraised value or purchase price. Project loans to borrowers that commit to a higher level of affordability than the program minimum a maximum loan-to-value of 110% of the lesser of the "as-is" appraised value or purchase price[5], See loan requirements section for more detail the additional affordability requirements.

- *Collateral:* REDI fund loans will be secured by a deed of trust. The REDI deed of Trust will only subordinate to the REDI regulatory agreement. The deed of trust will be held by the administrative agent on behalf of all lenders in the syndication.

- *Recourse and Guarantee:* Loans will be 100% recourse basis. In the case of loans made to single purpose entities (SPE), corporate guarantees will be required for non-profits for 72.2% of the loan amount. In the case of for-profit borrowers, corporate and personal guarantees will be required at 100% of the loan amount when the borrower entity is a SPE.

- *Equity Requirement:* Non-profit borrowers: 5% equity, based on acquisition cost, can be in the form of subordinate debt from local government agencies, grants, and contributed land equity in lieu of some or all of the equity. For loans greater than $5 million, requests can be considered to cap the required equity at $250k.

[5] Maximum LTV for non-profits allows for pre-development if such funds are not available or feasible from another source.

For-profit project borrowers: 10% cash equity, based on total acquisition cost.

- *Interest Payments:* Interest-only payments, with principal due at the earlier of loan maturity or upon receipt of any repayment source, including the closing of construction financing or internally generated funds.

  Interest-only payments may be made via cash flow from operations of acquired property or from borrowers' (or their principals') general cash flow from operations. Borrowers (or their principals) shall be required to show evidence and maintain sufficient unrestricted liquidity to comfortably make all required interest payments. The Fund will actively pursue opportunities for properties with some current income to reduce holding cost burden to the borrower and the ultimate development budget.

  If deemed necessary by the administrative agent, some/all of the interest payments may be made from a capitalized interest reserve funded through loan proceeds. The interest reserve may be reduced or eliminated if the borrower or its principals demonstrates the financial strength to make out of pocket interest payments, identifies another source to pay interest payments or there is a source of stable cash flow from the acquisition property. If any interest reserve is exhausted, borrower will make payments out of pocket. Interest reserves will be drawn down and capitalized annually for the upcoming 12 months.

- *Eligible Uses:* Loan proceeds may be used for acquisition, due diligence, and closing costs. Up to 10% of a project loan, not to exceed $250k, may be used for predevelopment such as conceptual design and entitlement, if the borrower cannot feasibly access other sources of pre-development funds.

LOAN REQUIREMENTS AND PROGRAMMATIC PRIORITIES

Affordability Requirements and Goals
A regulatory agreement will be recorded by the Fund as part of the project loan documents package, requiring that a minimum of 10% of the units in a project seeking a REDI Fund loan must have monthly housing costs affordable at the lesser of:

1) monthly rent or multi-family for-sale prices set at 20% below the level of the average rent or multi-family for-sale prices for the Area Market in which the acquired property is located, or
2) monthly costs affordable a household at 80% AMI

These units must remain affordable for a minimum period of 50 years. This is intended to be a modest affordability requirement commensurate with the shallow subsidy provided by the REDI Fund. REDI Fund will proactively seek and prioritize projects that maximize residential affordability, and all public lenders have made a commitment to align take out public funding with REDI Fund acquisitions, as appropriate.

Geographic Eligibility
Eligible properties must be located in King, Pierce or Snohomish County. Eligible project sites must be within a ½ mile walk shed of light rail or commuter rail, or within a ¼ mile walk shed of frequent bus service or streetcar stops. Additionally, local comprehensive plans must anticipate a minimum of ten residential units per gross acre for the subject site. Prior to full service operations, transit service will be considered eligible if:

(1) the service is fully funded,
(2) the station/stop location is formally determined, and
(3) service is either in place or scheduled to begin within the loan term.

UNDERWRITING APPROACH

Enterprise's CDFI subsidiary is an experienced community development lender with a strong track record in originating and underwriting loans for all phases of affordable housing and mixed-income housing development and property types including vacant land, redevelopment of underdeveloped sites, and preservation projects. A thorough analysis and evaluation of risk is inherent in the manner in which Enterprise reviews due diligence items provided by the borrowers as well as the review of third party reports (appraisal, market study (where applicable), property condition report, Phase I environmental report, etc.) to determine the viability of a loan request. In considering REDI Fund loan opportunities, Enterprise will provide their standard underwriting diligence, paying special attention to entitlement risk, take out viability, and community and public support (both monetary and political). Enterprise's underwriting will be performed based on the underwriting guidelines included in Exhibit C.

Development plan and alternate scenarios
Borrowers will be required at time of loan application to detail one or more plausible development strategies, including project description, take-out source(s), permanent financing options, projected # of units, including affordable units, and affordable housing cost levels, anticipated timeline and other information necessary to evaluate and preliminarily underwrite the alternative development plans. Financing timeline must include application for competitive funds a minimum of 18 months prior to end of loan term.

Take Out Financing
During underwriting, Enterprise will investigate the viability for take-out financing proposed by the borrower to the best of their ability at the time of underwriting. Given the likely permanent funding role of the public sector lenders in the REDI Fund, Enterprise will seek information from those entities to assess their level of comfort with a proposed project site and their opinions regarding the development plans.

Local Political Support
Underwriting will focus on local support for a project, particularly in those instances where a project anticipates local jurisdictions as a source of permanent financing or where a zone change or other discretionary entitlement will be required. Applicants are expected to demonstrate the nature and strength of public support that the proposed project has from the local jurisdiction/community. Examples of support could include:

- Letters of support from city council, other public agency, or community-based organization;
- Existing policies (e.g., comprehensive plan), programs, or initiatives that are furthered by the proposed project;

- Commitment or potential availability of public funds, other resources, or incentives for the project development.

Recognizing that some jurisdictions may not be supportive of affordable housing projects, this support is not a threshold to loan approval, provided that lack of local support doesn't jeopardize anticipated financing or entitlement approvals.

LOAN ORIGINATION AND APPROVAL

Enterprise will act as the sole originator and underwriter for the REDI Fund project loans. Project loan applications will be accepted on a rolling basis. Enterprise will review borrower submissions, make necessary inquiries, and submit a loan request package to the credit committee.

Approval of Loan Requests

Loan request packages for will be distributed to credit committee members via email five business days in advance of the scheduled credit committee telephonic meeting.

Credit Committee

The REDI Fund credit committee will convene as necessary to approve loan requests submitted by the administrative agent based on the established underwriting criteria.

Credit committee membership shall consist of:

- One seat for the most local top loss lender[6] of the application (s) being reviewed by the committee
- One rotating seat among the three top loss lenders[7].;
- One representative of the subordinate lender(s);
- One representative of the senior lender;
- One representative of the administrative agent.

The credit committee must have at least three members attend a meeting to represent a quorum, including one top loss lender and one senior lender. A loan request will be deemed approved if a majority of the credit committee members participating in the telephonic meeting vote in favor of the loan request.

LOAN MODIFICATIONS AND PORTFOLIO MANAGEMENT

[6] This will be the City of Seattle for anything in Seattle, ARCH for anything in their jurisdiction and King county for all other areas.

[7] In the event the most local public funder is the same as the current rotating public lender, that vote will revert back to the top lender that previously held that seat on the credit committee.

Enterprise as loan servicer will oversee the Fund's asset management functions. Enterprise will use its industry accepted lending standards and guidelines manual for servicing the REDI Fund loans. These lending standards and guidelines outline all of the procedures to be followed by Enterprise while servicing loans including a risk rating system to be applied to each loan for risk management purposes.

The asset management function will include overseeing the production of loan monitoring reports for each project loan that provides an update and assessment on the performance of each loan, including the status of loan repayment. Loan monitoring reports will be prepared semi-annually for all loans. For loans that have been down-graded for delinquency or other risk factors, Enterprise staff will be in regular communication with borrowers to address any risk factors relevant to the loan and the success of each project.

Loan monitoring reports will include the following:

- Portfolio Monitoring report that describes outstanding loans and loan performance, including a description of portfolio diversification and other key credit risk factors as agreed to by the Fund capital partners, loans that have been approved but have not closed yet and loans that are awaiting approval.
- Delinquency report noting any events of default, and any occurrence of any material adverse change for project loans.
- Summary of the fund's performance on programmatic priorities including geographic balance of loans, anticipated unit creation by AMI category, etc.

Loan Modifications and Extensions

All loan modification requests will be summarized by the administrative agent and distributed to the credit committee for review and approval. The modification request summary will include the reason for the modification, the impact of the modification on the project, an assessment of any change in the risk profile of the loan, and any impact of the modification on the future lending pipeline.

Modifications and extensions for current and performing loans may be approved via email. Committee members have 10 business days to review and respond with their vote. If a committee member doesn't respond within 10 days, that member will be deemed to have given approval.
Project loans deemed non-performing for either monetary delinquency (interest and/or principal) or non-monetary delinquency may be considered for restructure (modification of loan terms such as loan maturity, payment or repayment modification, etc.) will require consideration by the credit committee via a telephonic meeting.

The following modifications on a delinquent loan will require an affirmative vote by a majority of the participating lenders, including a top loss lender and a senior lender:

- Waivers of events of default
- Release of any collateral securing a project loan, except in the case of repayment
- Increase in the outstanding principal amount

- Modification of any payment terms or interest rate
- An extension for any period for which there is no reasonable expectation of full repayment of the loan at the end of the extension period.
- Revisions to the covenants that result in less stringent requirements
- Exceptions to fund policies on environmental risk, entitlements or insurance

Loan Workouts:
In the event a loan workout becomes necessary, the administrative agent will work with the borrower to prepare a workout plan and submit the plan to the credit committee. The workout plan must be approved by a majority of the credit committee, including a top loss lender and a senior lender. [If the committee is unable to approve a workout plan, the administrative agent and the senior lender must agree upon and approve a workout plan.] In the absence of an approved work out plan, the senior lender and administrative agent may, without limitation, require the Fund to enforce all of its rights and remedies with respect to the project loan and to charge off the project loan.

Borrowers will be expected to pursue a development plan that is relatively similar to what was proposed in the loan application, with consideration given to changes in market conditions and subsidy available in the interim. Should Borrower pursue an alternative development plan or disposition that is deemed by the credit committee as non-compliant with the Fund's stated goals and affordability requirements, the loan documents will include provisions for a substantial fee to be assessed upon sale of the real estate. The intended goal of the fee is to prohibit any financial incentive for speculation using the REDI fund and provide the oversight committee some leverage in influencing the disposition of the site. This fee will be detailed in the REDI Master Credit Agreement.

DEMAND ANALYSIS

Demand for new capital products is always difficult to assess. Currently, patient, low cost, higher LTV debt for acquisition of development sites is very, very scarce. Those few loans that have been made have been on an exception basis by entities that only lend to non-profit entities for 100% affordable housing projects. Without being able to assess current activity for this segment of capital, we have instead assessed demand in the following ways:

<u>Requests to Enterprise</u>
Over the last 12 months, Enterprise has received three unsolicited requests for higher than typical LTV, site acquisition loans for transit oriented sites in areas with strong rent growth, from borrowers with strong balance sheets. The borrowers were seeking to locate affordable housing in high opportunity locations but did not have access to equity and/or subsidy. These requests represented opportunities that currently do not fit Enterprise's loan product offerings and therefore we were unable to provide the financing. One project was approved by another CDFI on an exception basis and two others are currently seeking financing.

<u>Strong Acquisition Opportunities</u>
There are several strong locations throughout the REDI Fund eligible geography with good access to transit and other services, moderate land values that make affordable housing feasible, and strong rental markets. Many of these sites have small residential or commercial buildings that could provide a modest amount of current income to defray carrying costs making them attractive acquisition opportunities if and when current owners are ready to list the sites for sale. Opportunities like this at Northgate, Shoreline, Mt Baker, Central Area, Beacon Hill have all come up in conversation with potential borrowers over the course of REDI Fund interviews.

<u>Conversations with Potential Borrowers</u>
Vetting the appetite for financing from the REDI Fund with potential borrowers prompts predictable risk analysis conversations as developers consider extending their pipelines. Non-profit developers cite a need to understand the availability of acquisition opportunities with current cash flow and to work with their boards on their comfort level of holding sites for an extended period of time, albeit with capital with favorable terms. The uncertainty of subsidy availability has slowed acquisition activity during the past year. Now that the Washington State Trust Fund has been restored, King County lodging tax bonding will provide the County with approximately $45 million in TOD housing resources early next year, and the Mayor of Seattle is calling for doubling the housing levy. Anecdotally, developers feel more bullish on site acquisition at this time, as compared to the same time last year.

Deployment is anticipated to ramp up over the first year as marketing efforts make potential borrowers aware of this new acquisition financing source l. During the X years of the deployment period we anticipate deploying $XM in year one, $XM in year 2…

Existing Resources and Financing Gaps
The current financing climate in the Central Puget Sound has an adequate supply of short term acquisition capital for non-profit developers that are anticipating developing a site or starting a rehab project within 36 months using a 9% LIHTC execution. These capital sources tend to be somewhat constrained on loan size for larger acquisitions but are otherwise readily available.

For acquisition terms beyond 36 months, the only consistently available program is a statewide Land Acquisition Program through the Washington State Housing Finance Commission. This statewide pool of longer term, low cost capital is often over-subscribed and tends not to be active in the higher cost markets of the Central Puget Sound. This product is also not available to for-profit borrowers or mixed-income projects.

As the public permanent funding resource base expands as described above, so do opportunities for different types of projects that include private developers and market rate housing. This will serve to increase the need for patient capital (in both term and cost) that will explore new deal types with creative and experienced borrowers.

Marketing and Outreach

Enterprise will utilize the relationship base of our Seattle and national staff to implement a targeted marketing and outreach plan. Enterprise will support strong potential borrowers in identifying potential sites, and assessing the risks inherent in extending their pipeline with longer term capital. Enterprise local staff will work proactively with potential borrowers to evaluate those site opportunities that best fit both the underwriting standards developed prior to closing and the policy intent of the Fund.

Enterprise Community Partners staff will lead the efforts around proactive origination and early opportunity assessment. This role will be distinct from the role of assessing and evaluating risk being undertaken by Enterprise Community Loan Fund staff. . Despite talking on an active origination role, as a lender, Enterprise will maintain objectivity on the underwriting and credit evaluation.

Enterprise will also make use of the existing marketing channels across its other capital business lines to ensure the REDI Fund is a known product across the local community development and housing industry. This will include promotion at local and national conferences in the Pacific Northwest. This marketing outreach will be supported by printed collateral materials as well as promotion of the REDI Fund on Enterprise's website.

Lastly, the REDI Fund advisory committee will be a critical body to ensure that all potential borrowers are aware of the Fund so that the community benefits and impact of the Fund are maximized. The diverse representation of that group, across geographies and sectors, will be a conduit to keep developers, funders and lenders in the region aware of the fund activities and capital availability.

FUND FINANCIAL PLAN

Enterprise developed a financial model for the $18 million REDI fund with an eye towards the most efficient financial structure. The goal is to maximize financial operations of the Fund and ensure that the Fund will be financially self-sufficient. A summary of this model is included in Exhibit E. The assumptions below are based on a 10 year financial pro forma and each lender's loan is in order of the loss waterfall. The public funders are in the top loss position, followed by subordinate capital from ECLF and Living Cities and lastly the senior debt from ECLF and a yet-to-be determined second senior source. The financial assumptions are as follows:

- **Cost of funds**: The blended interest rate will be dependent on the cost of capital of the remaining senior tranche currently being raised. Exhibit A details each lender's cost of capital plus the fund management fee.

- **Interest payments and fund expenses**: a 75 basis point spread (bps) fund management fee was added to each lender' portion of the capital provided, except for the Enterprise Community Loan Fund (ECLF) capital as this fee is reflected in the pricing. The fund management fee will cover the administration, accounting, management and servicing expenses of the debt by ECLF. Interest payments will be due quarterly from the borrower and if applicable paid quarterly to lenders in the Fund.

- **All in estimated project loan interest rate** of between 3.58% and 3.75%
- Average loan size of $2 million
- Deployment schedule of 2 loans per year
- Average loan term of four years; maximum loan term six years
- Origination period of five years
- 1/3 of capital redeployed
- Origination fee of 1.5%

Start Up Period

The REDI Fund startup expenses are anticipated to be $145,500 including:
- $75,000 for Enterprise Community Partners and Enterprise Community Loan Fund staff time to:
  - develop the Fund structure;
  - draft the business plan and financial model;
  - raise capital for the Fund;
  - close the Fund; and
  - implement Fund operations.

- $70,500 for legal services provided by Enterprise Community Partners internal counsel to:
  - advise on the structure of the Fund;

- draft the master credit agreement (MCA);
- coordinate the review of the MCA and all accompanying exhibits and schedules; and
- work with each lender's legal staff on closing.

This estimated legal costs do not include any costs related to any required legal opinions, such as charitability or corporate opinions.

Enterprise is absorbing the startup costs as part of existing grants for these efforts and in-kind contribution.

Management, Servicing and Administration

As mentioned above a 75 bps will be added to each lender's portion of capital. Management and operating functions paid by this fee include:

- processing capital calls;
- loan servicing, including invoicing, accounting and processing payments to REDI Fund lenders;
- tracking loan balances for all REDI Fund lenders;
- monitoring project status and ensuring any changes are compliant with program and covenant requirements;
- quarterly financial, programmatic and portfolio (delinquency, pipeline, etc.) reporting
- reviewing loan modification requests; and
- management of delinquent and/or problem loans.

Origination Fees

The borrowers will pay an origination fee of 1.5% of the loan amount being requested, with a minimum loan fee of $20,000. The origination fee will be partially due at loan application ($2,500, non-refundable), acceptance of loan commitment (50% of origination fee, non-refundable) and the balance due at loan closing. The borrowers will also be responsible for payment of all third party due diligence costs such as property appraisal, Phase I Environmental Report, property condition report, market study, and legal fees associated with loan closing.

REDI BUSINESS PLAN EXHIBITS

Exhibit A	REDI fund Capital stack & Loan funding by Geography
Exhibit B	Risk Waterfall example
Exhibit C	Underwriting Guidelines
Exhibit D	Closing Timeline
Exhibit E	Financial Model
Exhibit F	Interviewees for REDI fund product creation
Exhibit G	Enterprise Background and Key Staff Bios
Exhibit H	Target Regional Distribution of REDI Fund Loans

Exhibit A: REDI fund Capital Stacks by geography

Tier	Source	$ Amount	% of Loan by lender	% of Loan by tier	Recourse?	Cost of Funds	Mgmt Fee	Total Rate
Top Loss	ARCH	500,000	2.8%	27.8%		0.00%	0.75%	0.75%
	King Co	1,000,000	5.6%			0.00%	0.75%	0.75%
	PSRC via King County	2,500,000	13.9%			0.00%	0.75%	0.75%
	Seattle	1,000,000	5.6%			0.00%	0.75%	0.75%
2nd loss	CDFI	500,000	2.8%	3.0%	Y	6.75%		6.75%
Subordinate	Living Cities	3,500,000	19.4%	19.4%	Y	3.00%	0.75%	3.75%
Senior Debt	ECLF	2,000,000	11.1%	50.0%	Y	2.00%		2.00%
	ECLF	4,000,000	22.2%		Y	5.75%		5.75%
	CDFI	3,000,000	16.7%		Y	5.00%	0.75%	5.75%
	TOTAL FUND SIZE	**$ 18,000,000**	100%		**72.2%**			**3.58%**

Max Loan Size (25%) $ **4,500,000**

Projected Rate to Borrower **3.58%**

Seattle vs. Regional sub-pools

Loans within the City of Seattle will be funded up to the 38% target allocation (6.84M) as described in the City of Seattle capital stack shown below. If loans are approved in excess of that amount, Enterprise will draw, pro rata, on the regional funding pool shown here. There are no geographic restrictions on any of the funds in the regional capital stack.

City of Seattle Loans @ 38% of Fund ($6.84M in total)						Regional Loans			
Tier	Source	$ Amount	% of Loan	Risk Tier	Share of Risk Tier	Source	$ Amount	% of Loan	Share of Risk tier
Top Loss	Seattle	1,000,000	14.6%	28%	53%	Seattle	-	0%	0%
	ARCH		0.0%		0%	ARCH	500,000	4.5%	16%
	King Co		0.0%		0%	King Co	1,000,000	9.0%	32%
	PSRC/KC	900,000	13.2%		47%	PSRC/KC	1,600,000	14.3%	52%
2nd loss	CDFI	190,000	2.8%	2.8%	100%	CDFI	310,000	2.8%	100%
Subordinate	Living Cities	1,330,000	19.4%	19.4%	100%	Living Cities	2,170,000	19.4%	100%
Senior Debt	ECLF	760,000	11.1%	50.0%	22%	Enterprise Net Assets	1,240,000	11.1%	22%
	ECLF	1,520,000	22.2%		44%	Enterprise	2,480,000	22.2%	44%
	CDFI	1,140,000	16.7%		33%	CDFI	1,860,000	16.7%	33%
TOTAL		**6,840,000**	**100%**				**11,160,000**	**100.0%**	

Scenario A - loan funding sample scenario

City of Seattle Loan @ $2M

City of Seattle Only			
Tier	Source	$ Amount	% of Loan
Top Loss	ARCH	-	27.8%
	King Co	-	
	PSRC/KC	263,158	
	Seattle	292,398	
2nd loss	Enterprise	55,556	2.8%
Subordinate	Living Cities	388,889	19.4%
Senior Debt	Enterprise Net Assets	222,222	11.1%
	Enterprise	444,444	22.2%
	CDFI	333,333	16.7%
	TOTAL	**$ 2,000,000**	**100.0%**

City of Seattle Loan with other Top Loss lenders @ $5M

Source	$ Amount	Remaining Seattle Pool	Draw on regional Pool	New Percentage
ARCH	7,168	-	7,168	0.1%
King Co	14,337	-	14,337	0.3%
PSRC/KC	659,781	636,842	22,939	13.2%
Seattle	707,602	707,602	-	14.2%
CDFI	138,889	134,444	4,444	2.8%
Living Cities	972,222	941,111	31,111	19.4%
Enterprise Net	555,556	537,778	17,778	11.1%
Enterprise	1,111,111	1,075,556	35,556	22.2%
CDFI	833,333	806,667	26,667	16.7%
Total	**$ 5,000,000**	**$ 4,840,000**	**$ 160,000**	**100%**

Regional Loans (Remaining $11M)

Tier	Source	$ Amount	New Percentage
Top Loss	ARCH	492,832	3.5%
	King Co	985,663	6.9%
	PSRC/KC	1,577,061	17.4%
	Seattle	-	0.0%
2nd loss	CDFI	305,556	2.8%
Subordinate	Living Cities	2,138,889	19.4%
Senior Debt	Enterprise Net	1,222,222	11.1%
	Enterprise	2,444,444	22.2%
	CDFI	1,833,333	16.7%
	Total	**$ 11,000,000**	**100%**

Exhibit B: Loan Loss Waterfall examples

The loan loss scenarios below show how repayments of different sizes would repay to the individual lenders in the syndicate. These scenarios assume that the borrower is current on all interest at the time of partial repayment.

Loan capital will be repaid to lenders in order if senority. For loan tiers with multiple lenders, lenders will be repaid pro rata based on their share of that risk tier.

$3M City of Seattle Loan					Share of	$2.5M repayment scenario		$2M repayment scenario	
Tier	Source	$ Amount	% of Loan	Risk Tier	Risk Tier	Repayment	Loss	Repayment	Loss
Top Loss	Seattle	438,596	14.6%	27.8%	53%	175,439	263,158		438,596
	ARCH		0.0%		0%				-
	King Co		0.0%		0%				-
	PSRC/KC	394,737	13.2%		47%	157,895	236,842		394,737
2nd loss	CDFI	83,333	2.8%	2.8%	100%	83,333	-	-	83,333
Subordinate	Living Cities	583,333	19.4%	19.4%	100%	583,333	-	500,000	83,333
Senior Debt	ECLF	333,333	11.1%	50.0%	22%	333,333	-	333,333	-
	ECLF	666,667	22.2%		44%	666,667	-	666,667	-
	CDFI	500,000	16.7%		33%	500,000	-	500,000	-
TOTAL		**3,000,000**	**100%**			**2,500,000**	**500,000**	**2,000,000**	**1,000,000**

$3M Regional Loan (outside the City of Seattle)					Share of	$2.5M repayment scenario		$2M repayment scenario	
Tier	Source	$ Amount	% of Loan	Risk Tier	Risk tier	Repayment	Loss	Repayment	Loss
Top Loss	Seattle	-	0%	27.8%	0%	-	-		-
	ARCH	134,409	4.5%		16%	53,763	80,645.16		134,409
	King Co	268,817	9.0%		32%	107,527	161,290.32		268,817
	PSRC/KC	430,108	14.3%		52%	172,043	258,064.52		430,108
2nd loss	CDFI	83,333	2.8%	2.8%	100%	83,333	-		83,333
Subordinate	Living Cities	583,333	19.4%	19.4%	100%	583,333	-	500000	83,333
Senior Debt	ECLF	333,333	11.1%	50.0%	22%	333,333	-	333,333	-
	ECLF	666,667	22.2%		44%	666,667	-	666,667	-
	CDFI	500,000	16.7%		33%	500,000	-	500,000	-
TOTAL		**3,000,000**	**100.0%**			**2,500,000**	**500,000**	**2,000,000**	**1,000,000**

REDI FUND UNDERWRITING GUIDELINES

PROJECT LOAN - ACQUISITION LOAN			
Administrative Agent on behalf of all Lenders:	Enterprise Community Loan Fund, Inc.	This criterion is :	
Loan Type:	Acquisition	Met	Mitigated and discussed in the UW package
Loan Amount:	Maximum loan amount is the lesser of 25% of the REDI Fund's total capital or $5,000,000. Loans over this amount may be considered on an exception basis, but would require the approval of required lenders.		
Development Parameters:	All acquisition sites must be: • Located in Pierce, King or Snohomish County. • Located within ½ mile walk shed of light rail or commuter rail, or within a ¼ walk shed of frequent service bus or streetcar stops. • Have zoned density in the local comprehensive plan for at least 10 units per acre.		
Loan to Value:	Maximum loan-to-value as follows: • Nonprofit borrowers - Up to 110% of the lesser of the "as-is" appraised value or the purchase price, to include funds for predevelopment expenses. • For profit borrowers – Up to 100% of the lesser of the "as-is" appraised value or the purchase price, to include funds for predevelopment expenses.		
Equity Requirement:	Minimum equity contribution from borrower as follows: • Non-profit borrowers - 5% equity, based on acquisition cost, can be in the form of subordinate debt from local government agencies, grants, and contributed land equity in lieu of some or all of the equity. For loans greater than $5 million, requests can be considered to cap the required equity at $250k. • For profit borrowers – 10% cash equity, based on total acquisition cost.		

Eligible Projects:	Projects utilizing loans from the REDI Fund must be proposed as primarily residential in nature, to include the following housing types: • New multifamily rental housing. • New multifamily for-sale housing (on exceptional basis). • Preservation of affordable multifamily rental housing projects, where market pressure or expiring subsidies threaten loss of affordable housing stock. Mixed-use projects are eligible, with the following conditions: • Non-residential uses make up no more than 20% of the floor area, or Non-residential uses may constitute up to 30% of the project floor area where those uses contribute a public benefit to the community, including such uses as affordable commercial space for local merchants, community centers and facilities, including day care and health care.		
Eligible Borrowers:	Eligible applicants include non-profit and for-profit housing developers, public development authorities, housing authorities and non-profit land banking agencies. Borrowers must demonstrate strong financial capacity, experience owning and operating multifamily housing, and a demonstrated ability to complete projects using any subsidy sources anticipated as permanent financing. Joint ventures teams may be considered and pre-approved on a case-by case-basis.		

	Special purpose entities affiliated with the project sponsors are also eligible.		
Affordability Requirements:	A minimum of 10% of the units in the project have rents affordable to the lesser of 80% AMI rents or 10% below market rates for the neighborhood.		

Geographic Distribution:	The REDI Fund will make best efforts to achieve approximately the following geographic distribution of funds to project loans over the life of the Fund: • Seattle (38%) • East King County (24%) • South King County & Shoreline (18%) • Pierce County (12%) • Snohomish County (9%)		
Financial Covenants:	1. Debt to Equity ratio not to exceed 3:1 2. Maintain a minimum equity balance equal to the outstanding amount owed by Borrower to the Facility. 3. Unrestricted cash balance equal or greater to $500,000 plus 6 months of interest for all outstanding debt for operating properties that meet a 1.10 DCR. 4. Unrestricted cash balance equal to or greater than $1,000,000 plus 24 months of interest for all outstanding debt for vacant properties and properties not meeting a 1.10 DCR. 5. Borrowers (and their principals) must be in good standing with relevant jurisdiction and must be current on all taxes. 6. Borrowers (and their principals) must be in good standing with all Lenders, any applicable state and federal agencies, and any other current lenders/funders, including HUD/FHA when applicable to permanent financing. 7. Borrowers (and their principals) must have no material defaults on development financing, including federal and state debt, within the past 7 years. Borrowers (or their principals) must maintain an organizational debt coverage ratio of 1.10. The ratio will be calculated as Earnings Before Interest Expense and Depreciation plus Liquid Investments not reserved against future debt payments divided by debt payments for the year. (EBID + Investments not reserved)/Debt payments >= 1.10 8.		

Recourse:	Each Acquisition Loan will be a recourse obligation of each borrower as follows: • Nonprofit borrowers – 72.2% recourse basis. • For profit borrowers – 100% recourse basis In the case of loans made to single purpose entities (SPE), corporate guarantees will be required for nonprofits for 72.2% of the loan amount. In the case of for profit borrowers, corporate and personal guarantees will be required at 100% of the loan amount when the borrower entity is a SPE.		
Interest Rate:	Loan pricing will be fixed at loan closing, with interest to be paid quarterly. The rate will depend on the ultimate blend of capital in any given loan (see Schedule x) and will be reflected in the Acquisition Loan Note.		
Repayment:	Quarterly interest only payments, with principal due at maturity or upon receipt of any repayment source, including the closing of construction financing or internally generated funds. Interest-only payments will be made via cash flow from operations of acquired property or from Borrowers' (or their principals') general cash flow from operations. Borrowers (or their principals) shall be required to evidence and maintain sufficient unrestricted liquidity to comfortably make all required interest payments under this facility. If deemed necessary by the Administrative Agent, some/all of the interest payments may be made from a capitalized interest reserve funded through loan proceeds. The interest reserve may be reduced or eliminated if the Borrower or its principals demonstrates the financial strength to make out of pocket interest payments, identifies another source to pay interest payments or there is a source of stable cash flow		

	from the acquisition property. If any interest reserve is exhausted, Borrower will make payments out of pocket. The loan is prepayable without penalty or premium.		
Fees:	The Borrower will pay an Commitment Fee of 1.50% of the Project Loan, payable half upon acceptance of the Acquisition Loan Commitment Letter and the balance upon closing. There will also be a $2,500 application fee, which will be credited against the Commitment Fee at closing. The Borrower will pay the Administrative Agent's attorneys' legal fees.		
Covenants:	Standard for this type of loan and some special covenants for this Facility that will be reflected in the Loan Documents.		
Events of Default:	Standard.		
Term:	The maximum loan term is seven (6) years.		
Security:	All loans will be secured by real estate in a first priority position. Other secured loans will be subordinate and subject to subordination and standstill agreements. Additional collateral may also be required, if appropriate.		
Loan Conditions:	Closing will be contingent upon the favorable review and approval of: • Standard financial covenants (see above) • Standard due diligence requirements • No material adverse change in financial condition and performance • State of title and survey acceptable to lender's attorney		
Non-Compliance	Borrowers will be expected to pursue a development plan that is relatively similar to what was proposed in the loan application, with consideration given to changes in market conditions and subsidy available in the interim. Should Borrower pursue an alternative development plan or disposition that is deemed by the credit committee as non-compliant with the Fund's stated goals and affordability requirements, the loan documents will include provisions for a substantial fee to be assessed upon sale of the real estate. The fee will prohibit any financial incentive for speculation using the REDI		

	fund and provide the oversight committee some leverage in influencing the disposition of the site. This fee will be detailed in the REDI Master Credit Agreement.		
Zoning:	By the 24th month of the term of any loan, if required zoning is not already in place, borrower must initiate a re-zoning process with the appropriate municipality. Initial underwriting will vet the viability of securing such land use approvals if they are not currently in place.		
Third Party Reports:	MAI appraisal with as-is market value for the land and any existing buildings dated within six (6) months of loan closing. Environmental site assessment, geotechnical survey, property condition report and other reports as required by the Lender dated within six (6)		
	months of loan closing.		
Reporting Requirements:	In addition to the standard reporting requirements for a loan of this nature, Borrower must agree to comply with any additional reporting requirements required by the Administrative Agent to document the impact of the Facility. All reporting requirements will be clearly defined in the Loan Documents .		

Task	Start	End	Notes
Complete draft of business plan	10/6/2016		
review and comment on second draft of the business plan	11/10/2015	11/20/2015	
Business plan final	**11/20/2015**		
Final draft of interlocal	10/15/2015	11/10/2015	
Draft Master Credit agreement/fund documents	11/1/2015	11/25/2015	
Negotiate MCA/Loan documents	11/30/2015	1/15/2016	
Final draft of MCA/loan documents	1/15/2016		
Investor UW and appoval			
Living Cities			
Business plan and UW package to LC		10/6/2016	
site visit (approx timing)			
Committee approval			
City of Seattle			
Committee review	12/1/2015	12/15/2015	
Council approval	1/1/2016	1/15/2016	
ARCH			
ARCH interlocal and business plan approval (administrative)	9/18/2015	#############	
King County			
King County interlocal and business plan approval (administrative)	#############	#############	
Executed grant agreement with PSRC	12/15/2015		
Senior Lenders			
Senior Debt underwriting	11/15/2015	12/15/2015	
Senior Debt committee review and commitment	12/15/2015	12/31/2015	
Committee approval from all investors	1/15/2016		
Closing			
Fund document signatures & fund closing	1/15/2016	1/31/2016	

EXHIBIT E - REDI Fund Income Statement

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Originations												
Projects	2	4	3	0	2	3	-	-	-	-	-	14
Total Projects Closed	$4,000,000	$8,000,000	$6,000,000	$0	$4,000,000	$6,000,000	-	-	-	-	-	$ 28,000,000
Total Outstanding	$4,000,000	$12,000,000	$18,000,000	$14,000,000	$18,000,000	$16,000,000	$10,000,000	$10,000,000	$ 6,000,000	$ 6,000,000	$ -	
Income Statement												
Revenue												
Interest- Loans	$ 150,000	$ 450,000	$ 675,000	$ 525,000	$ 675,000	$ 600,000	$ 375,000	$ 375,000	$ 225,000	$ 225,000	$ -	$ 4,275,000
Origination Fee (per loan)	$ 60,000	$ 120,000	$ 90,000	$ -	$ 60,000	$ 90,000	$ -	$ -	$ -	$ -	$ -	$ 420,000
Appraisal (per loan)	$ 8,000	$ 16,000	$ 12,000	$ -	$ 8,000	$ 12,000	$ -	$ -	$ -	$ -	$ -	$ 56,000
Legal (per loan)	$ 20,000	$ 40,000	$ 30,000	$ -	$ 20,000	$ 30,000	$ -	$ -	$ -	$ -	$ -	$ 140,000
Total Revenue	$ 238,000	$ 626,000	$ 807,000	$ 525,000	$ 763,000	$ 732,000	$ 375,000	$ 375,000	$ 225,000	$ 225,000	$ -	$ 4,891,000
Expense												
Legal- Start Up	$ 70,500											$ 70,500
Admin and Other- Start Up	$ 75,000											$ 75,000
Interest on PRI	$ 23,333	$ 70,000	$ 105,000	$ 81,667	$ 105,000	$ 93,333	$ 58,333	$ 58,333	$ 35,000	$ 35,000	$ -	$ 665,000
Interest on ECLF	$ 7,500	$ 22,500	$ 33,750	$ 26,250	$ 33,750	$ 30,000	$ 18,750	$ 18,750	$ 11,250	$ 11,250	$ -	$ 213,750
Interest on ECLF Senior	$ 60,000	$ 180,000	$ 270,000	$ 210,000	$ 270,000	$ 240,000	$ 150,000	$ 150,000	$ 90,000	$ 90,000	$ -	$ 1,710,000
Interest on CDFI	$ 40,000	$ 120,000	$ 180,000	$ 140,000	$ 180,000	$ 160,000	$ 100,000	$ 100,000	$ 60,000	$ 60,000	$ -	$ 1,140,000
Origination Fee (per loan)	$ 60,000	$ 120,000	$ 90,000	$ -	$ 60,000	$ 90,000	$ -	$ -	$ -	$ -	$ -	$ 420,000
Appraisal (per loan)	$ 8,000	$ 16,000	$ 12,000	$ -	$ 8,000	$ 12,000	$ -	$ -	$ -	$ -	$ -	$ 56,000
Legal (per loan)	$ 20,000	$ 40,000	$ 30,000	$ -	$ 20,000	$ 30,000	$ -	$ -	$ -	$ -	$ -	$ 140,000
Admin/Servicing/Fund Management Fee	$ 19,167	$ 57,500	$ 86,250	$ 67,083	$ 86,250	$ 76,667	$ 47,917	$ 47,917	$ 28,750	$ 28,750	$ -	$ 546,250
Total Expense	$ 383,500	$ 626,000	$ 807,000	$ 525,000	$ 763,000	$ 732,000	$ 375,000	$ 375,000	$ 225,000	$ 225,000	$ -	$ 5,036,500
Net Income	**$ (145,500)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (145,500)**

Exhibit F: Interviewed Firms during product design for REDI:

Borrowers/Developers:
Capital Hill Housing
Bellwether Housing
LIHI
Lake Union Partners
Douglaston Development
Mt. Baker Housing
Forterra
Jonathan Rose
Beacon Development
NorthHaven
King County Housing Authority

Funders and CDFIs:
Impact Capital
Low Income Investment Fund
City of Seattle Office of Housing
King County Housing and Community Development

Financial Institutions:
Living Cities
Prudential
Morgan Stanley
Wells Fargo
Metlife

Exhibit G: Key Enterprise Staff

Jon Clarke, Senior Loan Officer, Enterprise Community Loan Fund, Inc.
Jon will serve as chief underwriter for all loans made out of the Fund. Jon joined Enterprise after serving most recently as Senior Program Officer and the chief credit officer at Impact Capital. Prior to that, he served as a senior housing developer at Beacon Development Group, where he managed the development of multiple affordable housing projects for nonprofit and housing authority clients throughout Washington State. Jon also acted as a senior development analyst in the Tax Credit Division of the Washington State Housing Finance Commission working on the allocation of federal low income housing tax credits.

Devin Culbertson, Program Director, Enterprise Community Partners, Inc.
Devin leads Enterprise's transit oriented Development work in the Puget Sound region and will be responsible for originating lending opportunities for the REDI fund. Devin joined Enterprise in 2012 as an analyst and underwriter for Enterprise Community Investment before joining he TOD team. Before joining Enterprise, Devin worked as a developer of single family and multifamily affordable housing.

Charlotte Crow, Vice President and Treasurer, Enterprise Community Loan Fund - Ms. Crow joined ECLF in May, 2006 with 25 years of banking, finance and treasury experience. She is responsible for raising capital, investor relations, cash management, fund structure support and general treasury functions for ECLF.

Prior to joining ECLF, Ms. Crow spent 14 years at Signet Bank in Richmond, Virginia where she was in charge of the asset and liability management group and served as a member of the Asset and Liability Committee. Toward the end of her tenure with Signet she reported to the Vice Chairman and was responsible for enterprise wide risk management and the development of transfer pricing and shareholder value performance measurement methodologies. Subsequently, she held senior finance positions with two start-up finance companies in the Baltimore area. Immediately prior to joining ECLF she was with Vertis, Inc., a $2 billion, highly leveraged public company where she managed all treasury functions, including debt management, investor relations and cash management. Ms. Crow received a B.A. in economics and psychology from Kenyon College and completed her MBA at the College of William and Mary with a concentration in finance.

Timothy Martin, Chief Credit Officer, Enterprise Community Loan Fund, Inc.
Tim Martin, as Chief Credit Officer, is responsible for reviewing and approving loan transactions and for monitoring and managing the risks associated with the loan portfolio. He holds final approval authority for all conforming loans made out of the Fund. Mr. Martin joined the Enterprise Community Loan Fund in March, 2009 with more than 12 years of banking, housing finance, and community development lending experience. Prior to joining Enterprise, Mr. Martin spent six years at Fannie Mae. During his last two years, he served as the Director of Credit Risk for the Community Lending Group. In this role, he was responsible for the approval of new housing related construction participations and managing a debt portfolio of approximately $500 million. In his first four years at Fannie Mae, he served as a Senior Underwriting Manager for Community Lending, where he was responsible for underwriting, closing, and managing transactions including

debt participations, equity investments, and large loan syndications. Prior to joining Fannie Mae, Mr. Martin spent seven years at Bank of America as a Community Development Lender. He financed various affordable housing transactions from low-income housing and historic tax credit developments to HOPE VI properties. Mr. Martin received a B.S. in economics and geography, cum laude, from Towson University and a master's degree in city and regional planning from the University of North Carolina at Chapel Hill with a concentration in housing and real estate development.

Melinda Pollack, Vice President, Enterprise Community Partners, Inc.
Melinda Pollack is vice president, Transit-Oriented Development, at Enterprise Community Partners, Inc. Melinda is based in Enterprise's Denver office. She joined the staff in 2007 to focus on transit-oriented development (TOD) financing solutions and policy efforts for the Denver region. Through this effort she guided the creation of the Denver TOD Fund. She presently co-chairs Mile High Connects, a collaboration of more than 20 philanthropies and nonprofits dedicated to ensuring that all people benefit from the Denver region's transportation expansion, with an agenda focused on transportation, housing, jobs, education and health. Melinda leads Enterprise's technical assistance team supporting federal Sustainable Communities Initiative grantees and supports colleagues working to implement transit-oriented agendas in six regions across the U.S. Prior to joining Enterprise, Melinda was vice president for strategic initiatives at Mercy Housing, providing consulting services related to affordable housing for healthcare systems and religious communities and leading Mercy's affordable housing preservation activities.

Noni Ramos, Chief Lending Officer, Enterprise Community Loan Fund, Inc.
Noni Ramos is vice president and chief lending officer for Enterprise Community Loan Fund, Inc. She is responsible for managing new product development, marketing the organization's financial products and managing loan production activities. Noni manages a team of lenders across the country in delivering financing for affordable housing and other community development needs. She also works across various Enterprise subsidiaries and affiliates to develop and launch new financial products and initiatives. Prior to joining Enterprise, Noni held various lending and programmatic positions of progressive leadership during her 14-year tenure at the Low Income Investment Fund (LIIF). As chief credit officer at LIIF, she was responsible for directing all lending and portfolio management functions for their $200 million on- and off-balance sheet portfolios. She began her professional career with Citibank working in various lending functions including community development.

Exhibit H: Target Regional Distribution of REDI Fund Loans

Allocation of State funds:

Regional Split				KING	PIERCE	SNOHOMISH
	Population			56%	20%	24%
	Transit Nodes			62%	14%	24%
	Combined			**59%**	**17%**	**24%**

KC 59% is further divided by RAHP

KC Split (RAHP)		36%	32%	32%		
	Adj for North	**36%**	**28%**	**36%**		

Source	**Total**	**Seattle**	**East KC**	**Balance KC**	**Snohomish**	**Pierce**
State	$ 2,500,000	$ 529,963	$ 412,194	$ 529,963	$ 435,789	$ 592,091
King Co	$ 1,000,000	$ 360,000	$ 280,000	$ 360,000		
Seattle	$ 1,000,000	$ 1,000,000				
ARCH	$ 500,000		$ 500,000			
Total	$ 5,000,000	$ 1,889,963	$ 1,192,194	$ 889,963	$ 435,789	$ 592,091
% Split		**38%**	**24%**	**18%**	**9%**	**12%**

Fund Size:						
18,000,000		6,803,868	4,291,898	3,203,868	1,568,839	2,131,526

King County Only Distribution of REDI Fund Loans DRAFT 2/24/15

Source	Total	Seattle	East KC	Balance KC
King Co	$ 1,000,000	$ 360,000	$ 280,000	$ 360,000
Seattle	$ 1,000,000	$ 1,000,000		
ARCH	$ 500,000		$ 500,000	
Total	$ 2,500,000	$ 1,360,000	$ 780,000	$ 360,000
Leveraged	**$ 12,500,000**	**$ 6,800,000**	**$ 3,900,000**	**$ 1,800,000**
% Split		**54%**	**31%**	**14%**

KC Split (RAHP)		36%	32%	32%
	Adj for North	**36%**	**28%**	**36%**

STATE OF WASHINGTON -- KING COUNTY

--ss.

331978

No.

CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:124944-955 TITLE ONLY

was published on

01/04/16

The amount of the fee charged for the foregoing publication is the sum of $207.35 which amount has been paid in full.

JENNIFER A. BARNES
COMMISSION EXPIRES
6-24-19
STATE OF WASHINGTON

Subscribed and sworn to before me on

01/04/2016

Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

The full text of the following legislation, passed by the City Council on December 7, 2015, and published below by title only, will be mailed upon request, or can be accessed at http://clerk.seattle.gov. For information on upcoming meetings of the Seattle City Council, please visit http://www.seattle.gov/council/calendar. Contact: Office of the City Clerk at (206) 684-8344.

Ordinance 124955

AN ORDINANCE relating to Seattle Public Utilities; authorizing the Director of Seattle Public Utilities to enter into an Interlocal Agreement with Kitsap County to acquire Light Detection and Ranging data; and ratifying and confirming certain prior acts.

Ordinance 124954

AN ORDINANCE relating to Seattle Public Utilities; declaring certain real property rights relating to drainage and wastewater facility easements within the City of Seattle as being surplus to City utility needs; authorizing the Director of Seattle Public Utilities to relinquish such easement rights and accepting new easements for City-owned drainage and wastewater facilities; placing the real property rights and interests conveyed by the easements under the jurisdiction of Seattle Public Utilities; and ratifying and confirming certain prior acts.

Ordinance 124953

AN ORDINANCE relating to Seattle Public Utilities; accepting an easement situated adjacent to Seward Park granted to The City of Seattle for construction and abandoning in-place of horizontal construction tie-backs; placing the easement under the jurisdiction of Seattle Public Utilities; and ratifying and confirming certain prior acts.

Ordinance 124952

AN ORDINANCE relating to land use; amending Sections 22.170.190, 23.41.018, 23.43.008, 23.43.010, 23.43.012, 23.44.014, 23.44.022, 23.44.024, 23.44.034, 23.45.516, 23.45.518, 23.45.522, 23.45.536, 23.47A.009, 23.47A.014, 23.47A.016, 23.47A.024, 23.49.019, 23.49.036, 23.49.041, 23.50.034, 23.57.008, 23.75.140, 23.84A.014, and 23.84A.028 of the Seattle Municipal Code to integrate low impact development into land development codes, standards, and rules.

Ordinance 124951

AN ORDINANCE relating to street and sidewalk use; addressing low impact development requirements in the City of Seattle's Phase I Municipal Stormwater National Pollutant Discharge Elimination System general permit issued by the Washington State Department of Ecology; correcting typographical errors and section references, clarifying regulations, and making minor amendments; and amending Sections 15.02.042, 15.02.044, 15.02.046, 15.04.010, 15.04.035, 15.06.050, 15.20.070, 15.22.060, 15.22.080, 15.22.100, 15.22.110, 15.32.160, 15.36.010, 15.44.030, 15.46.020, 15.70.030, 15.72.010, and 15.91.016 of the Seattle Municipal Code.

Ordinance 124950

AN ORDINANCE relating to the City's traffic code; amending Sections 11.14.055, 11.14.184, 11.23.380, 11.23.400, 11.31.020, 11.34.020, 11.56.020, 11.56.025, 11.56.320, 11.56.350, 11.56.355, 11.57.310, 11.72.065, and 11.84.380 of the Seattle Municipal Code, adding Section 11.58.435 to the Seattle Municipal Code, and repealing Section 11.14.185 of the Seattle Municipal Code to conform the Seattle Municipal Code with changes in state law and make technical corrections.

Ordinance 124949

AN ORDINANCE relating to the City's criminal code; amending Sections 6.36.020, 12A.06.120, 12A.06.180, 12A.06.195, 12A.14.080, 12A.16.030, 12A.20.100, 12A.24.010, 12A.24.150, 18.12.255, and 18.12.257 of the Seattle Municipal Code and adding Sections 12A.10.150, 12A.10.220, and 12A.24.105 to the Seattle Municipal Code to conform the Seattle Municipal Code with changes in state law and make technical corrections.

Ordinance 124948

AN ORDINANCE relating to affordable housing; authorizing the Director of the Office of Housing to enter into and administer an Interlocal Cooperation Agreement with King County, Pierce County, Snohomish County, and the cities of Bellevue, Issaquah, Kenmore, Kirkland, Mercer Island, Redmond, and Woodinville to create and operate a Regional Equitable Development Initiative Fund (REDI Fund) for the Puget Sound Region; and providing that 2015 appropriations for the REDI Fund shall automatically carry forward into the 2016 fiscal year.

Ordinance 124947

AN ORDINANCE relating to land use and zoning, amending Section 23.47A.004 of the Seattle Municipal Code to allow for the expansion of up to 20,000 square feet of existing medical services uses in Neighborhood Commercial 1 zones.

Ordinance 124946

AN ORDINANCE relating to the Seattle Streetcar; amending Ordinance 122424 to revise reporting requirements of operating streetcar lines.

Ordinance 124945

AN ORDINANCE relating to the Construction and Land Use Fund; adding a new Section 22.202.070 to the Seattle Municipal Code.

Ordinance 124944

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Date of publication in the Seattle Daily Journal of Commerce, January 4, 2016.

1/4(331978)