



## RESOLUTION NO. 40789

1 A RESOLUTION relating to community and economic development; approving  
2 the Assignment of Interest in the Purchase, Sale, and Development  
3 Agreement from North America Asset Management Group, LLC, to  
4 Tacoma Town Center Parcels, LLC, and to one or more Washington  
5 limited liability companies formed and controlled by Galena Equity  
6 Partners LLC, to facilitate an opportunity zone investment and complete  
7 buildout of the mixed-use project located between South 21st and  
8 South 23rd Streets, from Jefferson to Tacoma Avenues, directly south of  
9 the University of Washington Tacoma.

10 WHEREAS the North America Asset Management Group, LLC ("NAAM"),  
11 entered into a Purchase, Sale and Development Agreement with the City on  
12 August 18, 2015, to redevelop a 6.4-acre City-owned property, located between  
13 South 21st and South 23rd Streets, from Jefferson to Tacoma Avenues, directly  
14 south of the University of Washington Tacoma, into a mixed-use urban village  
15 named Tacoma Town Center, and

16 WHEREAS NAAM purchased the property on October 16, 2017, and  
17 completed construction of the first apartment building onsite in March 2021, which  
18 included 144 market-rate housing units, and

19 WHEREAS NAAM initially committed to using some of its own and EB-5  
20 equity derived from immigrant investors to fund the mixed-use project, estimated at  
21 \$125 million in 2015, and

22 WHEREAS EB-5 had proven to be effective in attracting significant  
23 investment capital to projects throughout the United States, and from 2015-2019,  
24 NAAM obtained U.S. Customs and Immigration Service approval of the 6.4-acre  
25 Tacoma Town Center site to receive EB-5 funding and conducted several  
26 investment recruitment trips to China and India, and



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WHEREAS, despite these efforts, NAAM was unable to secure EB-5 funding, in part due to program uncertainty prompted by Congressional inaction to extend the program permanently and the lengthy timeframe of up to 8-10 years to obtain U.S. citizenship through investment, and

WHEREAS, in April 2018, the City successfully competed for and obtained opportunity zone designation for the south downtown census tract that encompasses the University of Washington Tacoma and the 6.4-acre Tacoma Town Center site, and

WHEREAS, subsequently, Community and Economic Development Department staff assisted NAAM by marketing the property for opportunity zone investment and forwarded inquiries from potential investors, including Galena Equity Partners LLC, an Idaho limited liability company (“Galena”), to NAAM to explore mutually beneficial partnerships, and

WHEREAS NAAM and Galena have come to an agreement and are requesting City Council approval of an Assignment of Interest in the Purchase, Sale and Development Agreement to facilitate opportunity zone investment into this \$300+ million, mixed-use project, and

WHEREAS key provisions of the proposed Second Amendment to the Amended and Restated Agreement are as follows:

1. NAAM would retain sole ownership of Building 2, located at the northwest corner of South 23rd Street and Jefferson Avenue, and, pending City Council approval of an Assignment of Interest, would convey the remaining undeveloped property to its subsidiary, Tacoma Town Center Parcels, LLC, which would assign



1 its interest to one or more Washington limited liability companies formed and  
2 controlled by Galena.

3 2. Residential density of at least 600 housing units would be maintained or  
4 exceeded; the Second Amendment would require Galena to construct at least  
5 456 residential units, of which a minimum of 98 affordable housing units at or  
6 below 80 percent AMI must be constructed, and no stand-alone retail space would  
7 be built. Mixed-use retail/space commercial space would be increased from  
8 20,000 square feet to 36,000 square feet, and required office space would be  
9 enlarged from 50,000 square feet to 200,000 square feet. The number of required  
10 parking stalls would remain at 600; however, Galena intends to construct  
11 approximately 1,000 parking stalls to accommodate market demand generated by  
12 residential use and a much larger office building.

14 3. NAAM has invested approximately \$39 million into developing Building 2  
15 (144 market-rate apartment units) at the northwest corner of South 23rd Street and  
16 Jefferson Avenue, and Galena plans to invest an additional \$264 million into the  
17 Tacoma Town Center. The project will be funded through creation of a qualified  
18 opportunity zone fund, with approximately 50 percent equity from successors in  
19 interest and a bond/equity fund and 50 percent construction debt.

21 4. The existing agreement is in default regarding construction deadlines,  
22 which are modified as set forth in the proposed amendment. The entire buildout is  
23 anticipated to be completed approximately two and one-half years later than  
24 identified in the Amended and Restated Agreement, and the City's administration  
25 is provided with the authority to approve appropriate modifications to the schedule.  
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5. The City will retain its discretionary rescission rights to reacquire property at the pro-rated price of \$45 per square foot for the Developer's failure to perform, such as insufficient financing or encountering significant project construction and completion delays, with remedies outlined in the Agreement, and

WHEREAS staff will review quarterly reports to ascertain project progress as well as ensure compliance with the Amended and Restated Agreement; upon completion, the residential portion of the development will be monitored to confirm that affordability requirements are being met to qualify for the Multi-Family Property Tax Exemption, and

WHEREAS the Tacoma Town Center mixed-use project will catalyze additional development within the Brewery District adjacent to the University of Washington Tacoma, increase downtown residential density, add affordable housing, create livable wage jobs, provide additional Class A office space to attract growing companies, and improve the City's investment climate for local, regional, national and international investors; Now, Therefore,

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:**

Section 1. That the assignment of interest in the Purchase, Sale, and Development Agreement from North America Asset Management Group, LLC, to Tacoma Town Center Parcels, LLC, and to one or more Washington limited liability companies formed and controlled by Galena Equity Partners LLC, to facilitate an opportunity zone investment and complete buildout of the mixed-use project located between South 21st and South 23rd Streets, from Jefferson to Tacoma Avenues, directly south of the University of Washington Tacoma, is hereby



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approved, said documents to be substantially in the form of those on file in the office of the City Clerk.

Section 2. That the City Manager, or designee, is hereby authorized to take and execute any additional measures or documents that may be necessary to complete this transaction which are consistent with the approved form of documents referenced by this Resolution and the intent of this Resolution.

Adopted \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

Approved as to form:  
  
\_\_\_\_\_  
Deputy City Attorney