



TACOMA HOUSING AUTHORITY

RESOLUTION 2009-11-18(5)

DATE: November 18, 2009
TO: Board of Commissioners
FROM: Michael Mirra, Executive Director
RE: Salishan Seven: Execution of Documents

Background

Salishan Seven is the seventh multi-family rental project developed by THA in connection with the Salishan redevelopment project. Salishan Seven will be financed with Tax Credit Assistance Program ("TCAP") subsidy provided by the Washington State Housing Finance Commission (the "WSHFC") using funds made available to the WSHFC under the American Recovery and Reinvestment Act of 2009, and various public and private sources. It will consist of (90) residential rental units and (1) manager's unit (collectively, the "Project"). This resolution authorizes the Executive Director to execute the documents with the WSHFC and others as necessary to arrange for the Project's financing.

THA received an allocation of 2009 tax credits from the WSHFC in the amount of \$100, and a commitment to loan TCAP funds in the amount of \$11,880,335. As a condition of receiving these funds THA must place the Project in service by December 2011. Unlike the other multi-family rental projects developed by THA at the Salishan site, which use tax credits and which make the tax credit investor the owner of the housing, THA will retain ownership of the Project. THA will not be required to create a limited liability company to own and operate the Project because the TCAP loan will be used in lieu of funds provided by tax credit investors.

Vertical construction of the Project is scheduled to begin in January, 2010, and the Project is anticipated to be placed in service in January, 2011, well ahead of the December 2011 deadline.

Construction financing for the Project is anticipated to be approximately \$17.1 million, and is expected to include:

- \$650 of THA's available funds (*i.e.* THA's equity with respect to low-income housing tax credits allocated by the WSHFC);
- \$11,880,335 of TCAP funds to be borrowed from the WSHFC;
- \$2,500,000 to be borrowed from the Department of Commerce's Housing Trust Fund, assuming THA's application for such funding is approved;
- Up to \$1,708,000 of THA's program income funds, but only if the Housing Trust Fund loan is not made available for the Project; and

- Up to \$3,515,045 to be borrowed from KeyBank National Association (the “Bank”), which amount will be less if the Housing Trust Fund loan is made available for the Project.

Permanent financing for the Project is anticipated to be approximately \$19.35 million, and is expected to include the same sources and amounts specified above, except that a portion of the permanent financing of the Bank loan is expected to be refinanced with up to \$4,500,000 to be borrowed from Washington Community Reinvestment Association (“WCRA”).

Recommendation

Approve Resolution No. 2009-11-18(5) authorizing the Executive Director to approve, execute and deliver all documents related to the financing of the Project.



TACOMA HOUSING AUTHORITY

RESOLUTION 2009-11-18(5)

SALISHAN SEVEN: EXECUTION OF DOCUMENTS

Whereas, the Housing Authority of the City of Tacoma (the “Authority”) seeks to encourage the provision of long term housing for low income persons residing within the City of Tacoma, Washington (the “City”);

Whereas, the Authority intends to construct 91 rental dwelling units as part of the Salishan Seven component of the Authority’s Salishan redevelopment project to provide housing for low-income persons within the City (the “Project”);

Whereas, RCW 35.82.070(2) authorizes the Authority to “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof; [and] to agree to rent or sell dwellings forming part of the projects to or for persons of low income”;

Whereas, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”;

Whereas, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue notes or other obligations for any of its corporate purposes and to mortgage housing authority property as security for such notes and other obligations, and RCW 35.82.070(5) provides that a housing authority may pledge any interest in real property;

Whereas, the Washington State Housing Finance Commission (the “WSHFC”) has allocated the Authority \$100 of low-income housing tax credits with respect to the Project and committed to loan up to \$11,880,335 of funds pursuant to the WSHFC’s Tax Credit Assistance Program (“TCAP”);

Whereas, the Authority has applied to the State of Washington Department of Commerce (“Commerce”), Office of Community Development, for a Housing Trust Fund Loan in the amount of \$2,500,000 for the Project;

Whereas, the Board of Commissioners finds and determines that it will be necessary and desirable to use the Authority’s available funds, including its program income, to finance Project costs if Commerce is unable to provide the Authority with such Housing Trust Fund Loan or if Commerce is unable to provide a loan in the requested amount;

Whereas, KeyBank National Association (the “Bank”) is expected to provide the Authority with a loan of up to \$3,515,045 to provide construction financing for the Project;

Whereas, Washington Community Reinvestment Association (“WCRA”) is expected to provide the Authority with a loan of up to \$4,500,000 to refinance the Bank’s construction loan and provide permanent financing for the Project;

Whereas, the Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to obtain the various funding sources on behalf of the Project described above; and

Whereas, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”;

NOW, THEREFORE, *Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:*

1. Expenditure of Authority Funds. The Authority is authorized to spend up to \$1,708,000 of available Authority funds (including program income funds) to acquire, construct, install, equip and initially operate the Project. The expenditure of \$650 of such funds (or such greater amount as may be required by the WSHFC) are expected to satisfy requirements of the LIHTC Documents (as defined below) that the Authority contribute equity to the Project. The balance of such funds are expected to fund Project costs to the extent Commerce is unable to loan money for the Project.

2. Approval of LIHTC Documents. The Executive Director is authorized and directed to execute and deliver on behalf of the Authority (i) the following documents in connection with the allocation of federal low-income housing tax credits for the Project:

- (a) Agreement Regarding Transfer of Project Interest,
- (b) Credit Reservation Contract and Carryover Allocation Contract (RAC),
- (c) Regulatory Agreement (Extended Use Agreement), and
- (d) Subordination Agreement

(collectively, the “LIHTC Documents”) substantially in the forms of the WSHFC’s standard documents (as the same have been used with respect to the Authority’s existing tax credit projects), with such changes, including any material changes, as the Executive Director deems necessary or advisable, and (ii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the LIHTC Documents;

3. Approval of TCAP Documents. The Authority is authorized to borrow money and issue a promissory note to the WSHFC (the “TCAP Note”) in a principal amount not exceeding \$11,880,335 to finance the Project. The Executive Director is authorized and directed on behalf of the Authority to (i) execute and deliver the following documents:

- (a) Loan Agreement,
- (b) the TCAP Note,
- (c) Deed of Trust,
- (d) TCAP Written Agreement,
- (e) ARRA Regulatory Agreement, and
- (f) Environmental Indemnification Agreement

(collectively, the "TCAP Documents") substantially in the forms on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable, and (ii) execute and deliver any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the TCAP Documents;

4. Approval of Commerce Documents. If Commerce approves a loan from the Housing Trust Fund to the Authority, the Authority is further authorized to borrow money and issue a promissory note to the Commerce (the "Commerce Note") in a principal amount not exceeding \$2,500,000 to finance the Project. The Executive Director is authorized and directed to execute and deliver on behalf of the Authority (i) the following documents:

- (a) Specific Terms and Conditions, Housing Finance Unit Contract, including Attachment I (Income Guidelines) and Attachment II (Housing Trust Fund (HTF) General Terms and Conditions) attached thereto;
- (b) the Commerce Note,
- (c) Deed of Trust,
- (d) Low Income Housing Covenant Agreement

(collectively, the "Commerce Documents") substantially in the forms executed and delivered by the Authority in connection with the Authority's Salishan Six project, with such changes, including any material changes, as the Executive Director deems necessary or advisable (including changes to reflect the fact that the proceeds of such loan will not be re-loaned by the Authority), and (ii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the Commerce Documents;

5. Approval of Bank Documents. The Authority is further authorized to borrow money and issue a promissory note to the Bank (the "Bank Note") in a principal amount not exceeding \$3,515,045 to finance the Project. The Executive Director is authorized and directed to execute and deliver on behalf of the Authority (i) the following documents:

- (a) Construction Loan Agreement,
- (b) The Bank Note,
- (c) Multifamily Deed of Trust, Assignment of Rents and Security Agreement (including the Rider to Multifamily Instrument),
- (d) Operating Reserve and Security Agreement,
- (e) Replacement Reserve and Security Agreement,
- (f) Security Agreement,
- (g) Assignment of Construction Documents and Management Agreement,
- (h) Assignment of Development Fee, and
- (i) Environmental and Hazardous Substances Indemnity Agreement

(collectively, the "Bank Documents") substantially in the forms on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable, (ii) a loan commitment from the Bank, and (iii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the Bank Documents;

6. Authorization Regarding WCRA Documents. The Authority is further authorized to borrow money from the WCRA in a principal amount not exceeding \$4,500,000 to refinance the Bank Note. The Executive Director is authorized and directed to execute and deliver on behalf of the Authority (i) the following documents:

- (a) Loan Purchase Agreement,
- (b) Release and Termination Agreement, and
- (c) General Certificate of Borrower

(collectively, the “WCRA Documents”) substantially in the forms on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable, (ii) a loan commitment with WCRA or its affiliate, and (iii) any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by the WCRA Documents (it being understood that most of the Bank Documents will be assigned to WCRA in connection with WCRA’s permanent loan);

7. Approval of HUD Documents. The Executive Director is further authorized and directed to execute and deliver, on behalf of the Authority, a deed of partial release of declaration of trust with the U.S. Department of Housing and Urban Development (“HUD”) with respect to the Project and any other documents reasonably required by HUD to be executed by the Authority in connection with the Project;

8. Supplemental Authorization. The Executive Director is further authorized and directed on behalf of the Authority to (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document, (ii) execute and deliver and, if applicable, file any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein, and (iii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution;

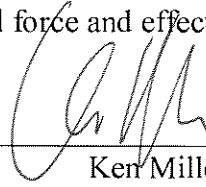
9. Amounts. The Executive Director is authorized to decrease the principal amount of any borrowing authorized by this resolution (without limitation on the amount of such reduction), or to increase the principal amount borrowed on account of any loan authorized in this resolution by an amount up to \$300,000 more than the maximum principal amount for the loan stated in this resolution. The Executive Director is directed to report to the Board of Commissioners if the total amount borrowed by the Authority for the Project exceeds the aggregate maximum principal amount stated in this resolution for all loans.

10. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by either the Chairman of the Board or the duly-authorized acting Executive Director of the Authority;

11. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed; and

12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: November 18, 2009



Ken Miller, Chairman

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the City of Tacoma (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution 2009-11-18(5) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority (the "Board"), as adopted at a regular meeting of the Authority held on November 18, 2009, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of November, 2009.

HOUSING AUTHORITY OF THE
CITY OF TACOMA



Michael Mirra, Executive Director