



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2017-11-15 (3)

**Date:** November 15, 2017  
**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director  
**Re:** Alberta J Canada – LIHTC Equity Investor Selection

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*This resolution would authorize the Tacoma Housing Authority's (THA) Executive Director to finalize the selection of the LIHTC Equity Investor for the Alberta J. Canada Renovation project.*

### Background

The Tacoma Housing Authority received a 2017 allocation of 4% Low Income Housing Tax Credits and Tax exempt bonds from the Washington State Housing Finance Commission (WSHFC) for the Alberta J Canada renovation. The tax credits are sold to investors to generate equity for the development. The initial value of the tax credits was estimated to be \$4,571,834.00.

In April, 2017, Tacoma Housing Authority requested Letters of Interest from prospective tax credit investors to assist in financing the acquisition/renovation of the Alberta J. Canada, 48-unit senior housing complex.

The Request for Proposal was forwarded to following investors.

Richman Capital	National Equity Fund (NEF)
Boston Capital	Enterprise
Royal Bank of Canada (RBC)	Key Bank
Berkshire Hathaway	Aegon

On May 31, 2017, staff received Letters of Interest from the following responders.

Royal Bank of Canada (RBC)  
Boston Capital  
Enterprise  
Aegon

An evaluation team comprised of four THA staff and our Financial Services Advisor, Brawner and Company, evaluated the proposals based on price per tax credit and other terms, including operating reserve requirements, guarantees, pay in schedules for equity and developer fees and buy-out provisions at the end of the 15-year compliance period.

After some discussion, the evaluation team unanimously agreed to recommend Aegon as the Alberta J Canada investor for the project. The selection committee favored Aegon for the following reasons:

Tax Credit Pricing: \$.965, total estimated equity value: \$4,571,834

Operating Reserves: \$125,000

Replacement Reserve: \$390/unit

THA Guarantees: Construction completion, operating deficits, tax credit delivery

Buy-Out: THA (General Partner) has Right of First Refusal; General Partner can purchase at the end of the compliance period at remaining debt or Fair Market Value, excluding exit tax.

### **Recommendation**

Approve Resolution 2017-11-15 (3) authorizing THA's Executive Director to (a) negotiate and execute the commitment letter from Aegon for the purchase of low-income housing tax credits to be allocated to Alberta J. Canada (Alberta J. Canada, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Aegon as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2017-11-15 (3)

### (Alberta J Canada Renovation – Construction and Permanent Lender Selection)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

**Whereas**, In April, 2017, Tacoma Housing Authority (THA) Staff issued a Request for Proposals (RFP) for Letters of Interest from investors interested in providing LIHTC equity for the acquisition/renovation of the Alberta J. Canada senior housing apartments; and

**Whereas**, The RFP was forwarded to eight investors of which four investors responded with Letters of Interest on May 31, 2017; and

**Whereas**, An evaluation team, composed of four THA staff and Brawner and Company evaluated the terms of each proposer; and

**Whereas**, The evaluation team unanimously agreed to recommend negotiating with Aegon and the execution of the Commitment Letter for LIHTC equity for the acquisition/renovation project; now, therefore, be it

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington as follows:***

Authorize THA's Executive Director to (a) negotiate and execute the commitment letter from Aegon for the purchase of low-income housing tax credits to be allocated to Alberta J. Canada (Alberta J. Canada, LLLP), and (b) negotiate an Operating Agreement between THA as General Partner and Aegon as Limited Investor Partner. The negotiated Operating Agreement will be presented to the Board for its consideration and approval prior to execution.

**Approved: November 15, 2017**

  
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Janis Flauding, Chair