



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-12-12 (4)

Date: December 12, 2018
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Heritage Line of Credit—Increase to Maximum Interest Rate

This resolution would increase the not to exceed interest rate from 5% per annum to 10% per annum for the existing \$2 million line of credit with Heritage Bank.

Background

On December 17, 2014, the Board approved Resolution 2014-12-17 (4) authorizing the Executive Director to set up to a \$2 million Line of Credit with Heritage Bank for short-term needs (under one year), without directing any particular use of the line of Credit.

The initial maturity date of the Line of Credit was October 31, 2015.

The resolution authorized Tacoma Housing Authority's (THA) Executive Director to extend the maturity date of the Note up to October 31, 2024, as well as modify the interest rate for the note based on the LIBOR note rate (LIBOR plus 2.50% per annum), as long as the modification does not cause the Note to bear interest at a rate in excess of 5% per annum.

LIBOR rates have been increasing, and are in danger of exceeding the 5% per annum by the next time we might want to draw on the Line of Credit, thus not allowing us to utilize it, if needed. An increase to the "not to exceed" LIBOR note rate has been recommended by Heritage Bank.

Recommendation

Approve Resolution 2018-12-12- (4) authorizing THA's Executive Director to execute documents increasing the "not to exceed" LIBOR note rate for the existing \$2 million Line of credit from 5% per annum (Resolution 2014-12(7)) to 10% per annum.



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-12-12 (4)

(Amendment to maximum LIBOR note rate for \$2 million Heritage Line of Credit)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the Executive Director to increase Heritage Bank's Line of Credit maximum interest rate

WHEREAS, The Housing Authority of the City of Tacoma (the "Authority" seeks to encourage the provision of housing for low-income persons residing in the City of Tacoma, Washington; and


WHEREAS, On December 17, 2014, the Board approved Resolution 2014-12-17(4) approving an unsecured line of credit of \$2 million with Heritage Bank; and

WHEREAS, Resolution 2014-12-17 (4) has a cap of 5% per annum on the LIBOR note rate, and needs to be increased based on market conditions; 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 execute documents allowing Heritage Bank to increase interest rates for the LIBOR note rate to where any modification does not cause the Note to bear interest at a rate in excess of 10% per annum as of the effective date of such modification.

Approved: December 12, 2018


Dr. Minh-Anh Hodge, Chair
STAN RUMBACH