



TACOMA HOUSING AUTHORITY

RESOLUTION 2019-02-27 (1)

DATE: February 27, 2019

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: Inducement Resolution THA 1800 Block Court F

Resolution declaring the Authority's intent to sell bonds to provide financing to a Washington limited liability limited partnership for the acquisition and construction of the Court F Apartments, and to permit bond proceeds to be used to reimburse expenditures made before the issuance of the bonds.

Purpose

Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility (here, the Court F Apartments used for low-income housing) that are made before the issue date of bonds, to be reimbursed from bond proceeds, the issuer must declare an official intent to reimburse such expenditures from bond proceeds. This resolution is the Authority's declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of tax-exempt private activity bonds.

In addition, this resolution authorizes the Authority's Executive Director to:

- (1) seek an allocation of volume cap from the Washington State Department of Commerce or a transfer of volume cap from the Washington State Housing Finance Commission;
- (2) submit applications for funding from other public and private sources; and
- (3) submit such materials as may be necessary to secure low income housing tax credits.

Although this inducement resolution announces the Authority's intent to issue the bonds, and to use bond proceeds to reimburse expenditures prior to the date of issue, it doesn't obligate the Authority to issue the bonds, or determine the specific terms of the bonds. Board of Commission approval of a separate "bond resolution" would be required prior to the issuance of any bonds to finance the Court F Apartments project.

Background

The Authority has formed Court F LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner (the "Borrower"), for the purpose of acquiring and

constructing the Court F Apartments, including common areas, and 64-units of low-income housing, located at 1815 S. G Street, Tacoma, Washington.

Financing for the Borrower's acquisition and construction of the Court F Apartments will include a variety of funding sources, including low-income housing tax credits, taxable financing, tax-exempt private activity bonds, and state and local grants/loans. The tax-exempt private activity bonds would be issued by the Authority, as the conduit issuer, and the proceeds would be lent to the Borrower to finance the acquisition and construction of the Court F Apartments.

Recommendation

Approve Resolution No. 2019-02-27 (1).



TACOMA HOUSING AUTHORITY

THA BOC RESOLUTION 2019-02-27 (1) (Court F Inducement Resolution)

A **RESOLUTION** of the Housing Authority of the City of Tacoma declaring its intention to sell bonds in an amount not to exceed \$5,500,000 to provide financing to Court F LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, in connection with the acquisition and construction of a 64-unit apartment complex in the City of Tacoma, Washington, and determining related matters.

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

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project"; and

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"; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, "make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income"; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, The Authority has formed Court F LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner (the "Borrower"), for the purpose of acquiring and constructing a multifamily housing facility to be known as the Court F Apartments, including common areas, and 64-units of low-income housing, to be known as Court F Apartments. Such low-income housing, together with functionally related and subordinate facilities, shall be referred to herein as the "Project." The estimated cost of acquisition and construction of the Project is not expected to exceed \$22,700,000; and

WHEREAS, The Authority anticipates that the Borrower will request that the Authority issue and sell its revenue bonds for the purpose of assisting the Borrower in financing the Project; and

WHEREAS, The Authority desires to provide such assistance, if certain conditions are met; and

WHEREAS, Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility that are made before the issue date of bonds issued to provide financing for that facility to qualify for tax-exempt financing, the issuer must declare an official intent

under Treasury Regulations Section 1.150-2 to reimburse any such expenditures from the proceeds of those bonds, and one of the purposes of this resolution is to satisfy the requirements of such regulations; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA, as follows:

Section 1. To assist in the financing of the Project, with the public benefits resulting therefrom, the Authority declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the "Bonds") in a principal amount of not to exceed \$3,700,000, to use the proceeds of the sale of the Bonds to make a loan (the "Loan") to the Borrower, and to permit the Borrower to reimburse itself from proceeds of the Bonds for expenditures for the Project made the Borrower before the issue date of the Bonds.

Section 2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

Section 3. The Bonds will be payable solely from the revenues derived as a result of the Project financed by the Bonds, including, without limitation, amounts received under the terms of any financing document or by reason of any additional security furnished by or on behalf of the Borrower in connection with the financing of the Project, as specified by resolution of the Board of Commissioners of the Authority. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of the Authority.

Section 4. The Bonds shall be issued subject to the conditions that (a) the Authority, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of the Authority or his or her designee is authorized (1) to seek an allocation of volume cap for the Bonds from the Washington State Department of Commerce or a transfer of volume cap from the Washington State Housing Finance Commission; (2) to submit applications for funding for the Project from other public and private sources; and (3) to submit such materials as may be necessary to secure low income housing tax credits for the Project.

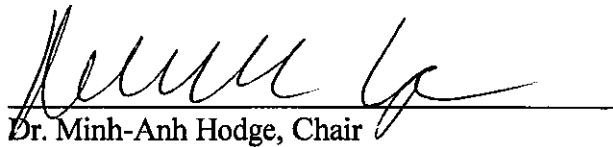
Section 5. For purposes of applicable Treasury Regulations, the Borrower is authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein. However, the adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein, or an endorsement of the Project by the Authority. The Board of Commissioners of the Authority shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

Section 6. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 7. 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.

Section 8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: February 27, 2019


Dr. Minh-Anh Hodge, Chair

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 No. 2019-02-27 (1) (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on February 27, 2019, 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 on February 27, 2019.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: Michael Mirra
Michael Mirra, Executive Director