



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-11-18 (3)

Date: November 18, 2020

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Banner Bank Financing for Acquisition of Pine Tree Harbor Tacoma Apartments and Redwood Juniper Apartments and Use of Authority Funds to Acquire Conifer South Apartments

This resolution would authorize Tacoma Housing Authority (THA) to issue two notes to finance the acquisition of the Pine Tree Harbor and Redwood Juniper properties and authorize the use of THA funds to acquire Conifer South.

Background

The Housing Authority of the City of Tacoma (“THA”) is currently the Administrative Managing Member of: (i) Conifer South Tacoma Apartments, LLC, which owns the Conifer South Apartments (the “Conifer Project”) located at 5235 South Warner Street, Tacoma, Washington, (ii) Pine Tree Harbor Tacoma Apartments, LLC, which owns the Pine Tree South Apartments (the “Pine Tree Project”) located at 2501 South G Street, Tacoma, Washington, and (iii) Redwood Juniper Tacoma Apartments, LLC, which owns the Redwood Juniper Apartments (the “Redwood Project,” collectively with the Conifer Project and the Pine Tree Project, the “Projects,” and each, a “Project”) located at 3015 North Pearl Street, Tacoma, Washington. The operating agreement applicable to each such limited liability company provides THA with a right of first refusal with respect to the Project owned by such entity.

THA’s Board of Commissioners authorized THA’s exercise of such rights of first refusal by a motion approved at a special meeting held on July 7, 2020, and further authorized the acquisition of the Projects by Resolution No. 2020-07-22(1) adopted on July 22, 2020.

Banner Bank (the “Bank”) has proposed to extend financing for the acquisition of Pine Tree Project and the Redwood Project, which financing will be evidenced by two separate notes of the Authority, with a combined principal amount of up to \$14,000,000. The Bank has proposed either a five or fifteen-year term for each note. The interest rate for the financing would be fixed prior to the issuance of the notes, at a rate per annum determined as set forth in the Bank’s September 2, 2020, proposal letter. The financing would be secured by two deeds of trust: one encumbering the Redwood Project, and one encumbering the Pine Tree Project.

Recommendation

Approve Resolution No. 2020-11-18 (3).



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-11-18 (3)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the issuance of two notes of the Authority to finance the acquisition of the Pine Tree South Apartments and Redwood Juniper Apartments; authorizing expenditure of Authority funds, including to pay the costs of acquiring the Conifer South Apartments; and determining related matters.

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

Section 1. The Board of Commissioners (the "Board") of the Housing Authority of the City of Tacoma (the "Authority") finds and determines that:

(a) The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) "acquire . . . and operate housing projects" (RCW 35.82.070(2)); (ii) "make and execute contracts and other instruments" (RCW 35.82.070(1)); (iii) delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper" (RCW 35.82.040); and (iv) issue bonds, notes or other obligations for any of its corporate purpose (RCW 35.82.020(11) and RCW 35.82.130). The phrase "housing project" is defined by RCW 35.82.020 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."

(b) The Authority is the Administrative Managing Member of Conifer South Tacoma Apartments, LLC (the "Conifer LLC"), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the "Conifer Operating Agreement"), among Conifer South Management, LLC, the Authority, and Key Community Development (the "Investor Member"). The Conifer LLC owns the Conifer South Apartments (the "Conifer Project") located at 5235 South Warner Street, Tacoma, Washington. Section 8.7 of the Conifer Operating Agreement grants the Authority a right of first refusal to acquire the Conifer Project.

(c) The Authority is the Administrative Managing Member of Pine Tree Harbor Tacoma Apartments, LLC (the "Pine Tree LLC"), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the "Pine Tree Operating Agreement"), among Pine Tree Harbor Management, LLC, the Authority, and the Investor Member. The Pine Tree LLC owns the Pine Tree South Apartments (the "Pine Tree Project") located at 2501 South G Street, Tacoma, Washington. Section 8.7 of the Pine Tree Operating Agreement grants the Authority a right of first refusal to acquire the Pine Tree Project.

(d) The Authority is the Administrative Managing Member of Redwood Juniper Tacoma Apartments, LLC (the "Redwood LLC"), pursuant to that certain Second Amended and Restated Operating Agreement dated as of March 16, 2005 (the "Redwood Operating

Agreement”), among Redwood Harbor Management, LLC, the Authority, and the Investor Member. The Redwood LLC owns the Redwood Juniper Apartments (the “Redwood Project,” collectively with the Conifer Project and the Pine Tree Project, the “Projects” and each, a “Project”) located at 3015 North Pearl Street, Tacoma, Washington. Section 8.7 of the Redwood Operating Agreement grants the Authority a right of first refusal to acquire the Redwood Project.

(e) At a meeting held on July 7, 2020, the Board approved a motion authorizing the Authority to exercise the rights of first refusal to acquire the Conifer Project, the Pine Tree Project, and the Redwood Project, and authorized the Authority’s Executive Director to do all things necessary or desirable on the Authority’s behalf to exercise such rights of first refusal. At a meeting held on July 22, 2020, the Board adopted Resolution No. 2020-07-22(1), authorizing the Authority to obtain each of the Projects and to assume the responsibilities of the Conifer LLC, the Pine Tree LLC, and the Redwood LLC pertaining to the federal-low income housing tax credit program administered by the Washington State Housing Finance Commission.

(f) Banner Bank (the “Bank”) has proposed to extend financing evidenced by two notes issued by the Authority on the terms set forth in this resolution, to provide money for the purpose of financing a portion of the costs of acquiring the Pine Tree Project and Redwood Project, as described in a proposal letter dated September 2, 2020, and amended October 2, 2020 (as it may be further amended and supplemented, and any commitment letter issued pursuant or supplemental thereto the “Bank Proposal Letter”).

(g) The Board determines that it is necessary and advisable and in the best interest of the Authority to issue two promissory notes in the combined principal amount not to exceed \$14,000,000 to the Bank, each to evidence a loan to finance a portion of the costs of acquiring the Pine Tree Project and the Redwood Project.

(h) The Board determines that it is necessary and advisable and in the best interest of the Authority to pay the purchase price of the Conifer Project from funds of the Authority available therefor.

(h) Adoption of this resolution, and authorizing Authority action relating to the acquisition and financing of housing projects, and to the Projects specifically, are part of the routine business of the Board transacted at open public meetings.

Section 2. The Board declares each Project to be a “housing project” of the Authority for purposes of the Housing Authorities Law.

Section 3. The Authority shall issue two promissory notes (together, the “Notes” and each, a “Note”), in the combined principal amount of not to exceed \$14,000,000 for the purpose of financing a portion of the costs of acquiring the Pine Tree Project and the Redwood Project. One Note shall be secured by a deed of trust encumbering the Pine Tree Project, and the other Note shall be secured by a deed of trust encumbering the Redwood Project. The Notes shall bear interest payable on such dates and at the rate described in the Bank Proposal Letter, shall mature at such time, shall have such prepayment or redemption provisions and shall have such other

provisions consistent with the purposes of this resolution as are set forth in the Bank Proposal Letter. The Authority finds that the fixing of the interest rate described in the Proposal Letter is in the best interest of the Authority. The interest rate on the Notes shall be subject to adjustment upon the occurrence of an event of default as described in the Notes and the Loan Documents (as hereinafter defined). If a Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on such Note at then-applicable default rate of interest thereon from and after the maturity date until such Note, both principal and interest, is paid in full.

The Authority's Executive Director, the Chair of the Board, and their respective designees (each, an "Authorized Officer" and, collectively, the "Authorized Officers"), and each of them acting alone, are authorized to determine and approve the final terms of the Notes. The execution of the Notes, or any instrument delivered in connection therewith, by any Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to negotiate, execute, deliver and file (or cause to be executed, delivered and filed) the following agreements in connection with the Notes (collectively, the "Loan Documents"):

- Two Term Loan Agreements, each between the Authority and the Bank;
- The Notes, each issued by the Authority payable to the Bank;
- A Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, from the Authority in favor of the Bank, encumbering the Pine Tree Project;
- A Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, from the Authority in favor of the Bank, encumbering the Redwood Project;
- Two Indemnity Agreements, each from the Authority in favor of the Bank;
- Two Replacement Reserve Agreements, each between the Authority and the Bank;
- Two Notices of Final Agreement, each executed by the Authority and the Bank;
- Two Assignments of Housing Assistance Payment Contract, from the Authority in favor of the Bank, together with consents to such assignments;
- One or more priority and subordination agreement, if required by the Bank; and
- Two Borrower Consents and Authorizations, each made by the Authority.

The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, under the provisions of or as necessary to carry out the transactions contemplated by the Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein).

It is anticipated that the Bank will offer to purchase each Note at a price of par under the terms and conditions contained in the Bank Proposal Letter and this resolution, including payment of certain closing costs enumerated in the Bank Proposal Letter. The Board finds that such offer is in the best interest of the Authority, and hereby authorizes the Authorized Officers (and each of them acting alone) to accept such offer on behalf of the Authority.

Section 4. The Authorized Officers (and each of them acting alone) are authorized and directed to take any other action and to execute such other documents as may be required to be

taken or executed by the Authority in connection with the assignment of the project-based Section 8 rental assistance for each Project to the Authority.

Section 5. The Authorized Officers, and each of them acting alone, are authorized 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 (or cause to be delivered and/or filed) 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/or further the acquisition, development, financing, construction, and leasing of the Projects; (iii) cause the Authority to pay the purchase price for each Project that is not financed with proceeds of the Notes (including, without limitation, the full purchase price for the Conifer Project) from funds of the Authority available therefor; and (iv) 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.

Section 6. While the titles of and parties to the Loan Documents may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 7. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Loan Documents.

Section 8. 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 9. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: November 18, 2018



Stanley Rumbaugh, 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. 2020-11-18(3) (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 November 18, 2020 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website and email to stakeholders; and

4. The 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 the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, 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, 2020.

Michael Mirra

Michael Mirra, Executive Director of the Authority