



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, APRIL 25, 2018

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 602 S. Wright Avenue, Tacoma, WA 98403 at 4:45 PM on Wednesday, April 25, 2018.

1. CALL TO ORDER

Commissioner Banks called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:59 PM.

2. ROLL CALL

Upon roll call, those present and absent were as follows:

PRESENT	ABSENT
Commissioners	
	Chair Janis Flauding
	Vice Chair Minh-Anh Hodge
Commissioner Arthur Banks (left early at 6:36 pm)	
Commissioner Stanley Rumbaugh (arrived late at 5:21 pm)	
Commissioner Derek Young	
Staff	
Michael Mirra, Executive Director	
Sha Peterson, Executive Assistant	
April Black, Deputy Executive Director	
Ken Shalik, Finance Director	
Toby Kaheiki, Human Resources Director	
	Frankie Johnson, Property Management Director
	Kathy McCormick, Real Estate Development Director
Greg Claycamp, Client Services Director	
Sandy Burgess, Administrative Services Director	

Commissioner Banks declared there was a quorum present @ 5:00 pm and proceeded.

3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Commissioner Banks asked for any corrections to, or discussion of the minutes for the Regular Session of the Board of Commissioners on Wednesday, March 28, 2018. Commissioner Rumbaugh moved to adopt the minutes, Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2

Motion approved.

4. GUEST COMMENTS

United Way of Pierce County Dona Ponepinto, President and CEO

Dona thanked Tacoma Housing Authority and its board for their support for the Centers for Strong Families (CSF). According to residents, the greatest community need is support for struggling families. United Way of Pierce County partnered with United Way of Pacific Northwest to develop the Asset Limited, Income Constrained, Employed (ALICE) report, providing a comprehensive picture of financial need across Idaho, Washington, and Oregon beyond traditional federal poverty guidelines. United Way firmly believes that no family should struggle to meet their basic needs. United Way pulled together stakeholders to talk about a national model that focuses on helping families move to self-sufficiency. In 2016, United Way of Pierce County launched the Center for Strong Families with two agencies: Goodwill and Sound Outreach. United Way wanted to create a network of partners, integrate services, bundle them together, and provide coaching.

United Way of Pierce County Korbett Mosesly, Director of Family Stability Initiatives

According to Korbett there are pitfalls along the way to self-sufficiency. The ALICE model focuses on the financial bottom line for families, helping people increase their income, decrease their debt and improve their credit score. Having economic stability means having sufficient income for daily expenses and enough for savings. United Way started off with two CSF sites and now has five sites. Each site provides one-on-one coaching to discuss job retention and improved client services. United Way uses Salesforce to generate numerous reports and uses data to improve strategies and opportunities for targeting different resources. Pierce County Housing Authority is fully implementing this model with their Family Self-Sufficiency (FSS) clients. United Way is excited with the potential of providing CSF services at THA sites.

Commissioner Young asked about the extent of United Way's involvement in creating a model with a partner like Sound Outreach. According to Korbett, United Way makes sure the model is done appropriately and data is entered correctly. Staff look at data every month in search of innovative opportunities that help pinpoint areas of coaching to improve practices. According to Director Claycamp, if CSF is successful, then THA's programs will be successful as well, especially in schools. He added that it is important to have access to bundled services and the CSF's network to help our clients. THA is completing the application to start CSF at South Outreach and FSS workers are training for certification. The Capacity Building grant will allow THA to fund the CSF. Sound Outreach has been building its capacity. The expectation is to serve 150 unique families per year. THA will test the program's capacity to extend it to the Elementary School Housing Assistance Program (ESHAP).

Shammai Durette, Fawcett Resident

Shammai found holes outside the building so he is concerned about rat infestation. He requested pest control at Fawcett. He asked why certification was received early when it is usually done around May. Director Black will gather information and get back to Shammai. He also wanted to know why the Housing Opportunity Program (HOP) amount has not changed. According to Director Black, THA did an analysis of the program, will do further analysis and go back to the board with strategies, but no changes yet.

Senta McKnight, Fawcett Resident

Senta is the new Tenant Residents Action Coalition (TRAC) president. She invited the commissioners to the next TRAC meeting scheduled for May 2 at 10 am. She informed the board that security personnel at Fawcett are not doing their job. ED Mirra encouraged her to report on issues such as this. Senta also wanted to know how to run the TRAC meetings. Commissioner Rumbaugh suggested having an agenda for her meetings.

Hope Rehn, Wright Resident

Hope was recently admitted to the hospital and when she came home, she was informed by Property Manager Eric Owens that she is a drug dealer and will be getting a 30-day eviction notice. According to Hope, she asked her daughter to take care of her unit while she was in the hospital. She didn't know that her daughter had a warrant for arrest. Her neighbor Daniel wanted to help and let her daughter in her unit. She doesn't understand why Daniel received an eviction notice when he was only trying to help. She asked Eric for a copy of THA's grievance policy and was informed that she could find it on the internet. She also informed the board that the handicap door is too heavy to be a handicap door. Director Black with work with Director Johnson regarding Hope's concerns.

Susan Harmon Payne, 6th Avenue Resident

Sixth Avenue residents are expected to receive new kitchen counter tops. Susan seeks to keep her present counter because the proposed counter tops have a flat surface, which she does not like. She can see the importance of replacing the original counter, but is requesting to keep her current one because she doesn't have a problem with it. She also mentioned security issues at her building -- people just coming in unattended. She recommended asking tenants to note who comes in unattended with a timeline. Real Estate Development Department Manager Karen Peterson will confer with Susan regarding her kitchen counter top.

5. COMMITTEE REPORTS

Real Estate Development Committee—Commissioner Rumbaugh

The Real Estate Development Committee will be scheduling a meeting and will hopefully have a report at the next meeting.

Finance Committee—Vice Chair Hodge and Commissioner Young

Nothing to report.

Education Committee—Vice Chair Hodge

Nothing to report.

Citizen Oversight Committee—Commissioner Banks

Nothing to report.

6. COMMENTS FROM THE EXECUTIVE DIRECTOR

The Executive Director recounted that THA's board approved a 95% utilization rate, testing Housing and Urban Development's (HUD) rule to meet 100% of the HUD assigned baseline. HUD has approved THA's lowered rate. THA's MTW Manager John Concannon also invited a discussion about how to count toward the baseline those households who receive THA's assistance through the county's rapid rehousing program.

THA asked the City for an additional \$800,000 for the Arlington Drive Youth Campus Crisis Residential Center. This would supplement the \$1 million the City has already committed. ED Mirra recounted his discussions with City Council members.

THA is trying to find a service provider for the Arlington Drive housing for homeless young adults. There are four options: (1) issue an RFP to find a highly capable organization that knows how to do this, (2) find an organization that cannot do it all but partners with sub-contractors who can do it, (3) THA will contract with an array of providers, or (4) build in-house capacity and eventually turn it over to an organization that will become Pierce County's home grown capacity. A Way Home WA will help THA figure this out. In addition, THA is about to hire Director Claycamp's successor who has the ability to design and manage such services.

ED Mirra reported that he was thinking of splitting the Client Services department into two: a department of rental assistance and a department of community services.

7. ADMINISTRATIVE REPORTS

Finance

Finance Department (FD) Director Ken Shalik directed the board to THA's cash position and expense reports. THA has approximately \$15M in cash including \$3.3M in unencumbered funds. He noted that THA will not be buying Allenmore Brownstones and will not be spending the cash that purchase would have required. Commissioner Rumbaugh asked if THA would be adding the same number of units at James Center that it would have added at Allenmore. Director Shalik thinks THA will add more.

The Washington State Auditors will be arriving on June 1. ED Mirra updated the board about the audit underway by the HUD Office of Inspector General's (OIG).

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$4,909,287 for the month of February, 2018. Commissioner Young seconded.

Upon roll call, the vote was as follows:

AYES:	3
NAYS:	None
Abstain:	None
Absent:	2

Motion Approved.

Client Services

Client Services (CS) Director Greg Claycamp directed the board to his report. THA received notification that it is being fully funded for the ROSS service coordinator grant. HUD will provide THA with \$246k over the next three years to fund the program manager of community services. ED Mirra thanked Director Claycamp for his services to THA.

Director Black discussed the problems with the OpenDoor software conversion and the troublesome rent statements going out to landlords. As a result, four property management firms are considering discontinuing their participation in the voucher program. Staff are communicating with them and other landlords. THA will have the redesigned rent statement ready by June 1st. Director Black noted the new state law prohibiting landlords from discriminating against Section 8 tenants.

Property Management

Property Management (PM) Director Frankie Johnson was not in attendance. Director Black addressed the board on her behalf. Cheryl Kehoe has been promoted to Salishan

Portfolio Manager. Barb Pearsall filled that position on an interim basis and had a lot to contribute in that role. Denise Day Joseph who oversees the senior properties will be moving in Cheryl's prior role. This is the second month in a row that the unit turn key to key has decreased. Staff are doing a great job making the unit turns.

Real Estate Development

Real Estate Development (RED) Director Kathy McCormick was not in attendance. RED Department Manager Karen Peterson addressed the board on her behalf.

- THA pulled its offer to Allenmore Brownstones due to difficult HUD financing requirements.
- THA received an allocation of tax credits for Hillside Terrace 1800 block; THA will be submitting a tax credit application for Arlington.
- THA received additional funding for CRC.
- There is another potential opportunity for THA to purchase three projects with a total of 260 units. About 15 years ago, THA provided bond financing and received a right of purchase. The price would be about the same as Allenmore would have cost but for 6 times the number of units.
- Staff will move back to the Family Investment Center (FIC) office on May 14. Roof replacement will start next month and will take about a week. Maintenance shop will be completed mid-May. The FIC remodel includes Heritage Bank and THA will have an event to further publicize the Children's Savings Account. THA is still waiting for information from the Department of Ecology about the Wright Street building, but the goal is to close out and receive \$6.5M in equity by July for RAD.

8. OLD BUSINESS

None.

9. NEW BUSINESS

9.1 RESOLUTION 2018-04-25 (1) (Authorization to Adopt New Procurement Policy)

A **RESOLUTION** concerning procurements conducted by tax credit and other legal business entities of which the Tacoma Housing Authority is either a member or partner.

WHEREAS, The Housing Authority adopted an updated procurement policy (Resolution 2017-10-25 (2)); and

WHEREAS, The Housing Authority maintains a Small Works Roster (SWR); and

WHEREAS, The Housing Authority proposes membership to Municipal Research and Services Center (MRSC) Rosters; now, therefore, be it *Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, as follows:*

1. Tacoma Housing Authority is authorized to apply for membership in MRSC.
2. 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.
3. This resolution shall be in full force and effect from and after its adoption and approval.

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

AYES: 3
NAYS: None
Abstain: None
Absent: 2

Motion Approved: March 28, 2018

Janis Flauding, Chair

**9.2 THA BOC Resolution 2018-04-25 (2)
(Heritage Bank 2018 Line of Credit)**

A RESOLUTION providing for the issuance of a single revenue note of the Authority in the principal amount of not to exceed \$2,500,000 at any one time outstanding, the proceeds of which will be used to reimburse Heritage Bank for draws on a letter of credit to be established by Heritage Bank for the Authority; determining the form, terms and covenants of the note; authorizing the execution and delivery of documents and certificates in connection with the note; creating a note fund; and providing for the delivery of the note to Heritage Bank.

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, RCW 35.82.070 authorizes the Authority, among other things, 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," to "lease or rent any dwellings, buildings, structures or facilities embraced in any housing project," and to "make and execute contracts and other instruments, including but not limited to partnership agreements"; and

WHEREAS, Pursuant to the authority provided by RCW 35.82.070, the Authority participated in the formation of, and is the general partner or managing member of, Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC (each, a “LIHTC Entity”); and

WHEREAS, The LIHTC Entities developed and operate the following affordable rental housing projects in the City of Tacoma on property leased to the LIHTC Entities by the Authority (collectively, the “Projects”): the project commonly known as Hillside I, located at 2300 Block South G Street, the project commonly known as Hillside II, located at 2300 Block South G Street, the project commonly known as Salishan One, located at 1724 East 44th Street, the project commonly known as Salishan Two, located at 1725 East 44th Street, and the project commonly known as Salishan Three, located at 1724 East 44th Street; and

WHEREAS, Boston Financial Investment Management and/or its affiliates (collectively, “BFIM”) owns all of the limited partner interest and investor member interest in the LIHTC Entities; and

WHEREAS, BFIM is willing to transfer its investor interests in the LIHTC Entities to the Authority (or an affiliate of the Authority), so long as the Authority (i) commits to comply with existing regulatory agreements applicable to each Project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA’s potential liability for LIHTC losses and recapture; and

WHEREAS, BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated amount of \$2,500,000, as security for the Authority’s potential LIHTC liability to BFIM, and Heritage Bank has committed to make such letter of credit available for the Authority; and

WHEREAS, Heritage Bank has committed to accept a cash-secured note from the Authority to evidence the Authority’s obligations to reimburse the Bank for draws made on said letter of credit; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 through 35.82.130, provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes, may cause such obligations to be payable from all or part of its revenues or assets generally, and may pledge as security for such obligations all or any part of the Authority’s rents, fees, revenues or assets; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper; and

WHEREAS, The Board of Commissioners of the Authority (the “Board”) finds it necessary and advisable and in the best interest of the Authority to issue the Note (defined herein) to aid in financing housing projects (by providing for the acquisition

of BFIM's interests therein) to provide dwelling accommodations for persons of low income within the City of Tacoma, Washington; and

WHEREAS, Heritage Bank has offered to extend a line of credit evidenced by the Note, on terms described herein, to provide money for those purposes; now, therefore, be it

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

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

"Authority" means the Housing Authority of the City of Tacoma, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

"Bank" means Heritage Bank, as registered owner of the Note.

"Board" means the Board of Commissioners of the Authority.

"Commitment Letter" means the commitment letter with respect to the Note provided to the Authority by the Bank dated March 26, 2018, as it may be amended and supplemented, setting forth certain terms under which the Bank agrees to purchase the Note.

"Draws" means incremental draws upon the Note.

"Event of Default" has the meaning ascribed to such term in Section 11 of this resolution.

"Executive Director" means the Executive Director of the Authority.

"General Revenues" means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

"HUD" means the U.S. Department of Housing and Urban Development.

"Letter of Credit" means the irrevocable letter of credit with a stated amount of \$2,500,000 provided by

"Interest Payment Date" means the first business day of each calendar month.

“Interest Period” means, with respect to any principal amount of the Note bearing interest at the Note Rate, any of the following periods of time, as applicable: (i) the period from (and including) the date of the Draw with respect to such principal to (and including) the day immediately preceding the earlier of (a) the date such principal is prepaid pursuant to Section 7 of this resolution and (b) the first Interest Payment Date occurring after the date of said Draw; and (ii) the period from (and including) an Interest Payment Date to (and including) the day immediately preceding the earlier of (a) the next succeeding Interest Payment Date and (b) the date such principal is prepaid pursuant to Section 7 of this resolution. No Interest Period may extend beyond the Maturity Date.

“Maturity Date” means January 1, 2021, as such date may be extended in accordance with Section 3.

“Note” means the Taxable Revolving Line of Credit Revenue Note, 2018 of the Authority issued pursuant to, under the authority of, and for the purposes provided in this resolution.

“Note Fund” means the Authority’s Taxable Revolving Line of Credit Revenue Note, 2018, created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Rate” means, for each Interest Period, the rate of interest per annum equal to the sum of (i) the average rate paid by the Bank on the Authority’s deposits maintained with the Bank during such Interest Period, and (ii) 2.0%.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Note.

“Note Registrar” means the Executive Director.

“Registered Owner” means the Bank, as registered owner of the Note, or any subsequent owner of the Note.

Section 2. Authorization and Description of Note. For the purpose of reimbursing the Bank from draws made on the Letter of Credit, the Authority may borrow money from time to time pursuant to a revolving line of credit extended by the Bank under the terms of this resolution and the Commitment Letter, and shall issue the Note in a principal amount of not to exceed \$2,500,000 at any one time outstanding. The Note shall be designated the Taxable Revolving Line of Credit Revenue Note, 2018 of the Authority; shall be issued in registered form; shall be dated its date of delivery to the Bank; and shall mature on the Maturity Date.

The Authority may request Draws upon the Note in any amount on any business day during the term of the Note for the purposes identified above, subject to the terms of the Commitment Letter. No Draw may exceed the total amount to be reimbursed to the Bank from a draw made on the Letter of Credit, and the proceeds of each Draw shall be used immediately to pay such amount. Draws shall be

recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$2,500,000 outstanding at any time.

The outstanding principal of the Note shall bear interest at the applicable Note Rate for each Interest Period, and shall be paid in arrears on each Interest Payment Date. Interest on the Note shall be computed on the basis of a 360-day year and the actual number of days elapsed for the actual number of days the principal amount is outstanding. The principal of the Note, together with all accrued and unpaid interest thereon, is due on the Maturity Date.

If the Note is not paid when properly presented at the Maturity Date, the Authority shall be obligated to pay interest on the Note from and after the Maturity Date until the principal of and interest on the Note is paid in full.

Section 3. Authorization for Extension and Modification of Note. The Executive Director is authorized, without further action of the Board but only with the consent and approval of the Bank, in the Bank's sole discretion, to (A) extend the then-current Maturity Date of the Note to any date on or before January 1, 2022, and (B) modify the interest rate or interest rate formulae applicable to Draws on the Note, so long as the interest rate formula selected to be applicable to the Note immediately after such modification does not cause the Note to bear interest at a rate in excess of 5% per annum as of the effective date of such modification, if the Executive Director determines that such extension and/or modification is in the best interest of the Authority, all as long as the provisions of Section 8 of this resolution regarding security for the Note are not changed in any material respect. The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and modification of the interest rate formula, including but not limited to the payment of Bank fees and execution of documents. The Executive Director's execution of documents in connection with the modification or extension of the Note as described herein will constitute conclusive evidence of his or her approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 4. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his or her designee to make Draws against the Note in such amounts, at such times as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Commitment Letter.

Section 5. Note Registrar; Registration and Transfer of Note. The Executive Director shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at his or her office in Tacoma, Washington, sufficient books for the registration of the Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the

Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund. Payment of interest on each Interest Payment Date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each Interest Payment Date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Note, the registered owner shall surrender the Note at the principal office of the Note Registrar in Tacoma, Washington, for destruction or cancellation in accordance with law.

Section 7. Prepayment of Note. The Authority reserves the right to prepay all or a portion of the principal of the Note at any time without penalty. Any prepayment shall be accompanied by the amount of accrued interest on the principal amount prepaid. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 8. Note Fund; Security for the Note. The Note Fund is created as a special fund of the Authority and is to be known as the Taxable Revolving Line of Credit Revenue Note Fund, 2018. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

The Authority pledges to deposit General Revenues into the Note Fund in amounts sufficient to pay the principal of and interest on the Note when due. The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on parity with payments on the Note. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged.

The Note shall not be a debt of the City of Tacoma, the State of Washington or any political subdivision thereof, and the Note shall so state on its face. Neither the City of Tacoma, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund. The owner of the Note shall not have recourse

to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 9. Covenants. The Authority hereby covenants as follows with respect to the Note and the Authority's obligation to make payments thereon:

(a) The Authority shall, at all times until the later of the Maturity Date or the date all principal of and interest on the Note, maintain the following accounts at the Bank: Account No. 307110072 (designated "Accounts Payable"); Account No. 307112128 (designated "Section 8"); and Account No. 10055000681 (designated "Salishan 7") (collectively, the "Accounts"). The Authority shall maintain an aggregate balance in the Accounts at any time equal to the amount then available to be drawn on the Letter of Credit (which amount shall not exceed \$2,500,000). The Bank is authorized to limit withdraws from the Accounts at any time the combined balance on deposit in the Accounts is less than one-third of the amount then available to be drawn on the Letter of Credit.

(b) The Authority shall provide to the Bank the Authority's audited annual financial statements within 30 days after the Authority's receipt of the Washington State Auditor's opinion letter pertaining thereto.

(c) The Authority shall provide to the Bank, by September 30 of each year, internally prepared six-month interim financial statements of the Authority.

Section 10. Representations. The Authority hereby makes the following representations to the Bank:

(a) The Authority is a duly organized public body corporate and politic of the State of Washington, validly existing under the laws of the State of Washington, and has full power and authority to perform its obligations under this resolution and the Note.

(b) The execution and delivery of this resolution and the Note, and the performance of the Authority's obligations hereunder and thereunder, will be duly authorized by all requisite Authority actions and proceedings, and this resolution and the Note will each constitute the legal, valid and binding obligation of the Authority, enforceable against it in accordance with its terms.

(c) There are no liens or encumbrances on the Accounts other than those disclosed to the Bank.

(d) The Authority is in compliance in all material respects with all laws, rules, restrictions, orders and regulations applicable to the Authority where a the failure

to so comply could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.

(e) There is no litigation or claim pending or, to the best knowledge of the Authority, threatened against the Authority, to the extent that any such litigation or claim could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.

Section 11. Events of Default and Remedies. If an Event of Default occurs then, at the option of the Bank, the principal of and interest on the Note shall become immediately due and payable. "Event of Default" means the declaration by the Bank of an event of default as a result of a determination by the Bank that:

(a) There has been a failure to pay principal or interest on the Note, when due;

(b) There has been a failure by the Authority to comply with any of its obligations, or to perform any of its duties, under this resolution or the Note, which failure continues, and is not cured, for a period of more than 60 days after the Lender has made written demand on the Authority to cure such failure;

(c) Any representation made in Section 10 of this resolution proves to have been materially incorrect, as reasonably determined by the Bank after investigation and discussion with the Authority;

(d) The Authority shall (i) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of the Authority, or of all or a substantial part of the assets of the Authority, (ii) be unable, fail or admit in writing its inability generally to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) have an order for relief entered against it under applicable federal bankruptcy law, or (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Authority in any bankruptcy, reorganization, moratorium or insolvency proceeding;

(e) An order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition or appointing a receiver, trustee, custodian or liquidator for the Authority or of all or a substantial part of the assets of the Authority, in each case without its application, approval or consent, and such order, judgment or decree shall continue unstayed and in effect for any period of 30 consecutive days; or

(f) The Authority suffers a material adverse change to its financial condition that could reasonably be expected to have a material adverse effect on the Authority's ability to repay the Note.

Section 12. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of this resolution and state law, shall bear the manual

or facsimile signatures of the Chair of the Board and Executive Director and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

The Note shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Note bears a Certificate of Authentication manually signed by the Note Registrar stating: "This Note is the fully registered Taxable Revolving Line of Credit Revenue Note, 2018, of the Housing Authority City of Tacoma described in the Note Resolution." A minor deviation in the language of such certificate shall not void a Certificate of Authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign the Note. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 13. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Note. The Executive Director is authorized to execute the Note and any other documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note as described in Section 3.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC regarding the Note.

Section 14. Approval of Transaction. The Bank has issued a Commitment Letter proposing to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Commitment Letter, including the payment of a fee to the Bank in the amount of \$500.00 plus the fees and expenses of the Bank's legal counsel and any other out-of-pocket costs incurred by the Bank, each payable at closing. The Board finds that the Bank's proposal is in the best interest of the Authority and authorizes the Executive Director to accept an offer on the same

terms and conditions as contained in the Commitment Letter, and covenants that the Authority will comply with all terms and conditions of the Commitment Letter.

Section 15. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director may in the absence of such person be taken by the Vice Chair of the Board or a duly authorized acting Executive Director of the Authority, respectively.

Section 16. 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 17 Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

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. 2018-04-25 (2) (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 April 25, 2018, 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 April 25, 2018.

HOUSING AUTHORITY OF THE CITY OF TACOMA

By: _____
Michael Mirra, Executive Director

Commissioner Rumbaugh motioned to approve the resolution. Commissioner Young seconded the motion.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Banks left the meeting early)

Motion Approved: March 28, 2018

Janis Flauding, Chair

**9.3 THA BOC Resolution 2018-04-25 (3)
(Authorization to Acquire Limited Partner and Investor Member Interests in
Certain Existing THA-Controlled Entities)**

A RESOLUTION authorizing the Authority to acquire the investor interests in Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC, and Salishan Three, LLC; authorizing the execution and delivery of certain agreements and other documents with respect to the acquisition of such interests; and providing for other matters properly related thereto.

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”); and

WHEREAS, RCW 35.82.070 authorizes the Authority, among other things, 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,” to “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project,” and to “make and execute contracts and other instruments, including but not limited to partnership agreements”; and

WHEREAS, Pursuant to the authority provided by RCW 35.82.070, the Authority participated in the formation of, and is the general partner or managing member of, Hillside Terrace Phase I Limited Partnership, Hillside Terrace Phase II Limited Partnership, Salishan One LLC, Salishan Two LLC and Salishan Three LLC (each, a “LIHTC Entity”); and

WHEREAS, The LIHTC Entities developed and operate the following affordable rental housing projects in the City of Tacoma on property leased to the LIHTC Entities by the Authority (collectively, the “Projects”): the project commonly known as Hillside I, located at 2300 Block South G Street, the project commonly known as Hillside II, located at 2300 Block South G Street, the project commonly known as Salishan One, located at 1724 East 44th Street, the project commonly known as Salishan Two, located at 1725 East 44th Street, and the project commonly known

as Salishan Three, located at 1724 East 44th Street; and

WHEREAS, Boston Financial Investment Management and/or its affiliates (collectively, “BFIM”) owns all of the limited partner interest and investor member interest in the LIHTC Entities; and

WHEREAS, BFIM is willing to transfer its investor interests in the LIHTC Entities to the Authority (or an affiliate of the Authority), so long as the Authority (i) commits to comply with existing regulatory agreements applicable to each Project, (ii) agrees to pay BFIM for any costs associated with the loss or recapture of LIHTCs suffered by the LIHTC Entities, and (iii) provides security to BFIM for THA’s potential liability for LIHTC losses and recapture; and

WHEREAS, BFIM has agreed to accept a letter of credit from Heritage Bank, in the stated amount of \$2,500,000, as security for the Authority’s potential LIHTC liability to BFIM (the “Letter of Credit”), and Heritage Bank has committed to make such Letter of Credit available for the Authority; and

WHEREAS, The Board finds and determines that the Authority can obtain greater control of the various projects owned by the LIHTC Entities if it acquires such investor interests from BFIM, and that such greater control is in the best interests of the Authority and the persons it serves; now, therefore, be it

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

1. The Authority’s Executive Director and Deputy Executive Director (each, an “Authorized Officer” and, collectively, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority to negotiate with BFIM regarding the Authority’s acquisition of BFIM’s interests in each LIHTC Entity.
2. Subject to the limitation specified in Section 5 of this resolution, the Authority is authorized to acquire all of BFIM’s interests in each or any of the LIHTC Entities. Each Authorized Officer is delegated the authority to determine the order in which BFIM’s interests are to be acquired; which BFIM’s interests, if any, are to be acquired; and the amount (subject to the limitation specified in Section 5 of this resolution) the Authority will pay to BFIM with respect to any such acquisition.
3. Each Authorized Officer is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as each LIHTC Entity’s general partner or managing member) with respect to any acquisition to be made pursuant to this resolution to: (i) execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, such agreements, certificates, documents and instruments as are necessary or appropriate in each Authorized Officer’s discretion to give effect to this resolution and to consummate such acquisition; and (ii) take any other action that each Authorized Officer deems necessary and advisable to give effect to this resolution and consummate the transactions contemplated herein.

4. If the Authority acquires the interests of BFIM in any LIHTC Entity, each Authorized Officer is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the LIHTC Entity's general partner or managing member) to cause BFIM to transfer all of its interests in each LIHTC Entity to the Authority and/or an affiliate of the Authority, including but not limited to Tacoma Housing Development Group.

5. The Authority is authorized to expend up to \$560,000, in the aggregate, of available Authority funds in connection with the acquisition of BFIM's interests in the LITHC Entities, as well as payment of any applicable filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

6. The Authorized Officers are authorized to cause Heritage Bank to issue the Letter of Credit to BFIM, and to execute, deliver and file (or cause to be executed, delivered and filed), to the extent required by law, such agreements, certificates, documents and instruments on behalf of the Authority as are necessary or appropriate in each Authorized Officer's discretion in connection with the Letter of Credit.

7. 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.

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

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. 2018-04-25 (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 April 25, 2018, 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 April 25, 2018.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: _____
Michael Mirra, Executive Director

Commissioner Young motioned to approve the resolution. Commissioner Rumbaugh seconded the motion.

Upon roll call, the vote was as follows:

AYES: 3
NAYS: None
Abstain: None
Absent: 2 (Commissioner Banks left the meeting early)

Motion Approved: March 28, 2018

Janis Flauding, Chair

9. COMMENTS FROM COMMISSIONERS

None.

10. EXECUTIVE SESSION


None.

11. ADJOURNMENT

There being no further business to conduct, the meeting ended at 6:58 PM.

APPROVED AS CORRECT

Adopted: May 23, 2018



Janis Flauding, Chair