



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-9-23 (7)

DATE: September 23, 2015
TO: Board of Commissioners
FROM: Michael Mirra
RE: Bond Issuance to Finance Acquisition and Rehabilitation of Outrigger Apartments

Background

The Board of Commissioners previously approved the purchase of the Outrigger Apartments located at 6102-6th Avenue in West Tacoma. The Outrigger Apartment complex includes a total of 49 one and two bedroom units, as well as one-site laundry facilities, play areas and a swimming pool. Heritage Bank offered to provide financing for the acquisition and rehabilitation of the Outrigger Apartments through the purchase of a tax-exempt bond (the "Bond") in a principal amount of up to \$3,100,000 with a ten-year term. The interest rate for the Bond would be fixed for the first seven years, with an interest rate reset on the seventh anniversary of the date of issue of the Bond. Principal of and interest on the Bond would be payable from amounts received by the Authority with respect to the Project, including rent payments, and the Bond would be secured by a deed of trust encumbering the Project.

Board Resolution

This Resolution seeks Board authorization for the:

1. Issuance of the Bond in a principal amount not to exceed \$3,100,000,
2. Sale of the Bond to Heritage Bank,
3. Preparation, execution and delivery of documents by the Authority, including a loan agreement, a deed of trust and an environmental indemnity agreement, and
4. Creation of a Bond Fund.

Prior Board Action

Pursuant to Resolution 2015-04-22 (3) adopted April 22, 2015, the Board of Commissioners authorized THA's Executive Director to negotiate and execute a purchase and sale agreement with respect to the Outrigger Apartments. Pursuant to Resolution 2015-08-26 (9), the Board of Commissioners authorized THA's Executive Director to execute financing with Heritage Bank and close on the acquisition of the Outrigger Apartments.

Recommendation

Approve Resolution 2015-09-23 (7).



TACOMA HOUSING AUTHORITY

RESOLUTION 2015-9-23 (7)

(Bond Issuance to Finance Acquisition and Rehabilitation of Outrigger Apartments)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma authorizing the issuance of a single revenue bond of the Authority in the principal amount of not to exceed \$3,100,000, the proceeds of which will be used to finance all or a portion of the cost of acquiring and rehabilitating a 49-unit apartment complex located at 6102 6th Avenue, Tacoma, Washington, known as the Outrigger Apartments and to pay costs of the issuance and sale of the bond; establishing a bond fund; determining the form, terms and covenants of the bond; authorizing the execution and delivery of the bond, a deed of trust, and other agreements, documents and certificates; authorizing the sale and delivery of the bond to Heritage Bank; and adopting amended and restated post issuance compliance policies and procedures for tax-exempt obligations.

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 in the City of Tacoma, Washington (the "City"); and

WHEREAS, RCW 35.82.070 (2) provides that a housing authority may acquire and provide for the construction, reconstruction, improvement, alternation or repair of housing projects; 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 parts or other living accommodations for persons of low income"; and

WHEREAS, RCW 35.82.070 (5) provides that a housing authority may pledge any interest in real property; 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, RCW 35.82.040 authorizes the Authority to "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 deems it necessary and advisable and in the best interest of the Authority to issue a revenue bond (the "Bond") in the principal amount of not to exceed \$3,100,000 to provide all or part of the funds required to acquire and rehabilitate a 49-unit complex known as the Outrigger Apartments located at 6102-6th Avenue, Tacoma, Washington, as a housing project of the Authority (the "Project") and to pay costs of issuance and sale of the Bond; and

WHEREAS, it is anticipated that Heritage Bank (the "Bank") will offer to purchase the Bond on the terms set forth in this resolution; and

WHEREAS, the Authority desires to adopt amended and restated post-issuance compliance policies and procedures for tax-exempt bonds issued by the Authority; now, therefore, be it

RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF TACOMA 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.

“Board” means the Board of Commissioners of the Authority.

“Bond” means the Housing Revenue Bond, 2015 (Outrigger Project), of the Authority issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Bond Fund” the Authority’s Housing Revenue Bond Fund, 2015 (Outrigger Project), created by Section 1 of this Resolution for the purpose of paying principal of and interest on the Bond.

“Bond Registrar” means the Executive Director of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended.

“Deed of Trust” means the Deed of Trust under which the Authority is the grantor and the Bank is the beneficiary constituting a lien on the real property and improvements constituting the Project

“Environmental Indemnity Agreement” means Environmental and Hazardous Substances Indemnity Agreement made by the Authority for the benefit of the Bank relating to the Project.

“Loan Agreement” means the Business Loan Agreement between the Authority and the Bank relating to the Bond.

“Project” means, depending upon the context, (1) the acquisition and rehabilitation the apartment complex known as the Outrigger Apartments located at 6102 6th Avenue, Tacoma, Washington, which is declared by this resolution to be a housing project of the Authority; or (2) the apartment complex so acquired and rehabilitated.

“Project Revenues” means all amounts due to or received by the Authority for the account of the Authority pursuant or with respect to the Project, including without limitation all payments on contractors’ bonds, all lease payments, insurance proceeds and condemnation awards and proceeds resulting from foreclosure of the Deed of Trust, and all investment earnings.

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

“Term Sheet” means the term sheet of the Bank transmitted to the Authority by letter dated August 26, 2015, as it may be amended or supplemented, describing certain terms under which the Bank proposes to purchase the Bond, and any commitment letter issued pursuant thereto.

Section 2. Authorization and Description of Bond. The Authority shall issue the Bond as a single revenue bond designated Housing Revenue Bond, 2015 (Outrigger Project), in the principal amount of not to exceed \$3,100,000 for the purpose of providing financing for the Project and to pay the costs of issuance and sale of the Bond. The Bond shall be issued in fully registered form; shall be dated its date of issue, shall be numbered R-1; shall mature not more than 11 years from its date of issue. From the date of issue to the seventh anniversary of the date of issue, the Bond shall bear interest at a fixed rate of not to exceed 6.0% per annum, to be determined as set forth in the Term Sheet. The interest rate on the Bond is subject to change on the seventh anniversary of the date of issuance, and to adjustment upon default or determinations of taxability, as described in the Bond and the Term Sheet. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed.

Principal of and interest on the Bond shall be payable in equal monthly installments in the amount necessary to amortize the principal of and interest on the Bond over a 30-year period. At maturity, any remaining outstanding principal balance and accrued interest on the Bond shall be due and payable in full.

Section 3. Bond Registrar; Registration and Transfer of Bond. The Executive Director of the Authority shall serve as Bond Registrar for the Bond. The Bond Registrar shall keep, or cause to be kept, at its office in Tacoma, Washington, sufficient books for the registration of the Bond (the "Bond Register"), which shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

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

Section 4. Place, Manner and Medium of Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Bond, the Registered Owner shall surrender the Bond at the principal office of the Bond Registrar in Tacoma, Washington, for destruction or cancellation in accordance with law.

Section 5. Prepayment Option. The Authority reserves the right and option to prepay the Bond, in whole or in part, at any time prior to its stated maturity date at par plus accrued interest to the date of prepayment or redemption. Interest on the principal amount of the Bond called for prepayment shall cease to accrue on the date fixed for prepayment unless the principal amount called for prepayment is not paid on the prepayment date.

Section 6. Bond Fund; Security for the Bond. The Bond Fund is hereby established as a special fund of the Authority and is to be known as the Housing Revenue Bond Fund, 2015 (Outrigger Project). The Bond Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund from Project Revenues money sufficient in amount to pay principal of and interest on the Bond when due. The Bond is also secured by the Deed of Trust.

The Bond shall not be a debt of City, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither the City, the State of Washington nor any political subdivision thereof (except the Authority, from the sources specified herein) shall be liable for payment of the Bond nor in any event shall principal of, premium, if any, on and interest on the Bond be payable out of any funds or assets other than those pledged to that purpose by the Authority herein. The Authority has no taxing power.

Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 7. Form and Execution of Bond. The Bond 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 of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, the Bond shall bear a Certificate of Authentication in the following form, manually signed by the Bond Registrar:



TACOMA HOUSING AUTHORITY

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Housing Revenue Bond, 2015 (Outrigger Project), of the Housing Authority of the City of Tacoma described in the Bond Resolution.

Michael Mina

Executive Director of the Authority and
Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond 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 Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Section 8. Preservation of Tax Exemption for Interest on Bond. The Authority covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax purposes.

Section 9. Designation of Bond as "Qualified Tax-Exempt Obligation". The Authority has determined and certifies that (a) the Bond is not a "private activity bond" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the Authority and all entities subordinate to the Authority (including any entity which the Authority controls, which derives its authority to issue tax-exempt obligations from the Authority or which issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and (c) the amount of tax-exempt obligations, including the Bond, designated by the Authority as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000. The Authority designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b) (3) of the Code.

Section 10. Approval of Term Sheet. It is anticipated that the Bank will offer to purchase the Bond under the terms and conditions contained in this resolution and in the Term Sheet, including payment of a loan fee in the amount of 0.5% of the principal amount of the Bond, the costs of appraisal, appraisal review, environmental reports, legal fees (including the Bank's legal fees) and closing costs in connection with the Bond. The Board finds that such offer is in the best interest of the Authority, and authorizes the Executive Director of the Authority to accept such offer on behalf of the Authority.

Section 11. 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 Bond, this resolution, the Deed of Trust, the Environmental Indemnity Agreement, the Loan Agreement and all other terms and conditions of the Term Sheet, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bond. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Bond, and the Executive Director of the Authority is authorized and directed to execute and deliver the Deed of Trust, the Environmental Indemnity Agreement, the Loan Agreement and any other documents that may be reasonably required to be executed in connection with the issuance of the Bond, or useful or necessary to ensure the proper use and application of the proceeds of the Bond.

The Bond will be prepared at the Authority's expense and will be delivered to the purchaser thereof, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington.

Section 12. Adoption of Amended and Restated Post Issuance Compliance Policies and Procedures. The amended and restated post-issuance compliance policies and procedures for tax-exempt obligations and other tax-advantaged obligations in the form on file with the Executive Director and incorporated herein by reference are hereby adopted.

Section 13. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or acting Executive Director of the Authority, respectively.

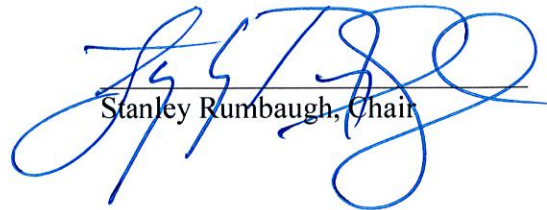
Section 14. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 15. 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 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the City of Tacoma at an open public meeting thereof this 23rd day of September, 2015.

Adopted: September 23, 2015


Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary-Treasurer and 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 2013-9-23 (7) (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 September 23, 2015, 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 this 23rd day of September, 2015

By: Michael Mina
Executive Director and Secretary-Treasurer
of the Authority