



TACOMA HOUSING AUTHORITY

RESOLUTION 2017-8-23 (4)

DATE: August 23, 2017

TO: THA Board of Commissioners

FROM: Michael Mirra
Executive Director

RE: A Resolution authorizing the acquisition of property located at 1620 S. Mildred Street and borrowing of up to \$6,000,000 to finance costs of acquiring the property

This resolution would approve THA's purchase of James Center North, at 1620 South Mildred Street, Tacoma, WA and the financing for the purchase.

Purpose

This resolution would approve the acquisition of property located at 1620 S. Mildred Street in Tacoma, Washington, and the financing of costs of acquiring the property through loans from Enterprise Community Loan Fund, Inc. and the Washington State Housing Finance Commission. In particular, the resolution authorizes THA to:

- (1) acquire the property pursuant to the purchase and sale agreement;
- (2) issue a note in a principal amount of up to \$4,000,000 to evidence the Authority's obligations in connection with a loan to be made by Enterprise Community Loan Fund, Inc. to finance a portion of the cost of acquiring the property;
- (3) issue a note in a principal amount of up to \$2,000,000 to evidence the Authority's obligations in connection with a loan to be made by the Washington State Housing Finance Commission to finance a portion of the cost of acquiring the property; and
- (4) negotiate, execute and deliver related documents and pay related expenses.

Background

A property, known as the James Center and located at and around 1620 S. Mildred Street, in Tacoma, has become available for sale. The property is currently being used as retail and commercial space; however, due its location, it presents an opportunity for redevelopment as a transit oriented development project that offers affordable and market rate rental housing in a mixed use setting. It is expected that at least 150 units of rental housing for households earning 80% or less of area median income will be included in the development.

Enterprise Community Loan Fund, Inc. is expected to offer to provide financing for a portion of the acquisition price of the property though a six-year, \$4,000,000 loan secured by a deed of trust and a pledge of the Authority's general revenues. By complying with certain affordability requirements, the Authority should be eligible to reduce its general revenue exposure by approximately \$960,000.

In addition, it is expected that the Washington State Housing Finance Commission will offer to provide financing for a portion of the acquisition price of the property through a \$2,000,000 loan as a part of its land acquisition program.

Recommendation

Approve Resolution No. 2017-8-23 (4).



TACOMA HOUSING AUTHORITY

Tacoma Housing Authority 2017-8-23 (4)

James Center Authorizing Resolution

A RESOLUTION of the Housing Authority of the City of Tacoma authorizing the acquisition of property located at and around 1620 S. Mildred Street, Tacoma, Washington (the "Project"), the issuance of a note of the Authority in the principal amount of not to exceed \$4,000,000 to evidence the obligations of the Authority under a loan agreement between the Authority and Enterprise Community Loan Fund, Inc. and a note of the Authority in the principal amount of not to exceed \$2,000,000 to evidence the obligations of the Authority under a loan Agreement between the Authority and the Washington State Housing Finance Commission, the proceeds of which notes will be used to finance all or a portion of the cost of acquiring the Project; authorizing the execution and delivery of the notes, loan agreements, deed of trusts, environmental indemnity agreements, regulatory and low income housing covenant agreements, and other agreements, documents and certificates; 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 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 (a) any work or undertaking to "demolish, clear or remove buildings from any slum area . . . [including] adaptation of such area to public purposes, including parks or other recreational or community purposes", (b) 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" including "land, equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances . . . site preparation, . . . administrative, community, health, recreational, welfare or other purposes", and (c) "the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration and repair of the improvements and all other work in connection therewith"; and

WHEREAS, RCW 35.82.070(2) authorizes a housing authority to "acquire, lease, rent, sell, or otherwise dispose of any commercial space located in buildings or structures containing a housing project or projects" and RCW 35.82.070(5) authorizes a housing authority to "purchase, lease, obtain options upon, acquire by gift, grant, bequest, devise, or otherwise . . . , any real or personal property or any interest therein"; 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 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; 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, it is anticipated that Enterprise Community Loan Fund, Inc. (“ECLF”) will offer to make a loan to the Authority in a maximum principal amount of \$4,000,000 pursuant to a loan agreement, to be evidenced by a note (the “ECLF Note”), for the purposes of financing a portion of the cost of acquiring property located at and around 1620 S. Mildred Street in Tacoma, Washington (the “Project”); and

WHEREAS, it is further anticipated that the Washington State Housing Finance Commission (the “WSHFC”) will offer to make to loan to the Authority in a maximum principal amount of \$2,000,000 pursuant to a loan agreement, to be evidenced by a note (the “WSHFC Note”), for the purpose of financing a portion of the cost of acquiring the Project; and

WHEREAS, the Board of Commissioners of the Authority deems it to be in the best interest of the Authority to acquire the Project for the purpose of future development to include residential rental components, and to borrow money by the issuance of the ECLF Note and the WSHFC Note for the purpose of financing all or a portion of the cost of acquiring the Project;

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:

“Act” means chapter 35.82 of the Revised Code of Washington.

“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.

“Authorized Officers” means the Executive Director of the Authority and the Deputy Executive Director of the Authority.

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

“ECLF” means Enterprise Community Loan Fund, Inc.

“ECLF Deed of Trust” means the deed of trust, assignment of rents and leases, security agreement and fixture filing under which the Authority is the grantor and ECLF is the beneficiary constituting a lien on the real property and improvements constituting the Project.

“ECLF Environmental Indemnity Agreement” means the environmental indemnity agreement made by the Authority for the benefit of ECLF.

"ECLF Loan Agreement" means the loan agreement between the Authority and ECLF relating to the ECLF Note.

"ECLF Loan Documents" shall have the meaning ascribed thereto in Section 7.

"ECLF Note" means the note of the Authority issued to ECLF pursuant to, under the authority of and for the purposes provided in this resolution.

"ECLF Regulatory Agreement" means a REDI Fund regulatory agreement made by the Authority for the benefit of the public agency to be named therein.

"General Revenues" means the rent, fees and other revenues of the Authority from any source, except those revenues which are now or hereafter prohibited from being used for the purpose of paying debt service on the Note or the Authority's obligations under the Environmental Indemnity Agreement under the provisions of any law, regulation, contract or covenant, resolution or deed of trust (including restrictions relating to funds available to the Authority under the U.S. Housing Act of 1937).

"Loan Documents" shall have the meaning ascribed thereto in Section 7.

"WSHFC" means the Washington State Housing Finance Commission.

"WSHFC Deed of Trust" means the deed of trust under which the Authority is the grantor and the WSHFC is the beneficiary constituting a lien on the real property and improvements constituting the Project.

"WSHFC Environmental Indemnity Agreement" means the environmental indemnification agreement made by the Authority for the benefit of the WSHFC.

"WSHFC Loan Agreement" means the loan agreement between the Authority and the WSHFC relating to the WSHFC Note.

"WSHFC Loan Documents" shall have the meaning ascribed thereto in Section 7.

"WSHFC Note" means the note of the Authority issued to the WSHFC pursuant to, under the authority of and for the purposes provided in this resolution.

"WSHFC Regulatory Agreement" means a low income housing covenant agreement made by the Authority for the benefit of the WSHFC.

"Project" means, depending upon the context, (1) the acquisition of the real property and improvements located at and around 1620 S. Mildred Street in Tacoma, Washington; or (2) the real property and improvements so acquired.

Section 2. Authorization of the Project. The Board approves the acquisition of the Project. The Authorized Officers, and each of them acting alone, are granted the authority to negotiate, approve, and execute all documents required or advisable in connection with the acquisition of the Project including, without limitation, a purchase and sale agreement pertaining to the Project. The

Board declares the Project to be a "housing project" of the Authority for purposes of the Act. The Board determines that persons or families who earn 80 percent or less of area median income lack the amount of income which is necessary to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding, in the area in which the Project is located, and therefore shall be deemed "persons of low income" for purposes of the Act.

Section 3. Authorizing of the ECLF Financing. The Authority shall issue the ECLF Note in a single revenue note in a principal amount not to exceed \$4,000,000 for the purpose of providing financing for the Project. The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the ECLF Note. The ECLF Note shall bear interest payable on such dates and at such rates, shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as set forth in the ECLF Note and the ECLF Loan Documents. The execution of such instruments by an Authorized Officer shall be conclusive evidence of approval of the terms of the ECLF Note as set forth therein.

Section 4. Security for the ECLF Note. The ECLF Note shall be secured by the ECLF Deed of Trust. The Authority pledges its General Revenues to payment of its obligations under the Environmental Indemnity Agreement and the ECLF Note, which shall subject to release and limitation in accordance with their respective terms. 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 a parity of lien with the obligations of the Authority under the ECLF Note and the ECLF Environmental Indemnity Agreement. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made under the ECLF Note and the ECLF Environmental Indemnity Agreement with respect to that portion of the General Revenues so pledged.

Except to the extent of the pledge of the General Revenues of the Authority to payment of the Authority's obligations under the ECLF Note and the ECLF Environmental Indemnity Agreement to which it is a party, neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the ECLF Note.

The ECLF Note shall not be a debt of the City of Tacoma, the State of Washington or any political subdivision thereof, and the ECLF 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 ECLF Note nor in any event shall principal of and interest on the ECLF Note be payable out of any funds other those of the Authority expressly pledged thereto. The owner of the ECLF Note shall not have recourse to any receipts, revenues or properties of the Authority other than as described herein and in the ECLF Note. The Authority has no taxing power.

Section 5. Authorizing of the WSHFC Financing. The Authority shall issue the WSHFC Note in a single revenue note in a principal amount not to exceed \$2,000,000 for the purpose of providing financing for the Project. The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the WSHFC Note. The WSHFC Note shall bear interest payable on such dates and at such rates, shall mature at such times and in such

amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as set forth in the WSHFC Note and the WSHFC Loan Documents. The execution of such instruments by an Authorized Officer shall be conclusive evidence of approval of the terms of the WSHFC Note as set forth therein.

Section 6. Security for the WSHFC Note. The WSHFC Note shall be secured by the WSHFC Deed of Trust. Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the WSHFC Note.

The WSHFC Note shall not be a debt of the City of Tacoma, the State of Washington or any political subdivision thereof, and the WSHFC 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 WSHFC Note nor in any event shall principal of and interest on the WSHFC Note be payable out of any funds other those of the Authority expressly pledged thereto. The owner of the WSHFC Note shall not have recourse to any receipts, revenues or properties of the Authority other than as described herein and in the WSHFC Note. The Authority has no taxing power.

Section 7. Authorization of Loan Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the ECLF Deed of Trust, ECLF Environmental Indemnity Agreement, ECLF Loan Agreement, ECLF Note, ECLF Regulatory Agreement and such financing statements and other documents, instruments, and agreements as may be necessary or desirable in connection with the issuance of the ECLF Note or required by ECLF as a condition to making the loan evidenced by the ECLF Note (collectively, the "ECLF Loan Documents"). The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the WSHFC Deed of Trust, WSHFC Environmental Indemnity Agreement, WSHFC Loan Agreement, WSHFC Note, WSHFC Regulatory Agreement and such financing statements and other documents, instruments, and agreements as may be necessary or desirable in connection with the issuance of the WSHFC Note or required by WSHFC as a condition to making the loan evidenced by the WSHFC Note (collectively, the "WSHFC Loan Documents" and, together with the ECLF Loan Documents, the "Loan Documents"). The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in the Loan Documents, and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the ECLF Note and the WSHFC Note.

Section 8. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director or Deputy Executive Director may, in such person's absence, be taken by any employee of the Authority that has been designated by the Executive Director to act in the absence of the Executive Director or Deputy Executive Director.

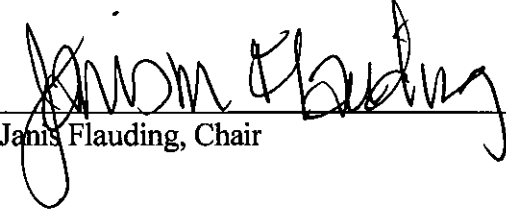
Section 9. Payment of Expenses. The Authority is authorized to expend such funds as are necessary to pay for all application fees, financing fees, purchase price, recording fees and other costs relating to the actions authorized by this resolution.

Section 10. 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 11. 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 12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

Approved: August 23, 2017



Janis Flauding, 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. 2017-8-23 (4) (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 August 23, 2017, 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 August 23, 2017.

HOUSING AUTHORITY OF THE CITY OF
TACOMA

By: Michael Mirra
Michael Mirra, Executive Director