



# **TACOMA HOUSING AUTHORITY**

## **BOARD OF COMMISSIONERS**

### **BOARD PACKET**

**April 17, 2013**



# TACOMA HOUSING AUTHORITY

Michael Mirra  
Executive Director

## BOARD OF COMMISSIONERS

Janis Flauding, Chair  
Greg Mowat, Vice Chair  
Dr. Arthur C. Banks  
Stanley Rumbaugh  
Rose Lincoln Hamilton

## Regular Meeting BOARD OF COMMISSIONERS

**WEDNESDAY, April 17, 2013**

The Board of Commissioners of the Housing Authority of the City of Tacoma will hold their Board Regular meeting on **Wednesday, April 17, 2013 at 4:45 PM**

The meeting will be held at:

**902 South L. Street  
Tacoma, WA**

The site is accessible to persons with disabilities. Persons requiring special accommodations should contact Christine Wilson at (253) 207-4421, before 4:00 p.m. the day before the scheduled meeting.

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I, Christine Wilson, certify that on or before April 12, 2013, I FAXED/EMAILED, the preceding PUBLIC MEETING NOTICE to:

City of Tacoma	747 Market Street Tacoma, WA 98402	fax: 253-591-5123
Northwest Justice Project	715 Tacoma Avenue South Tacoma, WA 98402	fax: 253-272-8226
KCPQ-TV/Channel 13	1813 Westlake Avenue North Seattle, WA 98109	emailed to tips@q13fox.com
KSTW-TV/Channel 11	602 Oakdale Avenue SW Renton, WA 98055-1224	fax: 206-861-8915
Tacoma News Tribune	1950 South State Tacoma, WA 98405	fax: 253-597-8274
The Tacoma Weekly	PO Box 7185 Tacoma, WA 98406	fax: 253-759-5780

*and other individuals and resident organizations with notification requests on file*

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Christine Wilson  
Executive Administrator



# TACOMA HOUSING AUTHORITY

**AGENDA  
REGULAR MEETING  
BOARD OF COMMISSIONERS  
April 17, 2013, 4:45 PM  
902 South L. Street**

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING**
  - 3.1 Minutes of March 27, 2013 – Regular Session
  - 3.2 Minutes of April 2, 2013 - Special Session
- 4. GUEST COMMENTS**
- 5. COMMITTEE REPORTS**
- 6. COMMENTS FROM THE EXECUTIVE DIRECTOR**
- 7. ADMINISTRATION REPORTS**
  - 7.1 Finance
  - 7.2 Real Estate Management and Housing Services
  - 7.3 Real Estate Development
  - 7.4 Community Services
- 8. NEW BUSINESS**
  - 8.1 2013-4-17 (1), Post Compliance Requirements for Tax Exempt Bonds
  - 8.2 2013-4-17 (2), Amend Emergency Mitigation Contract
  - 8.3 2013-4-17 (3), Heritage Bond Rate Modification
  - 8.4 2013-4-17 (4), Stewart Court Purchase & Sale Agreement
  - 8.5 2013-4-17 (5), Authorization to Proceed with Citibank Bond Satisfaction Agreement

**WALK-ON**
- 9. COMMENTS FROM THE COMMISSIONERS**
- 10. EXECUTIVE SESSION**
- 11. ADJOURNMENT**

# MEETING MINUTES



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES REGULAR SESSION WEDNESDAY, March 27, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Regular Session at 602 South Wright Avenue, Tacoma, WA at 4:45 PM on Wednesday, March 27, 2013.

### 1. CALL TO ORDER

Vice Chair Mowat called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 4:45 PM.

### 2. ROLL CALL

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

#### PRESENT

#### ABSENT

#### Commissioners

Janis Flauding, Chair (left at 6:25 PM)  
Greg Mowat, Vice Chair  
Arthur C. Banks, Commissioner (left at 6:25 PM)  
Stanley Rumbaugh, Commissioner  
(arrived at 5:11 PM)  
Rose Lincoln Hamilton, Commissioner

#### Staff

Michael Mirra, Executive Director  
Christine Wilson, Executive Administrator  
Ken Shalik, Finance Director  
April Davis, REMHS Director  
Barbara Tanbara, Human Resources Director  
Nancy Vignec, Community Services Director  
Walter Zisette, RED Director  
Todd Craven, Administration Director

Chair Flauding declared there was a quorum present at 4:46 PM.

### 3. APPROVAL OF MINUTES OF THE PREVIOUS MEETING

Chair Flauding asked for any corrections to or discussion of minutes for the Special Session of the Board of Commissioners for Friday, February 1, 2013. Commissioner Mowat moved to adopt the minutes, Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES: 3  
NAYS: None  
Abstain: 1  
Absent: 1

**Motion approved.**

Chair Flauding asked for any corrections to or discussion of minutes for the Regular Session of the Board of Commissioners for Wednesday, March 27, 2013. Commissioner Banks moved to adopt the minutes, Commissioner Mowat seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion approved.**

**Patricia Harris Appeal to the BOC of Her Termination from the Voucher Program**

ED Mirra presented the Ms. Harris' appeal to the BOC of her termination from the Voucher Program. He advised that under THA's administrative plan, the board's review is limited to the written record. He presented the termination letter, the decision of the hearing officer upholding the termination and Ms. Harris's appeal letter. He explained further that the board must decide from that record whether to direct a further hearing before the hearing officer in order "for the purpose of rectifying any obvious mistake of law made during the hearing or any obvious injustice not known at the time of the hearing." The rules also require Ms. Harris's appeal request to "demonstrate cause, supported by specific references to the hearing officer's report, why the request should be granted." ED Mirra recommended that the board deny the appeal. He noted that Ms. Harris's request makes no reference to the record and gives no reason to think that the hearing officer's decision was mistaken or unjust.

Director Black reviewed the written documents and outlined the reason for the termination. At Commissioner Rumbaugh's request, she explained the process that governs terminations. Commissioner Mowat asked if legal counsel was offered to clients. Director Black stated during the informal and/or formal hearings clients may have counsel, although THA does not provide counsel. Clients often get counsel from Northwest Justice Project (NJP) and clients are informed about NJP. Commissioner Rumbaugh moved to deny the request for a rehearing before the Hearing Officer. Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion approved.**

**4. GUEST COMMENT**

Karen Scott, a G Street resident addressed the board regarding current bed bug problems in her building. She presented a packet of information to the BOC that included several articles and references on bed bugs. Ms. Scott stated she is grateful THA is conducting the treatment in the building and the units but she feels we can be more effective. She requested that THA review the materials she has collected while researching this issue and commit to using heat treatment to eradicate the infestation. ED Mirra stated THA has spent a lot of time and thought on the bed bug problems. Chair Flauding requested Director Black to provide the board with a review of the work done to date. Director Black will present this information at a future board meeting.

Hope Rehn, president of SAFE and a resident of Wright Street, addressed the board. She offered her view that THA is working diligently on the bed bug issue and thanked THA for its efforts.

**5. COMMITTEE REPORTS**

Real Estate Development Committee – Commissioner Rumbaugh reported the Citibank Loan is moving forward in a positive manner. LASA is presenting some financial stresses and strains and stated the board will need to apply some fiscal constraint while considering financial support to LASA. He noted a potential purchaser of Stewart Court. The board will need a discussion looking at various options before moving forward.

Finance Committee – Commissioner Mowat met with staff and found the financial documents are in good order.

Citizen Oversight Committee – Commissioner Banks was out of town when the committee met last time and has no report this evening.

**6. ADMINISTRATIVE REPORTS**

**Executive Director**

ED Mirra referred the board to his report and welcomed questions. He noted that a journalist from the Wall Street Journal is visiting THA. She was referred by the Executive Director of CLPHA. Her story seems focused on the McCarver Elementary

School Project although she is also interested in THA's MTW initiatives. ED Mirra believes the article will be published within a month or so. Director Vignec noted there have been several reporters interested in McCarver.

### **Finance**

Commissioner Rumbaugh moved to ratify the payment of cash disbursements totaling \$3,708,438 for the month of February, 2013. Commissioner Banks seconded.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

### **Motion Approved**

Director Shalik stated there are no financial concerns with the budget. One challenge with the federal budget is the recent passage of the Continuing Resolution with levels that include the sequestration cuts.

### **Real Estate Management and Housing Services**

Director Black directed the board to her report. She reported with regret that Tehani Bowman has resigned from her position as Salishan Property Manager. Director Black is grateful to Tehani for her service to THA but understands her wish to relocate to Florida. April was pleased to report that new HOP clients are shopping for units with the newly assigned HOP vouchers. She anticipates the release of more HOP vouchers by early summer. The HOP waitlist will open on or near June 1<sup>st</sup>. Her staff will work with local agencies who provide computer access for applicants to apply on line. THA is very interested in the success of this paperless system. She noted that the Seattle Housing Authority and the King County Housing Authority have just gone paperless when re-opening their wait lists. Commissioner Mowat asked about push back from applicants on a paperless system at either the Seattle HA or the King County HA. April said that she understood both went smoothly. ED Mirra noted that in Seattle some dishonest set up bogus web sites to resemble the SHA web site and to entice people to "apply" and submit an "application fee". Director Black reported meth contamination discovered in units continues to present challenges for the agency and staff. Unit vacancy reports will continue to show a large increase of vacant units. Community and tenant meth meetings will be wrapping up soon. The community has been very interested in this information and grateful to THA for its initiative. Commissioner Mowat appreciated attending one of the meth meetings and stated the Tacoma Pierce County Health Department representative conducted a very informative presentation. Director Black followed up on Commissioner Rumbaugh's request from the February meeting updating the board on the soil issue at Wright Street. A few years ago, when the elevator was installed there was an

unidentified hydrolic leak that required mitigation. One of the precautions is the signage asking people not to dig in that spot.

### **Real Estate Development**

Director Zisette directed the board to his report. Many Lights Foundation seeks to develop intergenerational housing for foster children at Hillsdate Height. They have also shown interest in using THA as its developer.

### **Community Services**

Director Vignec directed the board to her report. She has been spending a good amount of time working with her staff on the HOP program. She reports that new HOP clients are signing up for case management assistance. Director Vignec referred the board to articles included at the end of her report. She also reported on the visit to McCarver School that THA and the Tacoma Public School District hosted from Senator Patty Murray. It was a very nice occasion during which the Senator asked good questions, showed an informed interest and spent some meaningful moments with the children. Commissioner Mowat requested board notification when dignitary visits are to occur.

## **7. OLD BUSINESS**

None.

## **8. NEW BUSINESS**

### **8.1 RESOLUTION 2013-3-27 (1), ADOPTION OF THE EMPLOYEE RECOGNITION AND APPRECIATION POLICY PLUS THE REFRESHMENTS AND NON-TRAVEL MEALS POLICY**

**Whereas,** The Authority desires to follow the recommendation of the Washington State Auditor's Office Accountability Audit Report;

**Whereas,** the attached draft policies governing expenditures on Employee Recognition and Appreciation and Expenditures on Non-Travel Meals and Refreshments would conform to the audit recommendation and the rules and standards governing such matters;

**Whereas,** THA intends to distribute and train all employees on the Employee Recognition and Appreciation policy and Refreshments and Non-Travel Meals policy;

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:***

The Board adopts the "Expenditures on Employee Recognition and Appreciation" policy and the policy on "Expenditures on Non-Travel Meals and Light Refreshments" in substantially the form set forth in the attached drafts, allowing for changes to format and

procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies.

Commissioner Mowat motioned to approve the resolution. Commissioner Banks seconded the motion.

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

**8.2 RESOLUTION 2013-3-27 (2), PROPERTY UPGRADES AND RENOVATIONS AT FOUR SCATTERED SITES**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

**Whereas,** On February 1, 2013 THA issued an Invitation to Bid (ITB) for the upgrade and renovation of 6438 S. Puget Sound, 5801 Roosevelt, 120 E. Bismark and 6413 S. Pine;

**Whereas,** The RFQ was posted in the Blue Book, Washington Electronic Business Solutions and on THA’s website;

**Whereas,** Three firms (3) submitted proposals by the deadline of February 28, 2013; The bid results from lowest to highest bid are as follows:

Company	Base Bid	Deductive Bid Alt. #1	Deductive Bid Alt. #2	Deductive Bid Alt. #3	Responsive-Responsible Y / N
LIBBY BUILDERS INC	\$104,600.00	\$1,600.00	\$3,000.00	\$2,000.00	Y
STETZ CONSTRUCTIO	\$128,520.00	\$2,880.00	\$3,600.00	\$3,895.00	Y
D&B ROOFING SERVICES	\$154,909.00	\$4,275.00	\$7,873.00	\$7,292.00	Y

**Whereas,** Staff determined the lowest responsive and responsible bidder is Libby Builders Inc.;

**Whereas,** Total financing for the work is from Capital Funds;

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

authorize the Executive Director to negotiate and if those negotiations are successful to award a Contract to Libby Builders Inc. for site upgrades and renovations included in the scattered sites; multi-scope group A project in the bid amount of \$104,600.00 with a not-to-exceed amount of \$120,000.00 including contingency. If those negotiations are not successful the executive director may if he chooses negotiate and execute a contract with the next lowest responsive and responsible bidder.

Commissioner Banks motioned to approve the resolution. Commissioner Mowat seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

**8.3 RESOLUTION 2013-3-27 (3), EASTSIDE COMMUNITY CENTER FEASIBILITY STUDY**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

**Whereas,** THA's 2011 Salishan core community input process and survey identified a community recreational facility as a high priority for Tacoma's Eastside;

**Whereas,** Tacoma Public Schools, Metro Parks Tacoma, the City of Tacoma and THA desire to study the feasibility of a community recreational facility to be co-located on the First Creek Middle School campus near Salishan;

**Whereas,** Tacoma Public Schools, Metro Parks Tacoma, the City of Tacoma and THA jointly believe that a feasibility study will identify opportunities to consolidate and replace existing facilities; prioritize program, service and facility needs; identify opportunities to leverage existing public resources, including existing community facilities; identify strategies and funding needs to allow sustainable operations; and identify strategies to raise necessary capital funding, and

**Whereas,** Metro Parks Tacoma has committed to complete a feasibility study with the funding assistance from the other partner agencies;

**Whereas**, cost of the proposed feasibility study is \$60,000 - \$80,000;

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

1. Tacoma Housing Authority supports the Metro Parks Tacoma Eastside Community Center feasibility study.
2. The executive director is authorized to enter into a funding agreement to provide up to \$20,000 in funds to match investments by Metro Parks Tacoma, Tacoma Public Schools, and the City of Tacoma for the feasibility study.

Commissioner Lincoln Hamilton motioned to approve the resolution. Commissioner Banks seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

#### **8.4 RESOLUTION 2013-3-27 (4), APPROVAL OF TENANT ACCOUNT RECEIVABLE WRITE OFFS**

**WHEREAS**, Tacoma Housing Authority (THA) provided housing services to Public Housing and Housing Choice Voucher participants who discontinued housing assistance with debt owing to THA.

**WHEREAS**, Tacoma Housing Authority (THA) provided housing assistance payments to property owners in excess to the amount the owner is entitled to receive and the owner has not repaid this amount to THA.

**WHEREAS**, each individual included in this tenant account write off has been notified of their debt and given the opportunity to pay prior to this resolution.

**Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:**

1. authorizes THA staff to “write off” the following accounts and send these debts to an external collection agency to pursue collection action:

Debt to be Written off and sent to Collections

<b>M-O Project</b>	<b>Client #</b>	<b>Balance</b>
M St. Apts.	140624	\$233.08
	<b>Subtotal</b>	<b>\$233.08</b>
Fawcett Apts.	122683	\$185.00
	102829	\$1,436.08
	<b>Subtotal</b>	<b>\$1,621.08</b>
Wright St. Apts.	141065	\$1,420.83
	143817	\$55.71
	00000146	\$194.00
	144754	\$1,014.19
	<b>Subtotal</b>	<b>\$2,684.73</b>
Lawrence St. Apts.	00000457	\$230.14
	141653	\$4,594.05
	120054	\$654.96
	<b>Subtotal</b>	<b>\$5,479.15</b>
6th Ave Apts.	141920	\$95.39
	143044	\$374.91
	143420	\$260.32
	<b>Subtotal</b>	<b>\$730.62</b>
Hillside Terrace Apts.	143669	\$1,077.85
	<b>Subtotal</b>	<b>\$1,077.85</b>
Bergerson Terrace	144490	\$67.46
	<b>Subtotal</b>	<b>\$67.46</b>
Scattered Sites	115908	\$293.89
	139054	\$434.94
	131661	\$1,311.85
	<b>Subtotal</b>	<b>\$2,040.68</b>
Dixon Village	133352	\$312.25
	143948	\$1,071.96
	139422	\$260.15
	<b>Subtotal</b>	<b>\$1,644.36</b>
Alaska Homes	xx000448	\$4,222.00
	xx000994	\$2,711.50

	xx000839	\$5,564.00
	<b>Subtotal</b>	<b>\$12,497.50</b>
Stewart Court Apts.	xx001041	\$2,367.83
	xx000777	\$3,379.77
	xx000953	\$1,959.06
	xx000263	\$1,020.82
	xx001215	\$1,766.85
	<b>Subtotal</b>	<b>\$10,494.33</b>
Section 8	128911	\$1,455.00
	129338	\$5,406.00
	129675	\$399.00
	133591	\$243.36
	142373	\$422.00
	713851	\$1,230.00
	714714	\$1,036.00
	714923	\$5,148.00
	715124	\$1,420.00
	715239	\$1,030.00
	716001	\$750.00
	716980	\$1,150.00
	717177	\$1,150.00
	<b>Subtotal</b>	<b>\$20,839.36</b>
Agency Recievables		\$0.00
	<b>Subtotal</b>	<b>\$0.00</b>
	<b>Debts sent to Collection</b>	<b>\$59,410.20</b>

Write off debt and take no further action		
<b>M-O Project</b>	<b>Client #</b>	<b>Balance</b>
M St. Apts.	140993	\$1.16
	117844	\$1.26
	127658	\$508.16
	133056	\$764.57
	137525	\$874.28
	<b>Subtotal</b>	<b>\$2,149.43</b>
Fawcett St. Apts	111356	\$42.57

	<b><i>Subtotal</i></b>	<b><i>\$42.57</i></b>
Lawrence St. Apts.	124614	\$164.48
	119872	\$19.00
	<b><i>Subtotal</i></b>	<b><i>\$183.48</i></b>
6th Ave Apts.	125135	\$463.50
	<b><i>Subtotal</i></b>	<b><i>\$463.50</i></b>
Bergerson Terrace	138923	\$109.56
	138777	\$1,198.51
	124864	\$1,075.05
	<b><i>Subtotal</i></b>	<b><i>\$2,383.12</i></b>
Scattered Sites	138888	\$804.93
	<b><i>Subtotal</i></b>	<b><i>\$804.93</i></b>
Stewart Court	xx000274	\$6.18
	xx000231	\$65.00
	<b><i>Subtotal</i></b>	<b><i>\$71.18</i></b>
	<b><i>Debts not sent to collections *</i></b>	<b><i>\$6,098.21</i></b>

\*This total includes accounts where tenant is deceased or the balance is under \$30.

Commissioner Mowat motioned to approve the resolution. Commissioner Lincoln Hamilton seconded the motion.

Upon roll call, the vote was as follows:

AYES: 4  
 NAYS: None  
 Abstain: None  
 Absent: 1

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
 Janis Flauding, Chair

## 8.5 RESOLUTION 2013-3-37(5), PRAIRIE OAKS – TAX CREDIT INVESTOR AND CONSTRUCTION LENDER SELECTION

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of Tacoma

**Whereas,** The Housing Authority of the City of Tacoma (the “Authority”) on February 14, 2013 solicited Letters of Intent/Interest for the construction financing and the purchase of

low income housing tax credits for Prairie Oaks; and

**Whereas**, THA sent a Request for Letters of Intent/Interest to eight (8) lenders and eighteen (18) low income housing tax credit investors and syndicators, advertised on WEBS and on the Authority's website; and

**Whereas**, THA received two (2) joint equity and debt proposals investors and one proposal from a construction lender; and

**Whereas**, the selection committee in consultation with CSG Advisors determined that the combined debt and equity proposal from PNC offers the best combination of terms and experience for construction lending and for the purchase of Low Income Housing Tax Credits; and

**Whereas**, the Contracting Officer, Michael Mirra, has reviewed the results of the evaluation committee and concurs that the committee's recommendation be accepted;

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

1. The executive director has the authority to negotiate and, if those negotiations are successful, to execute a nonbinding letter of intent with PNC for (a) the construction loan for Prairie Oaks; (b) the purchase of low income housing tax credits to be allocated to Gravelly Lake LLLP for Prairie Oaks; (c) an Amended and Restated Partnership Agreement between THA as General Partner and PNC as Investor Member. If negotiations are not successful, the Executive Director may negotiate and execute a nonbinding letter of intent with the firms next on the list.

Commissioner Lincoln Hamilton 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

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## **8.6 RESOLUTION 2013-27-3 (6), (HILLSIDE TERRACE PHASE I – 2500 YAKIMA APARTMENTS)**

A RESOLUTION of the Board of Commissioners of the Housing Authority of the City of

Tacoma (1) authorizes the Board Chair, the Executive Director, and their respective designees, to approve the use of Unrestricted MTW funds in the amount of \$1,232,000 as Reserve Guarantee for future RHF funds for Hillside Terrace Phase I – 2500 Yakima Apartments.

**Whereas**, THA is the General Partner in a LLLP of a 70-unit apartment complex (including a community education facility) to be known initially as 2500 Yakima Apartments, as part of Hillside Terrace Phase I Redevelopment Project, to provide housing for low income persons within the City of Tacoma, Washington (the “Project”);

**Whereas**, funds from THA’s future RHF grant is budgeted, and will be required to complete the redevelopment project.

**Whereas**, the Guarantee of Payment document within the Project’s closing documents provides that THA, as the Guarantor, shall maintain, on a combined basis, Unencumbered Liquid Assets equal to \$1,232,000 prior to the conversion date. The Unencumbered Liquid Assets may be reduced by the amount of RHF funds when they become available for drawdown from HUD.

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

\$1,232,000 of THA’s MTW reserves are restricted as a Reserve Guarantee for future RHF funds for Hillside Terrace Phase I – 2500 Yakima Apartments until such time as the RHF funds are available for drawdown by THA.

Commissioner Lincoln Hamilton motioned to approve the resolution. Commissioner Banks seconded the motion.

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

**8.7 RESOLUTION 2013-3-27 (7), INCREASE IN CONTRACT AMOUNT FOR PIERCE COUNTY SPECIAL PROGRAM HOUSING CONTRACT—YOUTH AND YOUNG ADULTS**

**WHEREAS**, the City of Tacoma has a worrisome and growing population of unaccompanied homeless youth and young adults (youth and young adults without families);

**WHEREAS**, THA's mainline housing programs are generally inaccessible to these young persons. They face the normal difficulty of ever getting on our waiting lists, which are generally closed. In addition, their youth and inexperience makes them unlikely even to apply. Even if they got on our waiting lists, by the time they ever got to the top of a waiting list, they would not be young anymore. Moreover, when young, they need support in addition to housing and help finding a houser to rent to them.

**WHEREAS**, Tacoma Housing Authority (THA) has an approved Moving to Work (MTW) activity allowing it to use a regional approach for administering its special purpose housing programs for service to such populations of needy persons;

**WHEREAS**, THA has chosen Pierce County to oversee some of THA's special programs, to select qualified service providers to administer the programs, and to comply with all State and Federal regulations connected with THA's Moving to Work funds;

**WHEREAS**, Pierce County has conducted a competitive process and selected qualified service providers to administer these funds for rental assistance for homeless unaccompanied youth and young adults;

**WHEREAS**, this contract is intended to provide rental assistance for at least 40 homeless unaccompanied youth and young adults each year;

**WHEREAS**, this contract will have a term of January 1, 2013 through December 31, 2013 and may be extended for one year terms upon mutual agreement by Pierce County and THA;

**WHEREAS**, the contract amount exceeds the \$100,000 spending limit for the Executive Director.

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

1. The executive director is authorized and directed to execute a contract with Pierce County in the amount of \$250,000 for the purpose of providing rental assistance to homeless unaccompanied youth and young adults.

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

Upon roll call, the vote was as follows:

AYES: 5  
NAYS: None  
Abstain: None  
Absent: None

**Motion Approved:** March 27, 2013

\_\_\_\_\_  
Janis Flauding, Chair

**9. COMMENTS FROM COMMISSIONERS**

**10. EXECUTIVE SESSION AND SUBSEQUENT ACTION IN REGULAR SESSION**

The board moved out of the regular meeting at 6:05 PM to discuss real estate transactions for 20 minutes in Executive Session. The Executive Session was extended for an additional 11 minutes.

Vice Chair Mowat brought the board came back into regular session at 6:36. Chair Flauding and Commissioner Banks were excused at 6:15 PM.

Commissioner Rumbaugh made the following motion; the Board of Commissioners authorizes the Executive Director to sign a non-binding letter of intent for the sale of Stewart Court.

Upon roll call, the vote was as follows:

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

Motion Approved

**11. ADJOURNMENT**

There being no further business to conduct the meeting ended at 7:02 PM.

**APPROVED AS CORRECT**

**Adopted:** April 17, 2013

\_\_\_\_\_  
Janis Flauding, Chair



# TACOMA HOUSING AUTHORITY

## BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION TUESDAY, April 2, 2013

The Commissioners of the Housing Authority of the City of Tacoma met in Special Session at 902 South L Street, Tacoma, WA at 5:00 PM on April 2, 2013.

### 1. CALL TO ORDER

Chair Flauding called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 5:02 PM.

### 2. ROLL CALL

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

PRESENT	ABSENT
<b>Commissioners</b>	
Janis Flauding, Chair*	
Greg Mowat, Vice Chair	
Arthur C. Banks, Commissioner*	
Rose Lincoln Hamilton, Commissioner*	
	Stanley Rumbaugh, Commissioner
<b>Staff</b>	
Michael Mirra, Executive Director*	
	Christine Wilson, Executive Administrator
Dennesha McCurry, Executive Assistant	
Ken Shalik, Finance Director	
	April Davis, REMHS Director
Nancy Vignec, Community Services Director	
Walter Zisette, RED Director*	
	Barbara Tanbara, Human Resources Director
	Todd Craven, Administration Director

\* participated by telephone

Chair Flauding declared there was a quorum present @ 5:02 pm and proceeded.

### 3. DISCUSSION OF THE CITIBANK SALISHAN SETTLEMENT

Michael Mirra opened the discussion. He stated its purpose was to seek board authorization to sign two related agreements. The first would settle the bond debt with Citibank arising out of the infrastructure loan to build the infrastructure for Phase 2 of

Salishan. The second agreement is with D.R. Horton by which it would purchase the remaining Salishan lots in Area 3. The agreement with Citibank would allow the agreement with D.R. Horton. Michael noted that the board was familiar with the terms of both deals since we have been discussing them in previous meetings. He also described them in his memo to the board of April 1<sup>st</sup>, which he reviewed. (A copy of that memo is attached to these minutes.)

Chair Janis Flauding moved to approve both the Citibank settlement and the sale of Area 3 lots to D.R. Horton. Commissioner Lincoln Hamilton seconded.

Upon roll call, the vote was as follows:

AYES: 4  
NAYS: None  
Abstain: None  
Absent: 1

**Motion approved.**

**4. GUEST COMMENT**

None.

**5. OLD BUSINESS**

None.

**6. NEW BUSINESS**

None

**7. ADJOURNMENT**

There being no further business to conduct the meeting ended at 5:15 PM.

**APPROVED AS CORRECT**

**Adopted:** April 17, 2013

\_\_\_\_\_  
Janis Flauding, Chair

Finance Committee  
*Commissioner Mowat*

Real Estate and Development Committee  
*Commissioner Rumbaugh*

Citizen Oversight Committee  
*Commissioner Banks*

# ADMINISTRATION REPORTS

# EXECUTIVE DIRECTOR REPORT



# TACOMA HOUSING AUTHORITY

**To:** THA Board of Commissioners  
**From:** Michael Mirra  
Executive Director

**Date:** April 17, 2013  
**Re:** Executive Director's Report

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This is my monthly report for April 2013. The departments' reports supplement it.

## 1. CURRENT AND COMING PROJECTS AND PREOCCUPATIONS

Work at THA has been lively recently, with its full share of challenges. Here is an incomplete list of some of the highlights. The board will recognize all of them from previous discussions.

### 1.1 Development

- Citibank settlement and sale of Salishan area 3 lots
- Hillside Terrace
- LASA Prairie Oaks Project
- Stewart Court
- Winthrop Project
- Brown Star Grill Project

### 1.2 Property Management and Housing Services

- meth units and related effect on turnover rates
- launch of Housing Opportunity Program (HOP)
  
- launch of the rapid rehousing investment with Pierce County to serve homeless families with children and homeless youth without families

### 1.3 Community Services

- McCarver Elementary School Project
- scholars' incentive program
- homeownership program redesign
- FSS Program Redesign
- HOP Support
- Salishan Children Matched Savings Account Project

### 1.4 Administration

- IT upgrade
- business processes and forms project
- web site rebuild
- Sharepoint project

**1.5 Human Resources**

- variable pay program Implementation
- 2013 collective bargaining
- 2013 employee opinion survey
- manager coaching

**Executive**

- strategic planning implementation
- HUD “re-benchmarking” discussions
- community and media communications
- HARRP Board et al
- DSHS-houser child welfare collaboration

**2. VISIT TO STATE AUDITOR OFFICES**

Ken, Duane and I visited yesterday with the senior staff of the State Auditor’s Office (SAO). We visited at our request to discuss our concerns about the January finding related to the money THA spent on staff events for planning, coordination, training, team building and appreciation purposes. In March, I had sent the auditor a memo explaining our concerns about the substance and manner of the audit. The meeting was a good one. We stated our three goals:

- to better understand the finding so we can be sure to comply with the governing rules, properly interpreted;
- to make sure that the interpretation allows THA the flexibility it and all responsible employers needs to train staff and allow them to plan, coordinate, build teams and feel appreciated;
- to have a constructive and amiable partnership with the SAO. We emphasized that we value the SAO’s oversight role.

We also emphasized that we sought no weakening of the high standards that should govern the use of public monies. We explained our view that our uses of the monies were well within the guardrails of those standards.

The main themes of the discussion were as follows:

- Most importantly, we and the SAO staff confirmed that the finding did not preclude THA from those expenditures. Instead, it asked THA to educate itself about the rules governing them, which we have done as evidenced by my memo to the SAO. The finding also asked THA to adopt a policy to make sure such expenditures resulted from a conscious judgment that they served a public purpose.

In particular, the SAO staff made clear that they agreed the rules allow an employer to spend money on staff events for training, planning, coordination, team building and appreciation. They felt THA's policy structure to govern these expenditures needed strengthening. They also felt that during the audit we could have done a better job explaining the public purpose of these events by showing the events' agenda to the auditors.

We gave them copies of the two policies the board adopted in March. We invited their comments. We noted that the policies allow for the expenditures but create a structure that we think should satisfy the SAO's concerns.

- We discussed the manner of the finding and how we felt it blindsided us. We recounted how we had been discussing with the audit staff the use of monies for sponsorships and for flowers for staff whose family member had passed away. We noted that we stopped those expenditures pending the discussions. We noted that I wrote the auditors a letter on September 13, 2012 proposing a policy to govern them. The issue of food for events was not prominent in the discussions but my letter proposed policies for that as well. We recounted how we never received a response to the letter. Instead, the next communication on the matter was the finding itself. We observed how this was not the sort of partnership with the SAO that we would value. The staff expressed some regret at how it was handled.
- We noted that the audit title used the word "entertainment" to describe expenditures and in that way invited people to misunderstand the matter. We recounted how we asked the SAO to use a different word. It refused. As a result, SAO embarrassed THA with people who do not read beyond the audit title. [We discussed the television story by KOMO news that included a several second tape of Mr. Kelley saying something to the effect that "this is very serious." The reporter made it appear as if Mr. Kelley was referring to THA, although the tape did not show what Mr. Kelley was responding to. SAO staff who were present during the taping explained that Mr. Kelley was **not** referring to THA but instead was responding to a general statement about misuse of public funds.] The SAO staff expressed some surprise at the media reaction and promised to be more mindful about how it communicates and the words it uses.
- The SAO staff said that they would ask the Attorney's General Office to update its 1987 memo on the subject.

**3. THA ON DISPLAY OVER NEXT FEW MONTHS**

THA and its work will be on display over the next several months. I list the occasions below. Some of these are events that I hope some of the commissioners will be interested in attending. Please let me know and I will provide more details.

- The News Tribune will be printing one or two stories about THA's Education Project and its changes in our housing assistance programs.
- The Wall Street Journal will be printing a similar story. Its journalist spent two days in Tacoma earlier this month, including a day at McCarver Elementary School.
- On April 25, 2013 at a dinner from 5:30 to 7:30 PM in Seattle at the Artic Club Hotel, 700 3<sup>rd</sup> Avenue, THA will receive the Puget Sound Regional Council's Vision 2040 Award for the McCarver Program.
- On May 8, 2013, 8:30 AM, at Catholic Community Services on Yakima, we will present the changes in THA's housing assistance program to the membership of the Tacoma-Pierce County Affordable Housing Consortium.
- On May 9, 2013, I will present THA's Education Project to Rotary 8 membership.
- On May 15, 2013, at 9 AM and 2:15 PM at the Murano Hotel, I will participate in two presentations at the Washington Low Income Housing Alliance's conference on Ending Homelessness. The first presentation will have me and a DSHS representative describe the innovative collaboration between DSHS and housers to serve families and youth entangled in the state's child welfare system. In the second presentation, Troy Christensen and I will describe THA's investment in the county's rapid rehousing program for homeless families with children and homeless youth.
- On May 20, 2013, in Seattle, I have been invited to address the board of the Corporation for Enterprise Development (CFED). I will describe THA's asset building programs. On May 21<sup>st</sup>, that board will reconvene at Salishan at 9 AM. It would like to see Salishan and learn more about THA's and its Education Project.
- On May 29, 2013, at 7 PM at the Seattle Convention Center, THA and Walsh Construction will receive an award from Forterra (formerly Cascade Land Conservancy). The award honors Salishan for its features promoting the environment, growth management and social justice.

# FINANCE



# TACOMA HOUSING AUTHORITY

## Motion

Adopt a consent motion ratifying the payment of cash disbursements totaling \$4,048,037 for the month of March, 2013.

Approved: April 17, 2013

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Janis Flauding, Chair

**TACOMA HOUSING AUTHORITY**  
**Cash Disbursements for the month of March, 2013**

	Check Numbers		Amount	Totals
	From	To		
<b>A/P Checking Account</b>				
Low Rent Module Checks	Check #'s	2,737 - 2,739	447	
Accounts Payable Checks	Check #'s	78,940 - 79,193		
Business Support Center			246,286	Program Support
Moving To Work Support Center			51,140	
Section 8 Programs			15,925	Section 8 Operations
SF Non-Assist Housing - 9SF Homes			4,055	Local Funds
Stewart Court			5,753	
Wedgewood			451	
Salishan 7			16,347	
Salishan Developer Fee			44	Development
Salishan Area 3			9,346	
Development Activity			88,385	
Salishan Area 2B-Dev			3,072	
Hillside Terrace Development			36,063	
Hillside Terrace Community Ctr Development			376	
Hillside Terrace 2500 Court G Development			1,040	
Hillside Terrace 2500 Yakima Development			80,813	
Bea's Fund			767	Community Service
Weyerh. Homeless Grant			805	
Community Services MTW Fund			3,976	
Paul G. Allen Foundation Grant			1	
Gates Scholar Incentive Grant			11	
Gates Ed Grant			456	
ROSS Svc Coord			2	
WA Families Fund			317	
WA Families Fund - Systems Innovation			1,434	Public Housing
AMP 1 - No K, So M, No G			21,949	
AMP 2 - Fawcett, Wright, 6th Ave			17,338	
AMP 3 - Lawrence, Orchard, Stevens			21,785	
AMP 4 - Hillside Terr - 1800/2500			7,952	
AMP 6 - Scattered Sites			49,287	
AMP 7 - HT 1 - Subsidy			7,343	
AMP 8 - HT 2 - Subsidy			667	
AMP 9 - HT 1500 - Subsidy			2,096	
AMP 10 - SAL 1 - Subsidy			19,607	
AMP 11 - SAL 2 - Subsidy			17,649	
AMP 12 - SAL 3 - Subsidy			13,663	
AMP 13 - SAL 4 - Subsidy			18,314	
AMP 14 - SAL 5 - Subsidy			11,631	
AMP 15 - SAL 6 - Subsidy			20,828	
Allocation Fund			85,367	Allocations-All Programs
THA SUBTOTAL			882,786	
Hillside Terrace 1 through 1500			1,492	Tax Credit Projects - billable
Salishan I - through Salishan 6			133	
Salishan Association - Operations			6,196	
TAX CREDIT SUBTOTAL (Operations - billable)			7,820	<b>890,606</b>
<b>Section 8 Checking Account (HAP Payments)</b>				
SRO/HCV/TBRA/VASH/FUP/NED	Check #'s	477,348 - 477,944	953,283	
	ACH	42,914 - 43,795	1,482,656	<b>\$ 2,435,939</b>
<b>Payroll &amp; Payroll Fees - ADP</b>				<b>\$ 442,435</b>
<b>Other Wire Transfers</b>				
Local Funds Semi-Annual Bond Payment - Heritage			235,223	
Salishan Seven Debt Service - WCRA			19,108	
Area 3 Revenue Bonds Monthly Interest - Citibank			24,725	<b>\$ 279,056</b>
<b>TOTAL DISBURSEMENTS</b>				<b>\$ 4,048,037</b>



# TACOMA HOUSING AUTHORITY

**Date:** April 17, 2013

**To:** THA Board of Commissioners

**From:** Ken Shalik  
Director of Finance

**Re:** Finance Department Monthly Board Report

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## 1. FINANCIAL STATEMENT COMMENTS

I present the March, 2013 disbursement report for your approval.

The Finance Department is submitting the financial statement for the month of February, 2013. As this is only the second month of the fiscal year I am not seeing any areas of real concern at this point. There are significant variances in certain categories, but at this stage of the year, it can be due to either payments earlier in the year, or payments that do not occur later on. I view the three month mark as the first real period that will identify if there are patterns that need to be addressed. I have not necessarily adjusted for Capital Expenditure or other areas where there is not information, or where funding is not obligated. For the month of February, on Line 71, the THA surplus for the month of January is \$166,341 as compared to a \$448 budgeted surplus. I am currently projecting a \$43,340 surplus for the year against a \$2,685 budgeted surplus. I expect the projected actual to change as the year progresses and more information clarifies.

The following is a synopsis of the Cash Flow Waterfall for our Tax Properties for the Year 2012. At the completion of each year, the agency does an analysis of excess cash (if available), and per the Limited Partnership Agreements, distributes cash per the waterfall established for each property. Funds that come into THA includes any Developer Fee remaining, the Company Management Fee, and if there is still remaining cash, accrued interest payments, and then principle on the loans that THA has made to develop the projects. In the waterfall for 2012, THA received \$343,138 for payment of interest on THA loans. Even though we accrue interest for these loans the end of each year, we do not include them in our budget, as there is no guarantee funds will be available to pay them. We will include this interest received in the Investment Income category (Line 10) for 2013, as this is when the payment is made to THA. For 2012, the partnerships incurred losses in Tax Credits due to meth contaminated units being determined unfit for occupancy on 12/31. The payments due for Sal 4-6 were paid from project cash flows. The \$27,273 for the Hillside projects needed to be paid by THA per the partnership agreement. This expense will be reflected in our Other General Expense category. (Line 53)

FINANCE DEPARTMENT MONTHLY REPORT

April 2013

Page 2

**THA Tax Credit Projects  
Summary of Cash Flow Waterfall Distributions  
For the year ending 12/31/12**

	Developer Fee to GP (a)	Company Management Fee to GP (b)	Interest to THA on Sponsor Loan (c)	Asset Management Fee to LP (d)	Tax Credit Shortfall Pymt to LP (e)	<u>Comments</u>
Salishan 1		N/A	79,058	7,989	-	No CMF
Salishan 2		N/A	34,362	8,906	-	No CMF
Salishan 3		N/A	182,298	6,149	-	No CMF
Salishan 4		11,475	31,663	2,295	1,891	TCS pd fm CF
Salishan 5		-	-	-	11,669	TCS pd fm CF
Salishan 6		4,843	-	4,843	19,823	TCS pd fm CF
Hillside Phase 1		2,986	-	2,500	8,626	TCS pd fm GP (f)
Hillside Phase 2		5,108	-	5,109	18,647	TCS pd fm GP (f)
Hillside 1500	3,939	-	15,757	-		No AMF
<b>Total payments</b>	<b>\$ 3,939</b>	<b>\$ 24,412</b>	<b>\$ 343,138</b>	<b>\$ 37,791</b>	<b>\$ 60,656</b>	

(a) - No excess cash. PMF & AMF paid out of reserves. Tax credit shortfall paid by GP via "special" capital contribution

(b) - Tax credit shortfall paid by GP via special capital contribution.

<b>Total Distributions to THA (a+b+c)</b>	<b>371,489</b>
<b>Less amounts GP paid for tax credit shortfall (f)</b>	<b>(27,273)</b>
<b>Net Cash to THA</b>	<b>344,216</b>
<b>Distributions for 2011</b>	<b>182,145</b>
<b>Increase in distributions to THA from 2011</b>	<b>162,071</b>



CMF - Company Management Fee (Paid to THA)  
 CF - Cash Flow  
 GP - General Partner (THA)  
 LP - Limited Partner  
 TCS - Tax Credit Shortfall

**2. INVESTMENTS**

Surplus funds are invested in Heritage checking and the Washington State Investment Pool. Rates with Heritage Bank currently remain at .40%. The Washington State Local Government Investment Pool currently provides a return rate of .17%.

**3. AUDIT**

We are waiting to hear from the auditors to when the audit for 2012 audit will start. We are not anticipating they will be here until sometime in May.

**4. BUDGETS**

We are operating using the 2013 budget. Sequestration took effect on March 1<sup>st</sup>, and we are assuming a 5.1% reduction in Federal Funding at this point. We have received preliminary information on our funding for Section 8 Administrative fees and Public Housing subsidy. The initial numbers are lower than expected. We will continue monitoring the situation, and will continue discussing the long term effects of sequestration. This discussion will include our current reserve levels and how to proceed in the event sequestration does or does not continue. We do not want to be in a position where our withholding of spending creates other challenges. Pursuant to the board's direction, we have released certain expenditures, but will keep other expenditures on hold pending additional information from HUD or Congress as the year progresses. We have a mid-year budget study session scheduled for July 12 where we will adjust based on the information we have available at that time.

**5. SECTION 8 REBENCHMARKING**

We continue to work with HUD on reestablishing our MTW baseline amount for Housing Assistance payments. This is the issue where HUD has re-benchmarked the baseline (effective 2012) to our 2010 expenditures rather than our eligibility as stated in our MTW agreement. This represents an annual reduction in funding of approximately \$600,000. We have had continued conversations with HUD. There still seems to be no consensus in HUD on how to resolve the issue. We know it is being discussed, but we cannot project when this will be resolved.

**6. BOND FINANCING RATE ADJUSTMENT**

Heritage is in the process of modifying the interest rate for the Revenue Bonds for our Bond Financed Properties (Stewart Court, Wedgewood, 9 Single Family Homes). Michael has signed a rate modification letter which would reduce the rate from the current level 4.59% to 3.25%. There will be a loan fee for the rate modification of \$50,000 for this transaction. The principle remaining on the loan is approximately \$6.2 million and will mature in 2034. The approximate interest savings with this rate modification is \$1 million.

**TACOMA HOUSING AUTHORITY  
AGENCY WIDE**

		February, 2013				Thru 12/31/2013		
		CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED YTD	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE
<b>OPERATING RECEIPTS</b>								
1	Tenant Revenue - Dwelling rent	294,767	592,237	588,463	0.64%	3,553,422	3,530,777	0.64%
2	Tenant Revenue - Other	5,040	11,285	2,838	297.71%	57,710	17,025	238.97%
3	HUD grant - Section 8 HAP reimbursement	2,725,788	5,451,726	5,811,482	-6.19%	33,038,273	34,868,890	-5.25%
4	HUD grant - Section 8 Admin fee earned	223,318	423,639	464,938	-8.88%	2,541,834	2,789,629	-8.88%
5	HUD grant - Public Housing subsidy	210,163	420,327	386,537	8.74%	2,146,962	2,319,224	-7.43%
6	HUD grant - Community Services	9,013	15,891	23,497	-32.37%	95,346	140,984	-32.37%
7	HUD grant - Capital Fund Operating Revenue	2,109	3,110	225,258	-98.62%	1,036,235	1,351,548	-23.33%
8	Management Fee Income	270,280	540,570	583,521	-7.36%	3,343,420	3,501,128	-4.50%
9	Other Government grants	8,901	17,491	38,572	-54.65%	97,061	231,432	-58.06%
10	Investment income	117,864	122,897	8,492	1347.27%	383,943	50,950	653.57%
11	Fraud Recovery Income - Sec 8	844	2,448	10,000	-75.52%	14,688	60,000	-75.52%
12	Other Revenue- Developer Fee Income	0	0	49,667	-100.00%	379,000	298,000	27.18%
13	Other Revenue	39,743	83,084	128,488	-35.34%	498,504	770,926	-35.34%
14	<b>TOTAL OPERATING RECEIPTS</b>	<b>3,907,830</b>	<b>7,684,705</b>	<b>8,321,752</b>	<b>-7.66%</b>	<b>47,186,398</b>	<b>49,930,513</b>	<b>-5.50%</b>
<b>OPERATING EXPENDITURES</b>								
<i>Administrative Expenses</i>								
15	Administrative Salaries	329,372	627,971	712,898	-11.91%	4,231,809	4,277,385	-1.07%
16	Administrative Personnel - Benefits	127,053	260,787	290,998	-10.38%	1,564,722	1,745,985	-10.38%
17	Audit Fees	0	4,886	11,824	-58.68%	70,942	70,942	0.00%
18	Management Fees	220,613	441,138	447,787	-1.48%	2,646,828	2,686,722	-1.48%
19	Rent	23,526	47,052	47,050	0.00%	282,312	282,299	0.00%
20	Advertising	161	161	3,108	-94.82%	9,325	18,650	-50.00%
21	Information Technology Expenses	21,018	46,037	46,038	0.00%	276,222	276,227	0.00%
22	Office Supplies	2,191	3,743	13,506	-72.29%	67,374	81,037	-16.86%
23	Publications & Memberships	1,156	28,462	9,044	214.70%	60,772	54,265	11.99%
24	Telephone	8,469	17,614	19,598	-10.12%	105,684	117,589	-10.12%
25	Postage	2,113	5,774	6,656	-13.25%	34,644	39,935	-13.25%
26	Leased Equipment & Repairs	1,118	10,606	8,348	27.06%	63,636	50,085	27.06%
27	Office Equipment Expensed	1,724	9,003	13,197	-31.78%	54,018	79,184	-31.78%
28	Legal	16,641	22,131	15,433	43.41%	132,786	92,595	43.41%
29	Local Milage	438	775	2,564	-69.77%	13,950	15,383	-9.32%
30	Staff Training/Out of Town travel	9,499	13,840	33,603	-58.81%	186,840	201,616	-7.33%
31	Administrative Contracts	14,077	26,205	64,318	-59.26%	353,768	385,910	-8.33%
32	Other administrative expenses	2,134	7,261	15,712	-53.79%	83,566	94,270	-11.35%
33	Due diligence - Perspective Development	70,105	71,380	85,000	-16.02%	428,280	510,000	-16.02%
34	Contingency	0	0	16,658	-100.00%	0	99,950	-100.00%
35	<b>Total Administrative Expenses</b>	<b>851,408</b>	<b>1,644,826</b>	<b>1,863,338</b>	<b>-11.73%</b>	<b>10,667,478</b>	<b>11,180,029</b>	<b>-4.58%</b>

	February, 2013				Thru 12/31/2013			
	CURRENT MTH ACTUAL	YEAR TO DATE ACTUAL	BUDGETED	VARIANCE	PROJECTED ACTUAL	BUDGETED	VARIANCE	
<b>Tenant Service</b>								
36	Tenant Service - Salaries	62,787	117,580	158,723	-25.92%	864,272	952,339	-9.25%
37	Tenant Service Personnel - Benefits	25,299	49,745	66,101	-24.74%	328,470	396,603	-17.18%
38	Relocation Costs	3,171	4,748	3,235	46.77%	28,488	19,410	46.77%
39	Tenant Service - Other	6,212	9,170	84,704	-89.17%	255,020	508,225	-49.82%
40	<b>Total Tenant Services</b>	<b>97,469</b>	<b>181,243</b>	<b>312,763</b>	<b>-42.05%</b>	<b>1,476,250</b>	<b>1,876,577</b>	<b>-21.33%</b>
<b>Project Utilities</b>								
41	Water	10,510	19,368	19,385	-0.09%	116,208	116,310	-0.09%
42	Electricity	18,969	44,000	34,008	29.38%	189,000	204,050	-7.38%
43	Gas	6,003	12,710	10,912	16.48%	76,260	65,470	16.48%
44	Sewer	35,189	62,640	57,771	8.43%	375,840	346,625	8.43%
45	<b>Total Project Utilities</b>	<b>70,671</b>	<b>138,718</b>	<b>122,076</b>	<b>13.63%</b>	<b>757,308</b>	<b>732,455</b>	<b>3.39%</b>
<b>Ordinary Maintenance &amp; Operations</b>								
46	Maintenance Salaries	41,505	92,113	100,275	-8.14%	598,735	601,649	-0.48%
47	Maintenance Personnel - Benefits	11,433	28,216	30,637	-7.90%	169,293	183,822	-7.90%
48	Maintenance Materials	17,087	28,748	34,033	-15.53%	172,488	204,200	-15.53%
49	Contract Maintenance	45,478	119,369	142,167	-16.04%	716,214	853,002	-16.04%
50	<b>Total Routine Maintenance</b>	<b>115,503</b>	<b>268,446</b>	<b>307,112</b>	<b>-12.59%</b>	<b>1,656,730</b>	<b>1,842,673</b>	<b>-10.09%</b>
<b>General Expenses</b>								
51	Protective Services	12,842	25,111	23,900	5.07%	150,666	143,400	5.07%
52	Insurance	13,604	26,498	28,093	-5.68%	158,988	168,558	-5.68%
53	Other General Expense	71,733	162,956	182,880	-10.89%	977,736	1,097,280	-10.89%
54	Payment in Lieu of Taxes	1,198	2,397	2,410	-0.55%	14,382	14,461	-0.55%
55	Collection Loss	0	0	7,211	-100.00%	50,000	43,268	15.56%
56	Interest Expense	70,496	119,366	152,414	-21.68%	891,196	914,486	-2.55%
57	<b>Total General Expenses</b>	<b>169,873</b>	<b>336,328</b>	<b>396,909</b>	<b>-15.26%</b>	<b>2,242,968</b>	<b>2,381,453</b>	<b>-5.82%</b>
58	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,304,924</b>	<b>\$ 2,569,561</b>	<b>\$ 3,002,198</b>		<b>\$ 16,800,734</b>	<b>\$ 18,013,187</b>	
<b>Nonroutine Expenditures</b>								
59	Ext. Maint/Fac Imp/Gain/Loss Prop Sale	0	0	20,167	-100.00%	90,000	121,000	-25.62%
60	Casualty Losses	58,345	92,610	7,842	1081.00%	47,050	47,050	0.00%
61	Sec 8 HAP Payments	2,427,633	4,873,928	5,257,002	-7.29%	29,943,568	31,542,010	-5.07%
62	<b>Total Nonroutine Expenditures</b>	<b>2,485,978</b>	<b>4,966,538</b>	<b>5,285,010</b>	<b>-6.03%</b>	<b>30,080,618</b>	<b>31,710,060</b>	<b>-5.14%</b>
63	<b>TOTAL EXPENDITURES</b>	<b>3,790,902</b>	<b>7,536,099</b>	<b>8,287,208</b>	<b>-9.06%</b>	<b>46,881,352</b>	<b>49,723,247</b>	<b>-5.72%</b>
64	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b><u>116,928</u></b>	<b><u>148,607</u></b>	<b><u>34,544</u></b>	<b><u>330.19%</u></b>	<b><u>305,047</u></b>	<b><u>207,266</u></b>	<b><u>47.18%</u></b>
65	Debt Service Principal Payments	(3,078)	(8,148)	(89,974)	-90.94%	(539,844)	(539,844)	0.00%
66	<b>Surplus/Deficit Before Reserve Appropriations</b>	<b>113,850</b>	<b>140,459</b>	<b>(55,430)</b>	<b>-353.40%</b>	<b>(234,797)</b>	<b>(332,578)</b>	
67	Reserve Appropriations - Operations	25,726	50,469	60,877	-17.10%	302,814	365,263	-17.10%
68	<b>Surplus/Deficit Before Capital Expenditures</b>	<b><u>139,576</u></b>	<b><u>190,928</u></b>	<b><u>5,448</u></b>		<b><u>68,017</u></b>	<b><u>32,685</u></b>	
69	Revenue - Capital Grants	16,717	31,898	(2,518,850)	-101.27%	60,000	(15,113,100)	-100.40%
70	Capitalized Items/Development Projects	(58,109)	(133,350)	2,289,683	-105.82%	(204,587)	13,738,100	-101.49%
71	Reserve Appropriations - Capital	18,292	76,865	224,167	-65.71%	120,000	1,345,000	-91.08%
71	<b>THA SURPLUS/(DEFICIT)</b>	<b><u>116,476</u></b>	<b><u>166,341</u></b>	<b><u>448</u></b>		<b><u>43,430</u></b>	<b><u>2,685</u></b>	

<b>TACOMA HOUSING AUTHORITY</b>				
<b>CASH POSITION - March 2013</b>				
<b>Account Name</b>		<b>Current Balance</b>	<b>Interest</b>	
<b>HERITAGE BANK</b>				
Accounts Payable		\$ 846,176		0.400%
Section 8 Checking		7,626,217		0.400%
THA Investment Pool		286		0.400%
THA LIPH Security Deposits		93,552		0.400%
THDG - Tacoma Housing Development Group		55,272		0.400%
LF - Stewart Court		92,276		0.400%
LF - Stewart Ct Security Deposit Account		8,867		0.400%
LF - SF 9Homes Alaska		173,638		0.400%
LF - SF 9Homes Alaska Sec Dep Acct		5,833		0.400%
LF - SFH No. Shirley		7,054		0.400%
LF - SFH N Shirley Security Deposit Acct		1,001		0.400%
LF - Wedgewood Homes		42,434		0.400%
Salishan 7		996,723		0.400%
Salishan 7 Security Deposit		25,925		0.400%
Payroll Account		4,367		0.400%
General Fund Money Market		3,279,629		0.400%
<b>WASHINGTON STATE</b>				
Investment Pool		\$ 1,523,823		0.180%
<b>CHASE</b>				
IDA Account		22,665		0.01%
<b>1. TOTAL THA CASH BALANCE</b>		<b>\$ 14,805,738</b>		
<b>Less:</b>				
<b>2. MTW Cash Balance</b>		<b>\$ 7,597,276</b>		
<i>Less MTW Cash Set-Aside</i>				
2.1 Hillside Terrace Redevelopment RHF fund guarantee to Chase Bank		1,232,000		
<b>3. MTW Cash Available</b>		<b>\$ 6,365,276</b>		
<b>4. Non MTW Cash</b>				
<i>Other Restrictions:</i>				
4.01 FSS Escrows	144,093			
4.02 VASH, FUP & NED HAP Reserves	44,681			
4.03 Mod Rehab Operating Reserves	77,294			
4.04 Security Deposit Accounts	128,815			
4.05 Salishan Sound Families - 608	178,494			
4.06 IDA Accounts - 604,605	22,665			
4.07 Paul Allen Foundation - 609	32,676			
4.08 Gates Foundation - 612, 622 & 623	150,795			
4.09 WA Families Fund - 672, 673, 712	102,457			
4.10 Wedgewood Replacement Reserve	703,144			
4.11 THDG - 048	55,272			
4.20 Total - Other Restrictions		\$ 1,640,385		
<i>Agency Liabilities:</i>				
4.30 Windstar Loan - 042	314,179			
4.31 Citibank Loan for Area 3 - Guarantee (Current)	1,601,138			
4.32 Additional Set Aside Reserves - Salishan	2,400,000			
4.40 Total - Agency Liabilities		\$ 4,315,317		
4.50 Development Advances/Due Diligence Commitments		\$ 112,219		
<b>5. Total Non MTW Cash Restrictions (Lines 4.20+4.40+4.50)</b>		<b>\$ 6,067,921</b>		
<b>6. THA UNENCUMBERED CASH (Lines 1-2-5)</b>		<b>\$ 1,140,541</b>		
Agency Current Commitments:		Board Approval	Expended	Obligation Balance
LASA Development advance	\$ 375,000	\$ 318,614	\$ 56,386	
Salishan Campus (2012 exp plus 2013 budget)	\$ 167,840	\$ 112,007	\$ 55,833	
<b>Total Current Commitments outstanding</b>				<b>\$ 112,219</b>
<b>Agency Advances - Reduces Unencumbered Cash</b>				
Hillside Terrace Redevelopment - HTF, HOME, CDBG and COT Funds		\$ 577,011		
<b>Total Agency Advances</b>		<b>\$ 577,011</b>		

REAL ESTATE MANAGEMENT  
AND  
HOUSING SERVICES



# TACOMA HOUSING AUTHORITY

Date: April 17, 2013  
To: THA Board of Commissioners  
From: April Black  
Director of Real Estate Management and Housing Services  
Re: Department of Real Estate Management and Housing Services Monthly Board Report

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## 1. PROPERTY MANAGEMENT DIVISION

### *1.1 Occupancy:*

Unit occupancy is reported for the first day of the month. This data is for the month of March 2013.

OCCUPANCY SUMMARY REPORT					
PROGRAM	UNITS AVAILABLE	UNITS VACANT	UNITS OFFLINE	UNITS OCCUPIED	% MTH OCCUPIED
All Hillside	62	9	104	53	85.5%
Family Properties	201	10	5	186	92.5%
Salishan	628	71	0	557	90.5%
Senior/Disabled	353	16	0	337	96.3%
<b>All Total</b>	<b>1,244</b>	<b>106</b>	<b>109</b>	<b>1,133</b>	<b>91.8%</b>

### *1.2 Vacant Unit Turn:*

The following page includes a table with all of the units turned in fiscal year 2013. Twelve (12) units were turned and rented in the month of March. The average unit turn for the month of March was 115.83 days and 119.45 days FYTD. Three of the units that were turned in March had tested positive for meth and needed to be remediated.

As of April 8, 2013, 66 of the 132 units that have been tested for contamination have tested positive for methamphetamine. This is a 50% positive rate for the units that have been tested. Approximately half of these units were tested due to suspicion. We expect the high percentage rate of positive units where a large percentage of units were tested due to suspicion.

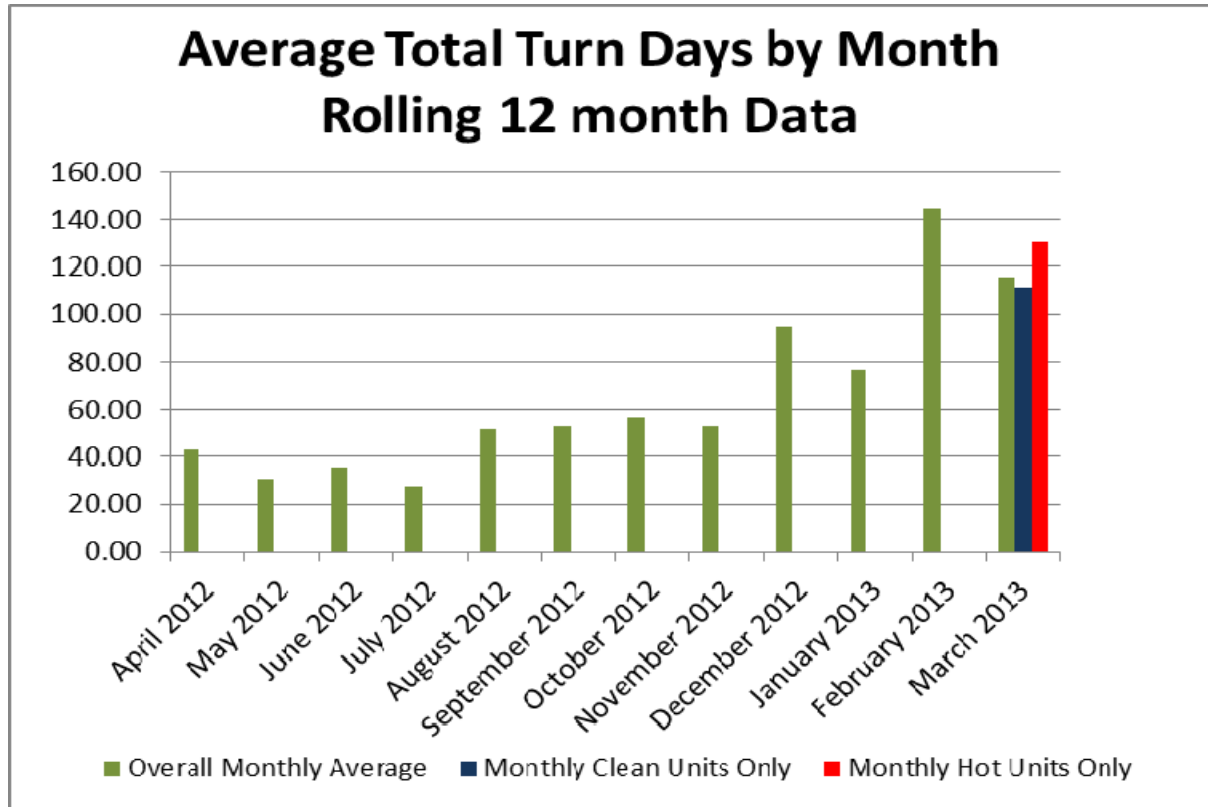
As of April 8, 2013, there were 122 vacant units in THA's portfolio. Six of those units are offline due to modernization work and are not included in the table below. The following table outlines the units by the month they became vacant and whether they are contaminated, clean or awaiting testing. You will note that 18 of the outstanding vacancies became vacant in 2012 and are clean or awaiting testing. These units are a reflection of some of the delays that were created during the roll-out of this testing process. We have now identified the challenges with our processes and are addressing them.

<b>MONTH UNIT VACANT</b>	<b>CONTAMINATED</b>	<b>CLEAN</b>	<b>AWAITING TESTING/ RESULTS</b>
Prior to October 2012	17	3	0
OCTOBER 2012	10	3	0
NOVEMBER 2012	11	5	0
DECEMBER 2012	9	5	2
JANUARY 2013	7	5	6
FEBRUARY 2013	10	4	5
MARCH 2013	2	7	5
APRIL 2013	0	0	1

Because of the number of vacant, clean units that have been sitting for 90+ days, we expect to see average turn time for clean and contaminated units to remain high for at least the next two months. Below is a list of the steps we have taken or plan to take to improve unit turnaround time moving forward:

- Property Management and Leasing staff has set a goal to have all 2012 vacancies (where the units are clean or de-contaminated) re-rented by April 30<sup>th</sup>.
- Property Management and Leasing staff has set a goal to have all January-April 2013 vacancies (where the units are clean or de-contaminated) re-rented by June 30<sup>th</sup>.
- Where units are awaiting testing, if the delay is due to the unavailability of home testing kits, THA will ask its third-party contractor to perform analytical tests. This method may save some time but increases the per unit cost by \$500.
- THA will contract painting and janitorial services in all tax credit units (Salishan and Hillside Terrace) to free up THA staff time to work in more units.
- For the vacant units at Stewart Court, we are planning to decrease the advertised rent amount to attract more eligible, interest tenants. Stewart Court currently has 9 vacancies; 5 are vacant and rent-ready.

The table below shows the calendar year trend in average unit turn days each month:



*Work Orders:* In the month of March all emergency work orders were completed within 24 hours. This month, maintenance staff completed 284 non-emergency work orders and a total of 880 for the calendar year. The annual average number of days to complete a non-emergency work order is 12.43.

## Work Order Summary by Portfolio

Portfolio	Completed Work Orders							
	Emergency				Non-Emergency			
	Month		YTD		Month		YTD	
#	%	#	% Completed	#	Avg	#	Avg Completion	
Completed	Completed	Completed	in 24 hrs	Completed	Completion	Completed	Days	
	in 24 Hrs		(99% HUD)		Days		(25 days HUD)	
<b>All Hillside</b>								
HILLSIDE TERRACE	0	0.0%	0	0.0%				
HILLSIDE TERRACE 1500 Block	0	0.0%	1	100.0%	5	0.20	38	1.50
HILLSIDE TERRACE PH I	1	100.0%	3	100.0%	22	2.68	58	1.59
HILLSIDE TERRACE PH II	1	100.0%	2	100.0%	14	1.43	68	1.44
	2	100.0%	6	100.0%	41	1.95	164	1.51
<b>Family Properties</b>								
ALL SCATTERED SITES	0	0.0%	0	0.0%	11	26.27	38	60.82
BERGERSON TERRACE	0	0.0%	0	0.0%	13	27.08	56	28.00
DIXON VILLAGE	0	0.0%	0	0.0%	3	17.33	29	27.76
STEWART COURT APARTMENTS	0	0.0%	1	100.0%	9	25.44	34	24.50
	0	0.0%	1	100.0%	36	25.61	157	35.14
<b>Salishan</b>								
SALISHAN I	0	0.0%	0	0.0%	19	3.53	50	7.26
SALISHAN II	2	100.0%	2	100.0%	17	1.53	56	13.43
SALISHAN III	1	100.0%	2	100.0%	19	5.37	48	12.13
SALISHAN IV	0	0.0%	3	100.0%	25	10.48	64	19.39
SALISHAN V	0	0.0%	0	0.0%	18	6.56	61	5.26
SALISHAN VI	0	0.0%	0	0.0%	21	12.38	51	14.25
SALISHAN VII	0	0.0%	4	100.0%	17	8.65	35	9.49
	3	100.0%	11	100.0%	136	7.22	365	11.83
<b>Senior / Disabled Properties</b>								
6TH AVE	0	0.0%	0	0.0%	12	2.17	42	5.43
E.B. WILSON	6	100.0%	12	100.0%	14	4.14	43	4.31
FAWCETT APARTMENTS	0	0.0%	0	0.0%	6	1.33	14	3.14
LUDWIG APARTMENTS	0	0.0%	1	100.0%	9	0.56	22	1.27
NORTH G ST	2	100.0%	4	75.0%	10	3.40	24	9.50
NORTH K ST	0	0.0%	2	100.0%	6	3.17	19	3.05
WRIGHT AVE	2	100.0%	3	100.0%	14	1.21	30	2.87
	10	100.0%	22	100.0%	71	2.35	194	4.42
Agency Totals:	15	100.0%	40	97.5%	284	7.57	880	12.43

In the report on the following page you will note that we have over 324 open work orders. Maintenance staff are implementing the new preventative maintenance schedule which is generating additional work orders as they see damage within units they enter. HQS inspections are being completed throughout the project-based voucher units in Salishan. These inspections are generating work orders.

## For the Month of March 2013

Open Work Orders					
Portfolio	Open Emergency WO	Days Open	Open Non- Emergency WO	< 25 Days	>25 Days
<b>All Hillside</b>					
HILLSIDE TERRACE	0		1	0	1
HILLSIDE TERRACE 1500 Block	0	0	0	0	0
HILLSIDE TERRACE PH 1	0	0	0	0	0
HILLSIDE TERRACE PH II	0	0	0	0	0
<b>TOTALS HILLSIDE TERRACE</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Family Properties</b>					
ALL SCATTERED SITES	0	0	15	4	11
BERGERSON TERRACE	0	0	12	0	12
DIXON VILLAGE	0	0	5	2	3
STEWART COURT APARTMENTS	0	0	5	2	3
<b>TOTALS FAMILY PROPERTIES</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>8</b>	<b>29</b>
<b>Salishan</b>					
SALISHAN I	0	0	37	15	22
SALISHAN II	0	0	99	26	73
SALISHAN III	0	0	14	8	6
SALISHAN IV	0	0	31	12	19
SALISHAN V	0	0	30	11	19
SALISHAN VI	0	0	18	8	10
SALISHAN VII	0	0	34	16	18
<b>TOTALS SALISHAN</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>96</b>	<b>167</b>
<b>Senior / Disabled Properties</b>					
6TH AVE	0	0	0	0	0
E.B. WILSON	0	0	2	0	2
FAWCETT APARTMENTS	0	0	1	0	1
LUDWIG APARTMENTS	0	0	1	0	1
NORTH G ST	0	0	8	0	8
NORTH K ST	0	0	0	0	0
WRIGHT AVE	0	0	11	3	8
<b>TOTALS SENIOR/DISABLED</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>3</b>	<b>20</b>
<b>Agency Totals:</b>	<b>0</b>	<b>0</b>	<b>324</b>	<b>107</b>	<b>217</b>

**RENTAL ASSISTANCE DIVISION**

Housing Choice Voucher utilization is reported at 97.5% for the month of March 2013. Rental Assistance has been working very hard to reach 100% utilization. The Leasing Department has sent out approximately 300 update packets. The first briefing was conducted March 22 and subsequent briefings have resulted in 75 HOP subsidies being issued. We anticipate 60 more HOP subsidies to be issued by the end of April over 3 briefings. Resident Services and Leasing have seamlessly integrated for the briefings resulting in a smooth and informative experience for the clients.

Below is a breakdown of the progress leasing our special programs:

<b>Program Name</b>	<b>Units Allocated</b>	<b>Units Leased</b>	<b>Number of shoppers*</b>
Veterans Administration Supportive Housing (VASH)	130	97 (including 1 port out)	6 shoppers and 6 referrals pending
Non-Elderly Disabled Vouchers (NED)	100	96 ( including 12 port outs)	1 shopper and 1 referral pending
Family Unification Program (FUP)	50	42 (including 2 port outs)	2 shoppers and 2 referrals pending
McCarver Program	50	49	0
Life Manor	150	150	0

\*"Shoppers" are households that have been approved for the program and are searching for housing.

The VA continues to make referrals for the regular VASH program as well as the Project Based units. We continue to discuss the lack of referrals from the VA. After providing our report to HUD regarding utilization of these vouchers, the referrals have continued to increase. They assure us that the referrals are their top priority and are working hard to fill staffing needs so new clients can have case management.

The NED units continue to have a large number of turn over. The turn over average is around 12%. This is due to increased health problems and service requirements of the clients. DSHS continues to supply referrals quickly. We meet regularly with the DSHS staff. They provide excellent customer service to our clients and continue to be extremely responsive to our requests.

**REAL ESTATE**

**DEVELOPMENT**



# TACOMA HOUSING AUTHORITY

DATE: April 17, 2013

TO: THA Board of Commissioners

FROM: Walter Zisette  
Director of Real Estate Development

RE: Real Estate Development Department Monthly Board Report

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## 1. SALISHAN/HOPE VI

### I. Phase II Construction

#### 1.1.1 *Area 2A, Community Core Development*

The Working Group - consisting of potential tenants of the Core, residents, and other stakeholders – met on March 28 to discuss steps being made by each member and to develop a slate of activities for the summer and fall. We are looking to bring a farmer's market, coffee truck, sport/art activities, writing program, and other activities starting in June or July. Our next meeting will be in June.

The Board approved the general Master Plan Concept at its June 2012 meeting.

Feasibility studies related to THA's ability to raise the money necessary to develop the project are now being conducted. THA has procured The Alford Group to assist us in assessing financial feasibility. The first step is a Philanthropic Market Assessment to gauge how the community perceives THA as a philanthropic entity. This will take approximately 16-18 weeks to complete. We have developed a list of community leaders to interview as a part of this Assessment; interviews began in February and are on-going. The goal is to do approximately 40 interviews before Alford compiles its report.

#### 1.1.2 *Area 3 Lot Sales, Citibank Loan*

Benjamin Ryan, LLC, a local builder, has purchased 22 of the 28 lots purchase by Quadrant in 2011. Benjamin Ryan is now actively building and marketing homes along Roosevelt.

To date, staff has negotiated a Purchase and Sale offer with DR Horton for the 143 remaining lots in Area 3. THA received disposition amendment approval from HUD for Area 3 on March 14. Negotiations with Horton on the PSA are now complete.

Negotiations are also complete with Citibank. THA and Citibank have agreed upon terms in a Bond Settlement Agreement which was approved at a special board meeting on April 2. Closing on the Horton transaction, and concurrent termination of the Citibank loan is now expected to take place by the middle of May.

1.1.3 *Arlington Rd (Area 4):*

In August 2011, staff issued an RFP for development proposals from Assisted Living Developers for this site. THA did not receive any responses. Staff will conduct an analysis of other feasible real estate development scenarios for this site, and prepare a proposal for moving forward in late 2012.

**2. PUBLIC HOUSING PROJECTS**

**2.1 1800/2500 Hillside Terrace**

2.1.1 *Summary of Project Activities.*

Absher Construction Inc. was issued a Notice-to-Proceed with Phase I construction on April 4, 2013. Construction fencing has been erected and the abatement contractor has mobilized.

On April 22, 2013, staff will provide a tour of the Hillside Terrace Phase I project with University of Washington Urban Development students. This tour is continuation of an opportunity for students to use this current project as a case study.

Staff will begin planning for a Hillside Terrace Phase I ground breaking ceremony to be scheduled shortly after demolition is completed in the Phase I area.

2.1.2 *Financing.*

Financial closing was completed on April 2, 2013. Staff will begin studying options for the Phase II financing.

2.1.3 *Project Planning.*

Staff will begin planning and programming for the Phase II 70 unit project.

2.1.4 *Procurement.*

None

2.1.5 *Architecture.*  
GGLO Architects will be providing construction administration activities during the Phase I construction project.

2.1.6 *Construction.*  
Staff issued a Limited Notice to Proceed to Absher Construction authorizing installation of the temporary security fencing. THA staff responded to numerous concerns expressed by neighbors and internally concerning trespassing and other undesirable activities at the sites, and proceeded to have the fencing installed prior to closing. The “official” kick-off meeting for the Owner, Architect and Contractor (OAC) weekly construction meetings is scheduled for April 4<sup>th</sup> in the previous Site Management office building.

The Notice to Proceed for all construction activities through completion was executed on April 4<sup>th</sup>, 2013.

2.1.7 *Demolition/Disposition.*  
Demolition is scheduled to start after the first phase of asbestos abatement is completed, tentatively sometime in July.

THA has entered into agreement with both The Tacoma Fire Department and The Tacoma Police Department to allow the organizations supervised access to the existing buildings to support their training programs, prior to demolition.

2.1.8 *Community Meetings.*  
The Construction Oversight Committee continues to meet on the second Wednesday of each month.

Below is a summary of the outreach goals for the project.

Summary of Absher Construction Company’s total Resident Employment, WMBE Utilization, and Apprenticeship goal commitment:

Part 1: Section 3 Employment Plan - 20 New Hires, or 77% of total New Hires

Part 2: Section 3 Business Concerns Plan - 10%

Part 3: WMBE Business Utilization Plan - 14% /MBE; 8% /WBE

Part 4: Apprenticeship Utilization Plan - 10%

2.1.9 *Relocation.*  
No report

2.1.10 *Community/Education Center.*

Staff has finalized the Memorandum of Understanding (MOU) with Tacoma Public Schools to provide the Head Start program for Hillside Terrace.

2.1.11 *Project Schedule.*

**HILLSIDE Terrace, Phase I - MAJOR PROJECT MILESTONES THROUGH 2012, EARLY 2013**

Demolition/Disposition approval received from HUD	Complete
Begin Tenant Relocation Process	Complete
Phase I Permit Package Submitted to City for Review	Complete
Section 3 Construction Over Sight Committee Convenes	September 2012
	Complete
Construction Bidding Process	Complete
Phase I Project Area Vacated	Complete
Close on all Financing	April 2, 2013
Construction Notice to Proceed	April 4, 2013
Demolition Begins	June 2013
Infrastructure	
Development Begins	July 2013
Vertical Construction Begins	June 2013

**3. CAPITAL FUNDS**

**3.1 Capital Fund Construction.**

3.1.1. *Public Housing Scattered Site Renovations*

THA has categorized the work in order of importance and according to funding availability. Currently, the categories of work are as follows:

**ROOF AND GUTTER REPLACEMENTS**

Project is closed.

**WINDOW AND SIDING REPLACEMENTS**

Project is closed.

**ROOF AND GUTTER REPAIRS**

Project is closed.

#### EXTERIOR PREP AND PAINTING

Staff issued Field Directives for additional work at the sites that is currently underway. Closing documents will be processed the end of this month.

#### MULTI-SCOPE WORK

The Multi-Scope work is being managed in two Phases;

Group A - Libby Builders is the successful bidder and the Notice to Proceed was executed March 28<sup>th</sup>. Work is scheduled to start April 4<sup>th</sup>, 2013.

Group B – Three Scattered Sites will receive extensive electrical service upgrades, HVAC replacements, venting repairs, structural repairs, interior and exterior painting and floor covering replacement. Bids are due April 9<sup>th</sup> and the project is anticipated for award on April 11<sup>th</sup>. A start date of April 16<sup>th</sup>, 2013 is planned.

Note: THA received a High Performer status on its PHAS scores; therefore it will receive a High Performer bonus with its 2012 CFP grant.

## 4. OTHER PROJECTS

### 4.1 *Neighborhood Stabilization Program (NSP 1)*

THA purchased 4825 E L Street on March 20. This will be the last NSP house THA purchases. THA will be returning the balance of funds to the City of Tacoma.

THA is going to receive an additional \$960,000 from the City of Tacoma to continue the foreclosure work. The City received additional funding through the Attorney General's office. We anticipate entering into the contract with the City in April. We are waiting for the Attorney General's office to respond to questions submitted by the City of Tacoma about the types of houses we can purchase. The program will run for 36 months.

### 4.2 *LASA Supportive Housing Project*

Staff is working with a non-profit organization based in Lakewood that provides supportive services to homeless families to develop a 15-unit homeless family housing project on land owned by LASA. We will also be developing a client service center and new office space for LASA. THA will be the developer/owner of this project. LASA will provide case management services and will be the "master tenant" of the project once it is operational.

Project financing is structured as a 9% tax credit transaction. We are now fully funded (i.e., County 2163 funds, City of Lakewood HOME funds, Washington State Housing Trust Funds, and Low Income Housing Tax Credits). However, the

Washington State Housing Finance Commission board did not vote to approve the tax credits for the project at its March meeting as was expected. Staff is working with Commission staff and other funders to retain the financing for the project.

Project Schedule (assuming financing is retained)

Submit Tax Credit Application	January 2013
Begin relocation activities	January 2013
Issue RFP for Investor/Lender	January 2013
Select Investor/Lender	March 2013
Submit for Building Permit	May 2013
Issue ITB for Contractor	May 2013
Award Contractor Contract	June 2013
Financial closing	August 2013
Construction Start	August 2013
Complete Construction	April 2014

4.3 *Stewart Court*

THA has received an offer to purchase the property. The pending sale is in the due diligence stage at this time. The purchase and sale agreement is currently being drafted by THA attorneys.

4.4 *902 South L Street 2<sup>nd</sup> Floor Tenant Improvement*

The Board of Commissioners approved \$350,000 for tenant improvements to the 902 South L Street 2<sup>nd</sup> floor in the 2013 annual budget. Staff met with directors to discuss the goals and scope of the project. Staff has requested a proposal from Buffalo Design for the concept phase of the project. Goals and concept are scheduled to be completed the end of May.

**5. DEVELOPMENT PIPELINE PROJECTS**

5.1 *Intergenerational Housing at Hillsdale Heights*

In March, the Board of the Many Lights Foundation met with staff to extend an offer to THA to serve as the developer of the project they seek to build at Hillsdale Heights. Many Lights also offered to purchase the land it seeks to build upon at Hillsdale Heights. Staff agreed to evaluate these offers and to respond at a later date.

Background

The Many Lights Foundation is considering making an offer to purchase some or all of THA's Hillsdale Heights property at S. 60<sup>th</sup> & McKinley. THA and ManyLights have signed a nonbinding MOU that defines each agency's role in exploring a potential joint venture to develop housing at Hillsdale Heights.

The Many Lights project concept is to develop 48 units of housing that includes a mix of housing affordable to low-income seniors and families caring for foster children. This project concept is based upon successes achieved by several other similar projects where seniors, families, and foster children live in an affordable, supportive and intentional community.

Board members from the Many Lights Foundation have recently indicated to THA that they will have a refined and specific development program for the Hillside Heights site completed by the end of the year. This development program will have two important purposes. First, it will help community members to understand the Many Lights development proposal; and, second, it will help THA to determine how it might formally collaborate with Many Lights and its development team; and it might enable THA to formulate a development concept of its own for the vacant land at Hillside Heights not purchased by the Many Lights Foundation.

THA is consulting with its community partners in the McKinley Avenue area about the Many Lights Foundation proposal. THA has made no commitments.

5.2 *City-Owned Brown Star Grill Properties on MLK*

THA's architect has completed its assessment of the physical needs and costs to renovate and return to landmark status the Browne Star Grill and Pochert Buildings located on MLK Way – both of which are the subject of a community application to the City's Landmark Preservation Board for placement on the list of Historic Tacoma Places.

Staff is discussing possible terms of a transfer of the four parcels owned by the City at S. 12<sup>th</sup> & MLK Way (including the Browne Star and Pochert parcels) to THA so that a private developer could renovate and finance improvements needed to the Browne Star and Pochert buildings, while THA takes on responsibility for developing a mixed use building on the corner two lots at S. 12<sup>th</sup> & MLK Way. The City has requested that THA submit a development proposal to them by mid-May.

Staff has recently begun meeting with Hilltop community representatives about the potential for preserving the exterior of the two older buildings on this site – and the impact that preserving these facades might have on a THA project at this site.

5.3 *New Look Apartments/Alberta Canada Building Acquisition*

This 49-unit mixed-use senior housing tax credit project is at the intersection of MLK and 11<sup>th</sup> in the Hilltop. Tax credit investors represented by the National Equity Fund (NEF) own 99% of the partnership that owns the property. Martin Luther King Housing Development Association (MLKHDA) owns 1% and is also the General Partner. MLKHDA is interested in selling its 1% ownership to THA.

In August, THA presented a purchase and sale agreement to MLKHDA for the purchase of the GP interest. Staff has learned from the MLKHDA's Executive Director that the Board of the MLKHDA has approved THA's purchase and sale proposal. In early March, staff received comments from MLKHDA on the proposed purchase agreement sent to the MLKHDA in August of last year. A representative for the MLKHDA that staff has met with has indicated that the MLKHDA is motivated and eager to sell its GP interest to THA.

5.4 *Dome District Feasibility Grant Opportunity*

In response to an invitation from Enterprise Community Partners, THA submitted a grant application to Enterprise requesting \$50,000 to finance work needed to evaluate the feasibility of developing a mixed income and mixed use building on a site owned by Pierce Transit in the Dome District. Enterprise will award four grants to proposals that demonstrate innovative approaches to creating equitable transit-oriented development. Pierce Transit has agreed to partner with THA in the application and feasibility study should funds be awarded. Enterprise plans to make award announcements in early May.

5.5 *Multifamily Investment Opportunities*

Staff is tracking current multifamily listings and acquisition opportunities in the Tacoma area that meet the following investment goals: (1) minimal renovations and capital needs; (2) rapid resale potential; (3) reliable cash flows; (4) reliable short term return on investment. Other more specific investment criteria, communicated to staff by the Board's Development Committee, include: (1) 20 – 30 units, (2) \$50 - \$60,000 acquisition cost, and (3) suitable for a 3 – 6 year hold.

Properties that meet these goals might include HUD-assisted housing, housing located near other THA properties (offering management efficiencies), and market rate housing in strong market areas of the City (such as downtown and the Tacoma Mall area). This exercise will help THA determine an optimum real estate investment strategy. It should also inform THA's efforts to invest organizational reserve funds dedicated to real estate investments in its 2012 budget.

THA's real estate brokers are examining current listings and communicating with owners of non-listed properties that meet our buying criteria. THA's brokers have told staff that there have only been four multifamily sales in Pierce County so far in 2012, and that owners are more inclined to hold onto their properties in 2012 than they were in 2011.

**6. M/WBE CONTRACT COMPLIANCE and SECTION 3 HIRING**

6.1 Hillside Terrace Revitalization Project goals include 20 Section 3 New Hires, 10% Section 3 Businesses, 14% MBE and 8% WBE as well as 10% Apprenticeship Utilization.

**7. PHAS INDICATOR FOR MODERNIZATION ACTIVITIES**

The following are the schedules as of April 1, 2013 for THA's obligation and expenditure of the public housing capital funds it receives from HUD.

<b>Grant</b>	<b>Total Grant</b>	<b>Obligation Start Date</b>	<b>Obligated</b>	<b>% Obligated</b>	<b>Obligation Deadline</b>	<b>Expended</b>	<b>% Expended</b>	<b>Expended Deadline</b>
2008 CFP	\$1,849,412	6/13/08	\$1,849,412	100%	06/12/10	\$1,849,412	100%	06/12/12
2009 CFP	\$2,410,953	9/15/09	\$2,410,953	100%	9/14/11	\$2,410,953	100%	9/14/13
2009 CFP (1 <sup>st</sup> R)	\$703,863	9/15/09	\$703,863	100%	9/14/11	\$703,863	100%	9/14/13
2009 CFP (2 <sup>nd</sup> R)	\$54,932	9/15/09	\$54,932	100%	9/14/11	\$54,932	100%	9/14/13
2009 CFP (3 <sup>rd</sup> R)	\$2,724	4/2/10	\$2,724	100%	4/2/12	\$2,724	100%	4/2/14
2010 CFP	\$2,345,627	7/15/10	\$2,345,627	100%	7/14/12	\$1,201,815	51%	7/14/14
2010 CFP (1 <sup>st</sup> R)	\$1,216,978	7/15/10	\$1,216,978	100%	7/14/12	\$808,090	66%	7/14/14
2010 CFP (2 <sup>nd</sup> R)	\$219,721	7/15/10	\$219,721	100%	7/14/12	\$219,721	100%	7/14/14
2011 CFP	\$1,721,353	8/3/11	\$1,450,009	84%	8/2/13	\$52,611	3%	8/2/15
2011 CFP (1 <sup>st</sup> R)	\$736,455	8/3/11	\$443,660	60%	8/2/13	\$443,660	100%	8/2/15
2011 CFP (2 <sup>nd</sup> R)	\$549,895	8/3/11	\$0	0%	8/2/13	\$0	0%	8/2/15
CFCF**	\$1,881,652	8/3/11	\$1,841,802	98%	8/2/13	\$165,290	9%	8/2/15
2012 CFP	\$1,593,197	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16
2012 CFP (1 <sup>st</sup> R)	\$1,026,290	3/12/12	\$441,922	43%	3/11/14	\$0	0%	3/11/16
2012 CFP (2 <sup>nd</sup> R)	\$128,701	3/12/12	\$0	0%	3/11/14	\$0	0%	3/11/16

\*\* Capital Fund Community Facilities Grant

# COMMUNITY SERVICES



# TACOMA HOUSING AUTHORITY

DATE: April 17, 2013  
 TO: THA Board of Commissioners  
 FROM: Nancy Vignec  
 Community Services  
 RE: Monthly Board Report

## STRATEGIC OBJECTIVE: HOUSING AND SUPPORTIVE SERVICES

THA will provide high quality housing, rental assistance and supportive services. Its supportive services will help people succeed as tenants, parents, students, wage earners and builders of assets who can live without assistance. It will focus this assistance to meet the greatest need.

### 1. 2013 GOALS

Sixteen major funding sources support the Community Services department's staff and activities. Most of these sources identify performance measures and goals. This report groups the various funding sources' annual goals by service area. It summarizes progress toward annual goals during the month of March and for the calendar year 2013.

#### 1.1 Employment

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Clients referred for employment services	18	63	130	48%
Clients who received employment services	21	67	120	56%
Clients enrolled in employment readiness soft skills workshops	8	11	80	14%
Clients completed employment readiness soft skills workshops	3	5	50	10%
Enrolled in job readiness training	5	1	20	5%
Job placement	3	11	45	24%
WorkSource Participants Assisted	5	41	100	41%
Entered Apprenticeship	0	0	3	0%
Work Study/Community Jobs/Internships	0	1	30	3%
Earned Income Increased	6	17	35	49%

Average annual increase in earned income in 2012	\$2761.61
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## 1.2 Education

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Participating in ESL classes	0	17	15	113%
Completes one or more ESL levels	0	1	5	20%
Adults enrolled in education program	10	10	10	100%
Adults complete education program	0	0	25	0%
Participants attending GED classes	22	63	200	32%
Completes one or more GED tests	3	4	25	16%
Attains GED	4	6	15	40%
FAFSA applications completed	0	0	10	0%

## 1.3 Families in Transition (FIT)

The Community Service Department's FIT program is funded by Washington Families Fund and Sound Families grants. FIT caseworkers help participants succeed as tenants, parents and wage earners. FIT participants are homeless at the time they are admitted into the program and placed in housing at Salishan or Hillside Terrace. In order to be admitted to the program, applicants must agree to participate in FIT case management.

	WFF/Sound Families		Hillside Terrace		Tax Credit	
Total Current Caseload	15		2		4	
	Mar. 2013	YTD 2013	Mar. 2013	YTD 2013	Mar. 2013	YTD 2013
Entrances	2	3	1	2	0	0
Graduations	0	0	0	0	1	1
Exits	0	0	0	0	0	0
Terminations	1	2	0	0	0	0

## 1.4 Case Staffing

Case staffing is short-term, intensive intervention with households in danger of failing as tenants. Case staffing focuses on helping the family regain housing stability and avert eviction through compliance with their lease. Property management identifies families for case staffing. It is typically limited to 90 days.

Activities	Mar. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	0	1	26
Number of successful completions (eviction averted)	0	0	12
Number terminated	0	0	n/a

### 1.5 MTW Hardship Exemption Casework

In January 2012, THA began Moving to Work rent calculations and biennial recertification cycles for all MTW households. THA anticipated that some households would be unable to pay their new rent and that up to 120 households would qualify for a hardship exemption. The exemption will allow the household up to six months to increase their income and pay the rent amount determined by MTW. In order for a household to qualify for a hardship, they must agree to participate in case management. A household can be terminated from hardship case management for failure to participate. If a hardship exemption household is terminated from case management, CS staff notifies the appropriate REMHS staff. REMHS staff then terminates the exemption and the household is required to pay the full rent amount determined by MTW.

Activities	Mar. 2013	YTD 2013	Annual Goal 2013
Number of households referred for services	1	1	10
Number of successful completions	0	0	8
Number terminated	0	0	n/a

### 1.6 Preparing for Success

Preparing for Success is funded by a three-year grant from The Paul G. Allen Family Foundation. Case management focuses on helping clients overcome barriers to employment readiness. We have begun enrolling the third cohort in this program. We expect the second cohort to complete the program by June 2013.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Second year cohort 2012 completed	0	3	15	20%
Third year cohort 2013 enrolled	4	12	25	48%
Third year cohort 2013 completed	0	0	15	0%

### 1.7 Family Self-Sufficiency Program

The THA Family Self-Sufficiency (FSS) program is a five year employment and savings incentive program funded by HUD and the City of Tacoma.

Status	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Current Participants	94	101	153	66%
Graduates	0	4	17	23%
Removed/Voluntarily Withdrawn	1	4	n/a	n/a
New Contracts Signed	3	5	55	9%
Escrow Balance	\$154,958.41			

### 1.8 Life Skills and Parenting Classes

THA contracts with Bates Technical College to provide Life Skills classes and parenting support for Families in Transition participants. The next Parenting class will be in April 2013.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Life Skills Enrollment	0	8	20	40%
Life Skills Completion	0	3	10	30%
Parenting Enrollment	16	16	75	21%
Parenting Completion	0	0	65	0%

### 1.9 Senior and Disabled Services

The Senior and Disabled Services Program Specialist position is currently vacant. We completed interviews for this position in early April and expect new Specialist to begin in early May.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Unduplicated client contacts	0	75	260	29%
Referrals	0	6	50	12%
Unduplicated situation/wellness counseling	0	13	140	9%
Assistance with correspondence for Entitlement Programs	0	2	40	5%

### 1.10 McCarver Special Housing Program

THA's McCarver Elementary School Housing Program seeks to stabilize McCarver Elementary, a low-income school in Tacoma's Hilltop neighborhood. As of January 2013, 50 McCarver families are enrolled in the Program. Rental subsidies for participating families will decrease to zero over the five year McCarver project period. Each year, all families will pay an additional 20% of their rent and THA will subsidize the balance. Participating families receive intensive case management services and assistance to help the parents improve their education and employment prospects.

Currently 100% of Program families are able to pay the required 20% of the rent.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Families participating	50	50	50	100%
Families able to pay 20% of their rent (50 of 50)	50	50	50	100%
Families able to pay 40% or their rent (43 of 50)	0	0	43	0%
Average school attendance rate	94%	94%	93%	101%
Reduction in referrals for discipline*	n/a	n/a	25%	n/a
% students increase scores on district reading test (K-5)	22%	22%	20%	110%
% students increase scores on district math test (K-5)**	n/a	n/a	20%	n/a
Average increase in state reading test (Gr. 3-5)	24%	24%	20%	120%
Increase in average state math test (Gr. 3-5)	-16%	-16%	18%	-89%

\*We are working with the school district to establish a procedure to get discipline data from their new data system.

\*\* We have not received the math data from the school district.

Activities	Baseline 2010-2011	2011-2012
Turnover rate at McCarver Elementary	107%	96.6%
Turnover among Program students	n/a	4.5%
Turnover among other McCarver students	n/a	114.2%

### 1.11 Asset Building

The department provides pre-purchase counseling, 1<sup>st</sup> time homebuyer seminars, post-purchase counseling, financial literacy workshops, credit counseling, and individual development accounts to help THA clients build assets and prepare to become successful homeowners, business owners or to change careers and further their education.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Financial Education Enrollment	5	32	80	40%
Financial Education Completion	0	27	40	68%
Homebuyers Education Referral	0	0	50	0%
Credit Counseling Enrollment	0	0	15	0%
Credit Counseling Completion	0	0	5	0%
Homeownership Pre-Purchase Counseling	0	1	10	10%
Homeownership Post-Purchase Counseling	4	12	30	40%
Individual Development Account Participants Enrolled	7	7	11	64%
Individual Development Account Counseling (other than homeownership)	0	3	28	11%
Qualified Withdrawals	0	0	7	0%
Home Purchase	0	0	4	0%
Other Asset Purchases	0	0	3	0%
VITA Tax Returns for THA clients	6	33	40	83%
EITC Received (PH only)	2	11	20	55%
Tax Returns for all clients served at VITA Site	77	176	200	88%

This spring we will begin a new matched savings program for McCarver Program participants. We are developing the participation guidelines and securing a bank to accept the deposits. We currently have \$3,000 in matching funds.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
McCarver Match Savings Participants Enrolled	0	0	13	0%
McCarver Qualified Withdrawals	0	0	3	0%

### 1.12 Computer Labs

THA has computer labs at Bergerson Terrace, Dixon Village, and Hillside Terrace. The AmeriCorps members assigned to the computer labs are responsible for outreach and computer lab programming. Each lab has scheduled times for adult activities and for youth activities including resume writing, research, and homework assistance.

On March 27, a dozen Hillside Terrace children attended a movie night, with snacks, put on by Courtney Lawson, our AmeriCorps volunteer. They watched “Remember the Titans” an inspiring movie about football, race relations in the 1960’s, and understanding.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Computer Lab Participation (cumulative visits)	50	137	1200	11%

### 1.13 Youth Activities

Write@253 began their second year of youth tutoring in Salishan in January. The program will continue through the end of the school year.

Our two AmeriCorps volunteers have expanded their tutoring service to our students by working with them at the neighborhood schools in addition to the computer labs. Courtney Lawson is at McCarver Elementary, and Dina Brown is at Grey Middle School.

Activities	Mar. 2013	YTD 2013	Annual Goal	% of Goal
Youth tutoring	21	18	10	180%
Summer youth programming	0	0	40	0%
Youth leadership mentoring	16	16	45	36%

# NEW BUSINESS

# RESOLUTION #1



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (1)

**DATE:** April 17, 2013  
**TO:** THA Board of Commissioners  
**FROM:** Michael Mirra, Executive Director  
**RE:** Adoption of Post-Issuance Compliance for Tax-Exempt Bonds Policy

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### **Background**

Effective September 2011 the IRS required that tax-exempt debt issuers indicate on bond forms to be submitted to the IRS if written post-issuance compliance policies and procedures are in place. Based on their audits of local government's compliance with post-issuance requirements, the IRS identified to the tax-exempt debt issuer community clear expectations of what policies and procedures should be in place to ensure compliance with IRS requirements. The IRS has made it clear that the absence of such policies will be considered a red flag that would likely result in an audit of post-issuance compliance for a portion or all of a local government's tax-exempt bonds issued.

THA has issued several tax-exempt bonds in the past for its own projects (e.g. Wedgewood, Stewart Court, 9 Homes, Windstar and Salishan), as well as tax-exempt conduit debt issued for other entities (e.g. Parkland Apartments owned by Metropolitan Development Council and Crown Assisted Living Development owned by Life Manor). THA also just issued tax-exempt bonds to finance the construction of the first phase of the Hillside Terrace development (2500 Yakima LLLP) and is very likely to issue tax-exempt debt for other future capital projects.

During contract negotiations for 2500 Yakima LLLP THA was provided with model policies drafted by Foster Pepper attorneys. These model policies were integrated into a THA policy that management adopted before the closing of 2500 Yakima LLLP to ensure the required bond forms could be submitted to the IRS indicating that THA had written policies and procedures in place at the time of the debt issuance. Per advice of Foster Pepper attorneys this policy should be ratified by the Board at the next scheduled regular meeting.

### **Recommendation**

Approve Resolution No. 2013-4-17(1) adopting the draft Post-Issuance Compliance for Tax-Exempt Bonds policy, previously adopted by management.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (1)

### ADOPTION OF POST-ISSUANCE COMPLIANCE POLICY FOR TAX-EXEMPT BONDS

**Whereas**, the Authority desires to meet the requirements of the Internal Revenue Code of 1986, as amended, and Treasury Regulations (the “Tax Code”) concerning tax-exempt and other obligations (“tax-exempt bonds”) for which federal tax exemption is provided by the Tax Code; and

**Whereas**, non-compliance with the Tax Code may result in fines and/or loss of preferential status of tax-exempt bonds; and

**Whereas**, use of tax-exempt bonds plays an important role in funding a significant portion of THA’s capital projects; and

**Whereas**, the Internal Revenue Service (“IRS”) recently began requiring issuers of tax-exempt bonds to identify if they have written policies and procedures on the initial IRS forms submitted; and

**Whereas**, Authority management adopted the Post-Issuance Compliance Policy for Tax-Exempt Bonds pending Board ratification at the next scheduled meeting and approval of this resolution will help ensure compliance of the Authority with the applicable requirements of the Code.

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

The Board adopts the “Post-Issuance Compliance for Tax-Exempt Bonds” policy in substantially the form set forth in attached draft, allowing for changes to format and procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies.

**Approved: April 17, 2013**

\_\_\_\_\_  
Janis Flauding, Chair



# TACOMA HOUSING AUTHORITY

<b>Policy No.</b>	F-35
<b>Policy</b>	Post-Issuance Compliance for Tax-Exempt Bonds
<b>Date</b>	April 2, 2013

## 1. Purpose

The purpose of these policies and procedures for tax-exempt bonds and other obligations (sometimes collectively referred to herein as “tax-exempt bonds” or “TEB”) for which federal tax exemption is provided by the Internal Revenue Code of 1986, as amended (the “Code”) is to facilitate compliance by the Housing Authority of the City of Tacoma (the “Housing Authority”) with the applicable requirements of the Code that must be satisfied after the issue date of the TEB to maintain the tax exemption for the TEB after the issue date.

## 2. Sources for Policy

- ▶ Internal Revenue code of 1986, as amended (the “Code)

## 3. Scope of Policy

This policy sets forth the Housing Authority’s methodology for ensuring continued post-issuance compliance with Internal Revenue Service (IRS) requirements pertaining to TEBs.

## 4. Who is Responsible for Implementing Policy

Who	Responsibilities
<i>Board of Commissioners and Executive Director</i>	Overall and final responsibility for monitoring compliance with post-issuance federal tax requirements for the Housing Authority’s TEBs.
<i>Finance Director</i>	Compliance Officer (CO) with responsibility for ensuring and monitoring post-issuance compliance with TEB regulations. Certain specific compliance responsibilities may be assigned by the CO to a designated Authorized Representative of the Housing Authority.

## 5. Definitions

<i>Arbitrage</i>	The price differential or profit made from investing lower yielding TEB proceeds in higher yielding taxable investments.
<i>Arbitrage Bond</i>	A bond is an arbitrage bond if the yield on the acquired investment property is materially higher (“excess yield”) than the yield on the bond.
<i>Arbitrage Rebate</i>	The positive or negative amount that must be paid (rebated) to the IRS.
<i>Authorized Representative</i>	The CO, the Finance Manager and any consultant or staff of the Housing Authority designated by the CO to perform any of

	the functions described in this post-issuance compliance policy.
<i>Bond Counsel</i>	Any nationally recognized bond counsel engaged by or on behalf of the Housing Authority to review or opine on matters covered by these post-issuance compliance policies and procedures.
<i>Investment Property</i>	Any security, obligation, annuity contract or investment-type property.
<i>Tax-Exempt Bonds</i>	One or more series of governmental purpose or qualified private activity bonds or other form of tax-exempt obligations that the Housing Authority has previously issued or may in the future issue the interest on which is excluded from gross income of the owners thereof pursuant to Sections 103 and 141-150 of the Code.
<i>Yield Reduction Payment</i>	For certain investments with excess yield, a yield reduction payment to the IRS is taken into account in computing the yield on that investment.
<i>Yield Restriction</i>	Requirements identified for each TEB that generally provide that in the absence of an applicable exception, bond issue proceeds may not be invested at a yield in excess of the bond yield.

## **6. Forms Associated with this Policy**

<i>IRS Form 8038</i>	Information Return for Tax-Exempt Private Activity Bond Issues (used to report initial Private Activity Bonds issuance)
<i>IRS Form 8038-G</i>	Information Return for Tax-Exempt Governmental Obligations (used to report initial TEB issuance of \$100,000 or more)
<i>IRS Form 8038-GC</i>	Information Return for Tax-Exempt Governmental Obligations (used to report initial TEB issuance of less than \$100,000)
<i>IRS Form 8038-T</i>	Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (used to pay arbitrage rebate, yield reduction payments and penalties)
<i>IRS Form 8703</i>	Annual Certification of a Residential Rental Project (with TEBs)

## **7. Policy and Procedures**

### **7.1 Arbitrage Yield Restriction and Rebate Requirements**

The CO shall maintain or cause to be maintained records of:

- a) purchases and sales of investments made with bond proceeds (including amounts treated as “gross proceeds” of bonds under section 148 of the Code) and receipts of earnings on those investments;
- b) expenditures made with bond proceeds (including investment earnings on bond proceeds) in a timely and diligent manner for the governmental

purposes of the bonds, such as for the costs of purchasing, constructing and/or renovating property and facilities;

- c) information showing, where applicable for a particular calendar year, that the Housing Authority was eligible to be treated as a “qualified small issuer” for purposes of Section 265(b)(3) of the Code in respect of bonds issued in that calendar year because the Housing Authority did not reasonably expect to issue more than \$10,000,000 of TEBs in that calendar year;
- d) calculations that will be sufficient to demonstrate to the Internal Revenue Service (“IRS”) upon an audit of a bond issue that, where applicable, the Housing Authority has complied with an available spending exception to the arbitrage rebate requirement in respect of that bond issue;
- e) calculations that will be sufficient to demonstrate to the IRS upon an audit of a bond issue for which no exception to the arbitrage rebate requirement was applicable, that the rebate amount, if any, that was payable to the United States of America in respect of investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the IRS; and
- f) information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for bonds, and investments made with unspent bond proceeds after the expiration of the applicable temporary period, were not invested in higher-yielding investments.

## **7.2 Restrictions on Private Business Use and Private Loans**

This portion applies to TEBs issued for a governmental purpose, and which are not private activity bonds (as further described in 7.3 below). The CO will adopt procedures that are designed to educate and inform the principal operating officials of those departments of the Housing Authority (the “users”) for which land, buildings, facilities and equipment (“property”) are financed with proceeds of TEBs about the restrictions on private use that apply to that property after the bonds have been issued, and of the restriction on the use of the proceeds of TEBs to make or finance any loan to any person other than a state or local government unit.

In particular, following the issuance of bonds for the financing of property, the CO shall provide to the users of the property a copy of these Compliance Procedures and other appropriate written guidance advising that:

- a) “private business use” means use by any person other than a state or local government unit, including business corporations, partnerships, limited liability companies, associations, nonprofit corporations, natural persons engaged in trade or business activity, and the United States of America

and any federal agency, as a result of ownership of the property or use of the property under a lease, management or service contract (except for certain “qualified” management or service contracts), output contract for the purchase of electricity or water, privately sponsored research contract (except for certain “qualified” research contracts), “naming rights” contract, “public-private partnership” arrangement, or any similar use arrangement that provides special legal entitlements for the use of the bond-financed property;

- b) under section 141 of the Code, no more than 10% of the proceeds of any TEB issue (including the property financed with the bonds) may be used for private business use, of which no more than 5% of the proceeds of the TEB issue (including the property financed with the bonds) may be used for any “unrelated” private business use—that is, generally, a private business use that is not functionally related to the governmental purposes of the bonds; and no more than the lesser of \$5,000,000 or 5% of the proceeds of a TEB issue may be used to make or finance a loan to any person other than a state or local government unit;
- c) before entering into any special use arrangement with a nongovernmental person that involves the use of bond-financed property, the user must consult with the CO, provide the CO with a description of the proposed nongovernmental use arrangement, and determine whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond-financed property;
- d) in connection with the evaluation of any proposed nongovernmental use arrangement, the CO should consult with nationally recognized bond counsel to the Housing Authority as may be necessary to obtain federal tax advice on whether that use arrangement, if put into effect, will be consistent with the restrictions on private business use of the bond-financed property, and, if not, whether any “remedial action” permitted under section 141 of the Code may be taken by the Housing Authority as a means of enabling that use arrangement to be put into effect without adversely affecting the tax-exempt status of the bonds that financed the property; and
- e) the CO and the user of the property shall maintain records of such nongovernmental uses, if any, of bond-financed property, including copies of the pertinent leases, contracts or other documentation, and the related determination that those nongovernmental uses are not inconsistent with the tax-exempt status of the bonds that financed the property.

### **7.3 Special Compliance Policies and Procedures for Private Activity Bonds**

This portion of the Compliance Procedures applies to tax-exempt facility bonds issued as “conduit bonds” to finance multifamily residential rental projects

for taxable nongovernmental entities under section 142 of the Code and qualified 501(c)(3) bonds issued as “conduit bonds” to finance housing projects for tax-exempt qualified 501(c)(3) organizations under section 145 of the Code (“private activity bonds”). The CO shall adopt procedures that are designed to educate and inform the borrowers of the proceeds of these types of private activity bonds, which are the “users” of the bond-financed “property” (each as defined above), about the applicable requirements and restrictions that apply to the operation and used of the bond-financed property after the bonds have been issued. These requirements and restrictions are generally set forth in covenants made by the borrower in the loan agreement with the Housing Authority and in representations of the borrower in the tax certificate supporting issuance of the bonds to finance the property. In particular, following the issuance of private activity bonds for the financing of property, the CO shall provide to the conduit borrower or users of the property a copy of appropriate written guidance advising that no more than 5% of the proceeds of the private activity bonds (including the property financed with the bonds) may be used for a private business use other than as required or specifically permitted by the governing documents with respect to such issue of private activity bonds.

#### **7.4 Records to be Maintained for Tax-Exempt Bonds**

It is the policy of the Housing Authority that, unless otherwise permitted by future IRS regulations or other guidance, written records (which may be in electronic form) will be maintained with respect to each bond issue for as long as those bonds remain outstanding, plus three years. For this purpose, the bonds include refunding bonds that refund the original bonds and thereby refinance the property that was financed by the original bonds.

The records to be maintained (or which the Housing Authority will cause to be maintained) are to include:

- a) the official Transcript of Proceedings for the original issuance of the bonds;
- b) records showing how the bond proceeds were invested, as described in 7.1 a) above;
- c) records showing how the bond proceeds were spent, as described in 7.1 b) above, including purchase contracts, construction contracts, progress payment requests, invoices, cancelled checks, payment of bond issuance costs, and records of “allocations” of bond proceeds to make reimbursement for project expenditures made before the bonds were actually issued;
- d) information, records and calculations showing that, with respect to each bond issue, the Housing Authority was eligible for one of the spending exceptions to the arbitrage rebate requirement or, if not, that the rebate

amount, if any, that was payable to the United States of America in respect of investments made with gross proceeds of that bond issue was calculated and timely paid with Form 8038-T timely filed with the IRS, as described in 7.1 c), d) and e) above;

- e) with respect to bonds described in 7.2 above, records showing that special use arrangements, if any, affecting bond-financed property made by the Housing Authority with nongovernmental persons, if any, are consistent with applicable restrictions on private business use of property financed with proceeds of TEBs and restrictions on the use of proceeds of TEBs to make or finance loans to any person other than a state or local government unit, as described in 7.2 above; and
- f) with respect to bonds described in 7.3 above, records showing that special use arrangements, if any, affected bond-financed property, are consistent with applicable restrictions on private business use of property financed with proceeds of TEBs.

The basic purpose of the foregoing record retention policy for the Housing Authority's TEBs is to enable the Housing Authority to readily demonstrate to the IRS upon an audit of any TEB issue that the Housing Authority has fully complied with all federal tax requirements that must be satisfied after the issue date of the bonds so that those bonds continue to be eligible for the tax-exemption under the Code.

## **7.5 Identification and Remediation of Potential Violations of Federal Tax Requirements for Tax-Exempt Bonds**

So long as any of the Housing Authority's TEB issues remain outstanding, the CO will periodically consult with the users of the Housing Authority's bond-financed property (or the borrowers of the proceeds of conduit bonds issued by the Housing Authority) to review and determine whether current use arrangements involving that property continue to comply with applicable federal tax requirements as described in these Compliance Procedures. This may be accomplished, for example, by periodically meeting with users or conduit borrowers, as applicable, providing questionnaires to users about current use arrangements, or adopting other protocols reasonably calculated to ensure compliance with applicable federal tax requirements on a continuing basis. This periodic review may be scheduled, for example, at or before the times that the Housing Authority and/or conduit borrower is required to file with the Municipal Securities Rulemaking Board the annual financial information and operating data pursuant to the undertaking to provide continuing disclosure with respect to outstanding bond issues.

If at any time during the life of an issue of TEBs, the Housing Authority discovers that a violation of federal tax requirements applicable to that issue may have occurred, the CO will consult with bond counsel to determine whether any such

violation actually has occurred and, if so, take prompt action to accomplish an available remedial action under applicable Internal Revenue Service regulations or to enter into a closing agreement with the Internal Revenue Service under the Voluntary Closing Agreement Program described under IRS Notice 2008-31 or other future published guidance.

#### **7.6 Education Policy With Respect to Federal Tax Requirements for Tax-Exempt Bonds**

It is the policy of the Housing Authority that the CO and his or her staff, as well as the principal operating officials of those departments of the Housing Authority for which property is financed with proceeds of TEBs should be provided with education and training on federal tax requirements applicable to TEBs. The Housing Authority recognizes that such education and training is vital as a means of helping to ensure that the Housing Authority remains in compliance with those federal tax requirements in respect of its bonds. The Housing Authority therefore will enable and encourage those personnel to attend and participate in appropriate educational and training programs with regard to the federal tax requirements applicable to TEBs, including a review of the Code and the IRS's web site set up for the TEB community (<http://www.irs.gov/Tax-Exempt-Bonds>).

## RESOLUTION #2



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (2)

DATE: April 17, 2013  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Increase in Contract Amount for Emergency Mitigation Services

### **Background**

The THA Board of Commissioners approved Resolution 2012-12-19 (6) allowing the Executive Director to execute a contract with Rainbow International to provide Emergency Mitigation services that included Hazardous Materials (lead based paint, mold and asbestos), Bio-Hazardous Materials cleanup (unattended death and trauma), Drugs (meth) and Smoke Water and Fire cleanup (from fire, damage, water leaks and breaks) in the amount of \$250,000. This resolution would allow me to authorize work up to \$1.2 million.

We did not know at the time how much of this work we would need. When we signed the contract, THA had about 25 units that tested positive for methamphetamines and required decontamination. Since then our number has increased to 66 contaminated units. We have further systematized our procedures in ways that had lead to this increase and allows us to anticipate the further work of this sort we will need and its cost: (1) we test all units upon move out and suspicious activity; (2) we train and certify staff to perform the pre-sampling to reduce the time and cost of this part of the process; (3) we have developed a meth database to keep track and follow a unit through the process it tests positive for methamphetamine; (4) we work with the insurance adjustor to develop the scope of work the unit requires; and (5) we have the contractor return the unit to occupancy status when it is finished with the remediation and rebuilding of the unit.

We judge that this work may cost up to \$1.2 million though this year. To date, for half the contaminated units, THA has received invoices for a total of \$438,658.67. Most of that is currently insured. Most of the additional work on current units will also be insured, although our insurance pool is curbing coverage prospectively for future claims (\$10,000 deductible per claim and a 30% co-insurance payment for amounts above \$10,000).

THA is reviewing the current charges and intends to renegotiate some of the terms of the contract to reduce costs.

This resolution will authorize the Executive Director to sign contract amendments to increase the value of the contract up to \$1,200,000 in order to cover costs incurred through the end of the year. This will help ensure that this work does not slow down.

The money for this contract would be covered in the 2013 agency budget with a portion of the expenses reimbursed through insurance claims. Due to insurance coverage changes, any additional THA costs above current budget will be addressed in the mid-year budget revision.

**Recommendation**

I recommend approving Resolution 2013-4-17(2) authorizing me to execute an amendment to the contract with Rainbow International, increasing its value up to \$1,200,000 for the purpose of providing emergency mitigation services to all of THA properties.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (2)

### Increase in Contract Amount For Emergency Mitigation Services

**WHEREAS,** Tacoma Housing Authority (THA) signed a contract with Rainbow International for Emergency Mitigation Services to provide Emergency Mitigation services that included Hazardous Materials (lead based paint, mold and asbestos), Bio-Hazardous Materials cleanup (unattended death and trauma), Drugs (meth) and Smoke Water and Fire cleanup (from fire, damage, water leaks and breaks).

**WHEREAS,** the contract amount needs to be increased from \$250,000 to \$1,200,000 to account for the additional work of this sort THA requires;

**WHEREAS,** the contract amount exceeds the \$100,000 spending limit for the Executive Director.

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

1. The executive director is authorized and directed as necessary from time to time to execute contract revision(s) with Rainbow International up to \$1,200,000 for the purpose of providing emergency mitigation services to all of THA properties.

**Approved:** April 17, 2013

\_\_\_\_\_  
Janis Flauding, Chair

## RESOLUTION #3



# TACOMA HOUSING AUTHORITY

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## RESOLUTION 2013-4-17 (3)

**DATE:** April 17, 2013

**TO:** THA Board of Commissioners

**FROM:** Michael Mirra, Executive Director

**RE:** **Rate Modification of 2003 Housing Refunding Revenue Bonds and cancelation of unused portion of original commitment**

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### **Background**

Resolution No. 0803-4, adopted August 20, 2003, as amended by Resolution No. 1103-1, adopted November 19, 2003, provided for the issuance of a single refunding revenue bond of the Authority in a principal amount not to exceed \$10,000,000 for the purpose of refunding all of the outstanding revenue bonds: 2002 9 Single Family Homes Revenue Bonds, 1998 Wedgewood Homes Revenue Bonds, 1995 Fircrest (Stewart) Court Revenue Bonds, and 1993 Garden Villa (Windstar) Revenue Bonds.

Heritage Bank was the purchaser of the refunding bond. The original bond commitment was executed on December 23, 2003. Draws on the bond bear interest at a fixed rate of 4.59% and mature March 1, 2034. The Authority made two draws on the bond totaling \$7,705,472.47, leaving \$2,294,527.53 of the commitment unused.

During our recent discussions with Heritage Bank surrounding the Stewart Court property Heritage Bank indicated they would be willing to assist THA in completing a rate modification for the outstanding revenue bond.

On March 7, 2013, the Executive Director signed a rate modification letter, accepting the following items and conditions, pending approval by the THA Board:

- The interest rate to THA would be reduced from the current rate to a fixed rate of 3.250%.
- Monthly principal and interest payments would be re-amortized utilizing the original maturity date of the refunding bond.
- A loan fee of \$50,000 would be paid to Heritage Bank on or before execution of the loan modification.
- The THA Board would provide permission to Heritage Bank to cancel the unused portion of the original commitment.

- THA would be responsible for all third party expenses. Legal fees are not expected to exceed \$20,000.
- No other aspects, other than the above mentioned items of the original loan would be modified. The remaining original terms and conditions would still be in effect.
- All Heritage Bank Documents would be properly executed by authorized individuals of the Tacoma Housing Authority.

The interest savings of the rate modification once executed would be approximately \$1.2 million for the life of the loan. This resolution would approve this modification.

**Recommendation**

Approve Resolution No. 2013-4-17(3) adopting the rate modification and canceling the unused portion of the original commitment.



# TACOMA HOUSING AUTHORITY

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## RESOLUTION 2013-4-17 (3)

### APPROVAL OF RATE MODIFICATION OF HOUSING REFUNDING REVENUE BOND, 2003, AND CANCELLATION OF UNUSED BOND COMMITMENT

**Whereas**, pursuant to Resolution No. 0803-4 adopted on August 20, 2003, as amended and supplemented by Resolution No. 1103-1 adopted on November 19, 2003 (collectively, the “Bond Resolution”), the Authority issued the Housing Refunding Revenue Bond, 2003 (the “Bond”), in a principal amount not to exceed \$10,000,000, the proceeds of which were used to refund all of the Authority’s then-outstanding revenue bonds; and

**Whereas**, the Authority has made Draws on the Bond in amounts totaling \$7,705,472.47, \$6,260,424.59 of which remains outstanding; and

**Whereas**, the interest rate of the Bond is fixed at 4.59% per annum and Heritage Bank, the owner of the Bond, has agreed to reduce the interest rate to a fixed rate of 3.25% annum on the condition that the Authority agrees not to make any additional Draws on the Bond; and

**Whereas**, it is anticipated that the rate modification fee of \$50,000 to be paid by the Authority to Heritage Bank and third party costs to be paid by the Authority in connection with the modification of the terms of the Bond will be more than offset by the interest savings over the remaining life of the Bond; and

**Whereas**, no other terms of the Bond will be modified.

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

Section 1. Definitions. The terms defined in the above recitals shall have the same meanings when used in this resolution. Capitalized terms used but not defined herein have the meanings set forth in the Bond Resolution.

Section 2. Modification of Terms of Bond. The Board approves the modification of the terms of the Bond as set forth in the letter from Heritage Bank to the Authority dated March 7, 2013, including the payment by the Authority of the rate modification fee and third party costs in connection with the modification.

Section 3. Authorization of Documents. The Executive Director of the Authority is authorized and directed to do everything necessary for the modification of the Bond and to execute the modified Bond any other documents reasonably required to be executed in connection with the issuance of the modified Bond, including any documents required to maintain the tax exempt status of the Bond.

Section 4. Acting Executive Director Authorized. Any action required by this resolution to be taken by the Executive Director may in his absence be taken by the duly authorized Acting Executive Director of the Authority.

Section 5. 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 6. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**Approved: April 17, 2013**

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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”), CERTIFY:

1. That the attached Resolution No. 2013-4-17 (3) (the “Resolution”) is a true and correct copy of a resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on April 17, 2013, 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 17<sup>th</sup> day of April, 2013.

HOUSING AUTHORITY OF THE CITY  
OF TACOMA

By: \_\_\_\_\_  
Michael Mirra, Executive Director

# RESOLUTION #4



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (4)

DATE: April 17, 2013  
 TO: Board of Commissioners  
 FROM: Michael Mirra, Executive Director  
 RE: Stewart Court Purchase and Sale Agreement

### Background

On March 27, 2013, the Board of Commissioners approved the execution of a Letter of Intent (LOI) with Dean and Anne Curry for their acquisition of the Stewart Court Apartments. The Executive Director signed the LOI on March 28, 2013. Since then THA’s legal counsel has drafted a Purchase and Sale Agreement (PSA). The PSA allows for a 135 day period of feasibility and financing, including:

- a 45 day feasibility period for the Buyers to review records and reports, property condition and financial performance;
- a 60 day financing period for the Buyers to secure financing;
- a 30 day period to close on the transaction.

The sale of the Stewart Court Apartments will have the following elements:

- maintain the affordability of the housing through 2033;
- pay off an existing \$1.2 million debt;
- reduce the mortgage payments of approximately \$90,000 annually;
- eliminate a negative annual cash flow;
- net approximately \$235,000 in sales proceeds to THA.

The sale of Stewart Court includes paying off the portion of the Heritage Bank Loan assigned to Stewart Court, but maintaining the City of Tacoma loan in place and transferring it to a new Owner who would keep the affordability in place. While the loan is not paid off, the sales price is discounted by the value of the loan due to the restrictions the loan carries. THA would be free and clear of both loans after the sale.

Sales Price from LOI	\$3,080,695
Discount due to City of Tacoma Loan	(1,505,695)
Net Sales Price	\$1,575,000
Pay off Heritage:	(1,217,374)
Appraisals necessary to pay off Heritage	( 30,000)
Sales Commission (3%)	( 92,421)
NET Proceeds	\$ 235,205

Stewart Court is encumbered by loans from both Heritage Bank and the City of Tacoma. The Heritage Bank loan is secured by Deeds of Trust on Stewart Court, Wedgewood (50 single

family homes) and the 9 Market Rate Single Family Homes. The portion of the loan assigned to Stewart Court had an outstanding balance of \$1,217,374 as of 3/31/13. This portion of the loan can be paid, and the Deed of Trust on Stewart Court released, if the remaining collateral pool's value can support the remaining loan amount at a loan to value ratio of .85:1. The payoff of the Stewart Court portion of the loan would require the remaining 59 properties be appraised, with the appraisal cost estimated at \$22-\$30,000. This cost is included in the analysis of the Net Sales Proceeds.

The City of Tacoma loan is also secured by a Deed of Trust on the Stewart Court property. The loan balance is \$1,505,695 and includes a Low Income Housing Covenant that will not be released until 2033. This Covenant carries affordability requirements that continue until 2033, regardless of whether the loan is paid off or not. The City of Tacoma loan is transferrable upon sale and will be assumed by the Curry's upon purchase. This loan does not carry any debt service.

### **Recommendation**

Approve Resolution 2013-4-17(4) authorizing the Executive Director to negotiate, and if those negotiations are successful, to execute the Purchase and Sale Agreement with Dean and Anne Curry for their purchase of the Stewart Court Apartments.



## TACOMA HOUSING AUTHORITY

### RESOLUTION 2013-4-17 (4)

#### STEWART COURT PURCHASE AND SALE AGREEMENT

**Whereas,** On February 15, 2013, THA received a Letter of Intent from Dean and Anne Curry to acquire the Stewart Court apartments;

**Whereas,** On March 27, 2013, the Board of Commissioners approved the execution of the LOI;

**Whereas,** On March 28, 2013, the Executive Director signed the LOI;

**Whereas,** On March 28, 2013, the Buyers requested a Purchase and Sale Agreement be drafted, including the terms presented in the LOI;

**Whereas,** THA legal counsel has drafted a Purchase and Sale Agreement, which has been reviewed by THA staff;

**Whereas,** The Executive Director and the Board of Commissioners find the terms of the Purchase and Sale Agreement acceptable to THA;

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington,***

1. The Executive Director has the authority to negotiate, and if those negotiations are successful, to execute a Purchase and Sale Agreement with Dean and Anne Curry for their purchase of Stewart Court apartments.

**Approved: April 17, 2013**

\_\_\_\_\_  
Janis Flauding, Chair

## RESOLUTION # 5

This is a walk on resolution



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (5)

DATE: April 17, 2013

TO: Board of Commissioners

FROM: Michael Mirra, Executive Director

RE: Bond Satisfaction Agreement - Infrastructure Improvement Revenue Bonds

### **Background**

This resolution would ratify the Board's April 2<sup>nd</sup> decision taken in a special meeting of the City agreement. At that meeting, we did not have a written resolution. This resolution will memorialize that decision and complete the board's approval.

In January 2008, THA closed a bond transaction with Citicorp Municipal Mortgage Inc. as purchaser, in the original principal amount of \$13,200,000, to help pay for the costs associated with the infrastructure work in Area 3 of Salishan. The Board adopted two resolutions to authorize this transaction, Resolution 2007-10-24 (1) and 2007-12-12 (2). The financing was structured so that THA would use the proceeds of the sale of the 182 homeownership lots to repay the bonds. Up to \$3,300,000 aggregate principal amount of the Authority's General Revenues were also pledged to the repayment of the Bonds. In 2010 and 2011, Citicorp, as the owner of all of the outstanding Bonds, and the Authority, agreed to restructure the Bonds in light of changed market conditions and expectations regarding the timing and sale prices of the homeownership lots. The Authority approved the 2010 restructuring pursuant to Resolution No. 2010-6-23(2) and the 2011 restructuring pursuant to Resolution No. 2011-5-25(2).

Pursuant to the terms of a Bond Satisfaction Agreement (the "Satisfaction Agreement") dated as of April 2, 2013, the Authority and Citicorp have agreed that 143 homeownership lots may be sold to SSHI LLC, a Delaware limited liability company, dba DR Horton ("DR Horton"), and upon receipt by Citicorp of the net proceeds of the sale of such lots to DR Horton, the remaining balance of General Revenues pledged to the payment of the Bonds, and certain other funds held by the Trustee for the Bonds, the Bonds shall be deemed paid in full and retired without default. At the special board meeting held on April 2, 2013, the Authority's Board of Commissioners also approved sale of the lots to DR Horton and execution of the Satisfaction Agreement with Citi.

### **Recommendation**

Approve Resolution 2013-4-17 (5) ratifying and memorializing the Board's authorization and direction to the Executive Director to execute documents and take all necessary action in connection with the sale of 143 homeownership lots to DR Horton and the satisfaction of the Bonds as provided in the Satisfaction Agreement.



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-4-17 (5) (SALE OF HOMEOWNERSHIP LOTS TO DR HORTON AND SATISFACITON AGREEMENT FOR INFRASTRUCTURE IMPROVEMENT REVENUE BONDS)

A RESOLUTION ratifying and authorizing the execution and delivery of a Purchase and Sale Agreement for 143 Building Lots in Salishan Area 3 and a Bond Satisfaction Agreement with respect to the Housing Authority of the City of Tacoma Infrastructure Improvement Revenue Bonds, Series 2008, authorizing execution and delivery of agreements, documents and certificates by the Authority in connection with such agreements; 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;

**Whereas**, RCW 35.82.070(2) provides that a housing authority may “prepare, carry out, acquire, lease and operate housing projects” and “provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof . . .”;

**Whereas**, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”;

**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;

**Whereas**, RCW 35.82.070(5) provides that a housing authority may pledge any interest in real property;

**Whereas**, pursuant to Resolution No. 2007-10-24(1) adopted on October 24, 2007, as amended and supplemented by Resolution No. 2007-12-12(2) adopted on December 12, 2007, the Authority issued its Infrastructure Improvement Revenue Bonds, Series 2008 (the “Bonds”), in the original aggregate principal amount of \$13,200,000, to provide part of the funds with which to construct infrastructure improvements on property owned by the Authority, as part of the Salishan redevelopment project, to provide housing for low-income persons within the City of Tacoma, Washington (the “Project”);

**Whereas**, the Bonds were originally payable, in part, from the net proceeds from the sale of 182 certain individual lots, as depicted on Plat of Salishan Division 3, prepared by Parametrix, dated December 4, 2007 (the “Lots”) and General Revenues of the Authority up to a maximum amount of \$3,300,000; and

**Whereas**, as set forth in a First Supplemental Trust Indenture, a Second Supplemental Trust Indenture and Resolutions Nos. 2010-6-23(2) and 2011-5-25(2) of the Authority, the Authority and Citicorp Municipal Mortgage Inc. (the “Bondowner Representative”), as the owner of all of the outstanding Bonds, previously agreed to restructure certain provisions of the Bonds and the related documents to, among other things, extend the maturity date of the Bonds, modify the redemption provisions of the Bonds, revise minimum Lot sale prices and certain provisions relating to the release of Lots from the lien of the Deed of Trust, permit the sale of 28 Lots to the Quadrant Corporation at prices below the minimum Lot sale prices otherwise permitted by the Bond documents and provide for a security interest in certain individual lots located in Salishan Area 2b as additional security for the Bonds; and

**Whereas**, the Authority and the Bondowner Representative have agreed that (a) 143 Lots may be sold to SSHI LLC, a Delaware limited liability company, dba DR Horton (“DR Horton”), and (b) upon receipt by the Bondowner Representative of the net proceeds of the sale of such lots to DR Horton, the remaining balance of General Revenues pledged to the payment of the Bonds, and certain other funds held by the Trustee for the Bonds, the Bonds shall be deemed paid in full and retired without default, and all interests of the Bondowner Representative in the Area 2b lots shall be released; and

**Whereas**, in order to effect the satisfaction of the Bonds, it is necessary for the Authority to enter into a Bond Satisfaction Agreement with the Bondowner Representative, to be acknowledged by The Bank of New York Mellon Trust Company, N.A., as successor trustee for the Bonds (the “Trustee”); and

**Whereas**, at a special meeting of the Board held on April 2, 2013, the Board of Commissioners of the Authority previously approved the sale of 143 Lots to DR Horton and the execution of a bond satisfaction agreement with the Bondowner Representative; and

**Whereas**, it is in the best interest of the Authority to sell 143 Lots to DR Horton and to provide for the Bonds to be deemed paid and retired without default, and the Board of Commissioners of the Authority wishes to memorialize its approval of such transactions and execution of related documents through the adoption of this resolution;

***Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:***

1. Authorization of Documents and Execution Thereof. The Board ratifies and approves the Purchase and Sale Agreement 143 Building Lots – Salishan Area between the Authority, as seller, and DR Horton, as buyer (the “DR Horton Purchase and Sale Agreement”), and the Bond Satisfaction Agreement between the Authority and the Bondowner Representative, and acknowledged by the Trustee (the “Bond Satisfaction Agreement”), each substantially in the form on file with the Executive Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate. The Board ratifies, authorizes and approves the execution by the Executive Director of the Authority and delivery of the DR Horton Purchase and

Sale Agreement and the Bond Satisfaction Agreement and any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by this resolution, the DR Horton Purchase and Sale Agreement or the Bond Satisfaction Agreement. The Board ratifies, authorizes and approves the performance by the Authority of its obligations contained in, and the consummation by the Authority of all other transactions contemplated by this resolution, the DR Horton Purchase and Sale Agreement and the Bond Satisfaction Agreement.

2. 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.
3. 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.
4. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**Adopted: April 17, 2013**

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Janis Flauding, Chair

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 No. 2013-4-17 (5) (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 17, 2013, 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 17<sup>h</sup> day of April, 2013

By: \_\_\_\_\_  
Michael Mirra, Executive Director