



TACOMA HOUSING AUTHORITY

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**

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

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.

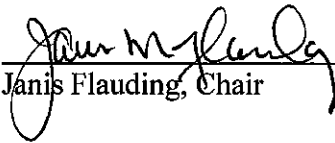
Section 3. Authorization of Documents. The Executive Director of the Authority is authorized and directed to do everything necessary for the modification of the Bond and to execute the modified Bond any other documents reasonably required to be executed in connection with the issuance of the modified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



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 (4) (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 17th day of April, 2013.

HOUSING AUTHORITY OF THE CITY
OF TACOMA

By: Michael Mirra
Michael Mirra, Executive Director