



# 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 Citi 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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Jahis 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>th</sup> day of April, 2013

By: Michael Mirra  
Michael Mirra, Executive Director