



TACOMA HOUSING AUTHORITY

BOARD OF COMMISSIONERS MEETING MINUTES SPECIAL SESSION MONDAY, DECEMBER 7, 2015

The Commissioners of the Housing Authority of the City of Tacoma met for a Special Session at 902 South L Street, Tacoma, WA at 1:00 PM on Monday, December 7, 2015.

1. CALL TO ORDER

Tacoma Housing Authority's Executive Director with Commissioner Janis Flauding's approval called the meeting of the Board of Commissioners of the Housing Authority of the City of Tacoma (THA) to order at 1:10 PM.

2. ATTENDEES

PRESENT

Commissioners

Commissioner Flauding (Janis)
Commissioner Hodge (Minh-Anh) by phone
Commissioner Young (Derek)

Staff

Michael Mirra, Executive Director
Sha Peterson, Executive Assistant
April Black, Deputy Executive Director
Ken Shalik, Finance Department Director
Barbara Tanbara, Human Resources Director
Kathy McCormick, RED Director
Greg Claycamp, Client Services Director
Todd Craven, Administration Director
Pat Patterson, Property Management Director

ABSENT

Chair Rumbaugh (Stan)
Vice Chair Banks (Arthur)

3. RAD Presentation

Tacoma Housing Authority (THA) Executive Director (ED) Michael Mirra started the session by noting its purpose: to review the terms of the deal by which THA will fix up its portfolio and refinance it under HUD's program called Rental Assistance Demonstration or RAD. The goal was to help the Commissioners understand the proposal in advance of the December Board meeting at which he will ask for their authorization to sign the various contracts to get it done. He noted that the board outline of the proposal should be familiar to all since we have been discussing it for the past year or so. He asked attendees around the room to introduce themselves to the Board. ED Mirra thanked THA staff for their work with RAD.

ED Mirra used a powerpoint to present the proposal. (see attached presentation). According to ED Mirra the RAD will fix up THA's entire portfolio. The \$40 million fix up will address the portfolio's capital needs for the next 20 years, and provide sufficient reserves for this period. Commissioner Flauding asked where the \$40 million will come from. According to ED Mirra, the main sources of money will be tax credit investor equity and private debt. The RAD refinancing will also net THA \$19 million in non-MTW proceeds. In addition to the \$19 million, through 2060 the deal will generate \$39 million in loans receivable to THA, plus interest, for a total of \$96 million.

He noted that this income will be necessary for other purposes. He also noted that whether THA actually receives the repayment of the \$39 million loan depends on the performance of the portfolio because THA is not first in line for its cash flow. This will challenge THA to so manage the portfolio to produce an adequate income.

Commissioner Young asked what the end game would be after 20 years. ED Mirra stated that another tax credit refinancing at that time is likely to inject still more capital dollars into the property. Jim Brawner agreed. He stated that the tax credit program has been very stable and has powerful allies to keep it in place for now. Commissioner Young asked for the timeline of the \$19 million payout to THA. Asset Management Associate Director (AMAD) Sandy Burgess said 8 years.

ED Mirra reviewed some consequences of using tax credit financing. One of them is that the investors will own the property. As owner the investors have control over choosing the property manager. He reviewed the reasons THA wants to be the property manager. They are the same reasons that impelled THA to recover management responsibilities over Salishan and Hillside Terrace when they were financed with tax credit investments. The RAD contract with the tax credit investors contemplates that THA will be the property manager but investor has authority to replace us. Commissioner Flauding asked how much THA would lose if the Investor denies THA's proposal. AMAD Burgess stated that we would lose a sizeable management fee. She also noted it would take quite a bit for the investors to seek THA's replacement as property manager. Jim Brawner added that it would be very unlikely for the tax credit investors to seek that. THA would have to seriously stumble in its performance. He has not seen this happen with the Washington State housing industry. He noted that THA is set up to perform well.

Jim Brawner and Property Manager deGorgue stated that THA worked hard to structure this deal so it can have the best cash flow back to the agency. They feel comfortable with it. ED Mirra noted that THA is losing HUD's oversight but gaining the oversight of investors. AMAD Burgess and Jim Brawner both agreed that the investor would not have given THA the money needed if they did not believe that THA could do this.

ED Mirra noted that the portfolio's performance would no longer be part of THA's budget. Yet the Board and its Finance Committee should still be very interested in that performance. THA staff and the Finance Committee will devise a way to report it outside

the regular reports of THA's budget. FD Director Shalik stated that he expects to create dashboards for the purpose to be able to compare properties.

Commissioner Flauding asked when the deal will close. According to Property Manager deGorgue, the proposal should be approved by January 20th. Commissioner Young mentioned that other housing agencies at other cities have had bad press on such deals. RED Director Kathy McCormick stated that Tacoma Housing is different. Jim Brawner said he is familiar with other deals and their difficulties. He said that THA is different in several ways that explains the lack of controversy. THA has been very transparent. Property Management (PM) Director Pat Patterson noted that THA had a big campaign with many meetings to explain the deal to residents and make sure that they were well informed. ED Mirra noted that he has explained the matter to the Mayor and other local leaders. Jim Brawner and AMAD Burgess noted that THA has no partnerships with for-profit developers who in other deals take control and take the profits. THA is also maintaining property management control. AMAD Burgess added that while using investor equity is a form of privatization, it is not the same as when other developers come in. The feel and the whole tone are very different. Commissioner Flauding stated that THA has been very good at saying they will do something then actually doing it.

Commissioner Flauding asked how THA will manage the ability of tenants to take a section 8 voucher exit voucher and move out. HUD is requiring THA to offer such vouchers to tenants who request them after a year's residency. ED Mirra noted this to be among several HUD requirements, not all of them easy to understand. Commissioner Flauding noted the risk that it will cause a lot of vacancies and would redirect vouchers from the waiting list. Client Services (CS) Director Greg Claycamp stated that THA hopes that most tenants will stay because of the quality of housing THA will be providing. Also, they would get a HOP voucher with a 5 year time limit and a lowered subsidy that may not be as attractive as the housing. According to DED Black THA would apportion the issuance of such vouchers between such tenants and the waiting list.

ED Mirra introduced THA's new Relocation Manager Antoinette Ellis who will be leading THA with its relocation. Antoinette was THA's relocation manager in the past.

4. COMMENTS FROM COMMISSIONERS

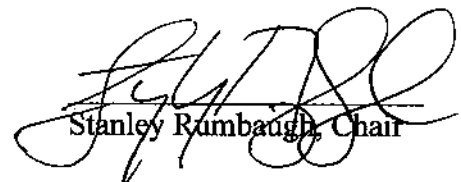
Commissioner Flauding thanked the staff on behalf of the Board of Commissioners.

5. ADJOURNMENT

There being no further business to conduct the meeting ended at 2:09 pm.

APPROVED AS CORRECT

Adopted: December 16, 2015


Stanley Rumbaugh, Chair