



TACOMA HOUSING AUTHORITY

RESOLUTION 2011-5-25(2)

DATE: May 25, 2011

TO: Board of Commissioners

FROM: Michael Mirra, Executive Director

RE: Second Supplemental Indenture - Infrastructure Improvement Revenue Bonds

Background

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, 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 Authority and the Bond Trustee entered into a First Supplemental Trust Indenture, approved by Citicorp.

The restructured financing provides minimum sale prices for the homeownership lots. The Authority has agreed to sell 28 homeownership lots to Quadrant Corporation at prices below the minimum lot sale prices, and to contribute the amount by which the sale price of these lots falls below the minimum lot sale prices permitted by the Indenture. Citicorp has agreed that the amount of shortfall contributed by the Authority will be applied towards the \$3,300,000 maximum principal amount of the Authority's General Revenue pledge. Citicorp and the Authority have further agreed that any additional "upside" received by the Authority pursuant to the Purchase and Sale Agreement with Quadrant will be applied to redeem Bonds.

Recommendation

Approve Resolution 2011-5-25(2) authorizing and directing the Executive Director to execute documents in connection with the amendment of the Bond Indenture pursuant to a Second Supplemental Indenture to put the changes described above into effect.



TACOMA HOUSING AUTHORITY

RESOLUTION 2011-5-25(2)

(SECOND SUPPLEMENTAL INDENTURE –

INFRASTRUCTURE IMPROVEMENT REVENUE BONDS)

A RESOLUTION authorizing the execution and delivery of a Second Supplemental Trust Indenture with respect to the Housing Authority of the City of Tacoma Infrastructure Improvement Revenue Bonds, Series 2008, to provide that certain amounts contributed by the Authority in connection with the sale of 28 homeownership lots will be credited to the Authority's \$3,300,000 maximum General Revenues pledge to the payment of the Bonds, and that certain additional amounts that may be received by the Authority in connection with the sale of such lots will be pledged to the payment of the Bonds and applied to redeem Bonds prior to maturity.

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, 42 USC 1437z-2 permits the Secretary of the United States Department of Housing and Urban Development ("HUD") to authorize a public housing agency to mortgage or otherwise grant a security interest in a public housing project or other property of the public housing agency;

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 are 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 and a Resolution No. 2010-6-23(2), 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, and provide for future pledges of security interests in certain individual lots located in Salishan Division 4 or Area 2b ("Additional Collateral – Area 2b") as additional security for the Bonds; and

Whereas, the Authority and the Bondowner Representative have agreed that 28 Lots (the "Quadrant Lots") may be sold to the Quadrant Corporation ("Quadrant") pursuant to a Real Estate Purchase and Sale Agreement between the Authority and Quadrant dated May 5, 2011 (the "Quadrant Purchase and Sale Agreement") at prices below the minimum Lot sale prices permitted by the Bond documents, provided that the Authority will deposit of money equal to that shortfall in the sale price for the Quadrant Lots with the Trustee for the Bonds and that the maximum principal amount of the Authority's General Revenue Pledge shall be reduced by the amount so contributed by the Authority; and

Whereas, the Authority and the Bondowner Representative have further agreed that any Lot Premiums or Upside Component (each as defined in the Quadrant Purchase and Sale Agreement) actually received by the Authority pursuant to the Quadrant Purchase and Sale Agreement shall be applied to redeem and pay the Bonds prior to their maturity date; and

Whereas, in order to effect the modification of the terms of the Bonds agreed to by the Authority and the Bondowner Representative, it is necessary to amend certain provisions of the Trust Indenture (as amended from time to time, the "Indenture") relating to the Bonds between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"); and

Whereas, it is in the best interest of the Authority to modify the terms of the Bonds and amend the Indenture;

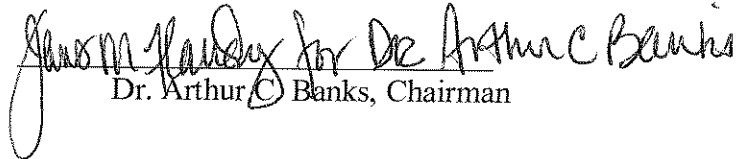
Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

1. Authorization of Documents and Execution Thereof. The Board approves the Second Supplemental Indenture 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 authorizes and approves the execution by the Executive Director of the Authority and delivery of the Second Supplemental Indenture and any other documents reasonably required to be executed by the Authority to carry out the transactions contemplated by this resolution or the Second Supplemental Indenture. The Board 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 and the Indenture as amended by the First Supplemental Indenture and the Second Supplemental Indenture.

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: **May 25, 2011**


Dr. Arthur C Banks, Chairman

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. 2011-5-25(2) (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 May 25, 2011, 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 25th day of May, 2011.

By: Michael Mina
Executive Director and Secretary-Treasurer
of the Authority