



## RESOLUTION 2024-01-24 (4)

**Date:** January 24, 2024

**To:** THA Board of Commissioners

**From:** April Black  
Executive Director

**Re:** RBC Exits Salishan 4, 5, and 6

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*This resolution would authorize Tacoma Housing Authority's (THA) Executive Director to engage a consultant to establish an exit structure and prepare an offer to buy back RBC's partnership interests in Salishan 4, 5, and 6 in 2024.*

### BACKGROUND

The compliance period for Salishan 4 and 5 expired 12-31-2023. The compliance period for Salishan 6 expires on 12-31-2024. RBC, the investor in the partnership, notified THA that they are looking to exit the partnerships for Salishan 4, 5, and 6. RBC proposed that they sell their LP interest to the partnership.

**Purchase Price** – RBC let us know that since this LLLP has a right of first refusal clause in it, RBC expects to receive a nominal purchase price offer for the LP interest in each partnership. Additionally, there will be a \$7,500 disposition fee and outstanding Asset Management Fee balances to pay at the time of closing.

**Timing:** THA would like to exit in 2024. Closing times vary between 30 days up and 9 months. Some factors that impact the timing include:

- RBC obtaining the consent of the Limited Partners. We expect the limited partners for Salishan 4 and Salishan 6 to return consents in 30 days. The limited partner for Salishan 5 is expected to return consent within two weeks.

- THA obtaining required agency and/or lender consents required for the dispositions.
- THA obtaining any of the 3<sup>rd</sup> party approvals required in the loan documents. For example, if there are HUD financing or subsidy it may require HUD's approval which is taking close to 6 months to receive.
- The availability of attorneys to negotiate the exit documents.

**Preparation:** THA will need to provide a broker's opinion of value for each limited partnership, budget expenses, hire legal counsel, and prepare a written offer to buy back RBC's interest.

#### RECOMMENDATION

The directors of finance and asset management and real estate develop recommend that THA buy back RBC's partnership interests in Salishan 4-6. It is a priority to exit the partnership in 2024 for the following reasons. THA gains full benefit of cashflow. With the compliance period over, RBC has the option to sell its interest to another investor. It's to THA's advantage avoid another partner and gain 100% ownership of the physical and fiscal assets of these properties.



**RESOLUTION 2024-01-24 (4)**

(RBC Exits Salishan 4, 5, and 6)

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

**WHEREAS**, this resolution authorizes THA's Executive Director to engage a consultant to establish an exit structure and prepare an offer to buy back RBC's partnership interests in Salishan 4, 5, and 6 in 2024;  
*and*

**WHEREAS**, RBC desires to sell its partnership interests in Salishan, 4, 5, and 6 at the end of the compliance periods; and

**WHEREAS**, THA can buy back the partnership interests; and

**WHEREAS**, THA would gain 100% ownership of the physical and fiscal assets of these properties;  
and

**WHEREAS**, THA would gain full benefit of cashflow; and now, therefore, be it

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

*This resolution authorizes THA's Executive Director to engage a consultant to establish an exit structure and prepare an offer to buy back RBC's partnership interests in Salishan 4, 5, and 6 in 2024.*

**Approved: January 24, 2024**

A handwritten signature in blue ink, appearing to read "Minh Anh Hodge", is written over a horizontal line.

**Dr. Minh-Anh Hodge, Chair**