
SEATTLE HOUSING AUTHORITY
REGULAR BOARD BRIEFING

LOCATION Virtual via Microsoft Teams
 (206) 257-3799; Phone Conference ID 450 138 704#
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DATE December 9, 2024, 4:30pm – 6:00pm

BOARD ATTENDEES Sally Clark, Chair Twyla Minor
 Robert Crutchfield, Vice-chair Paul Purcell
 Dr. Paula Houston Gerald Smiley
 Rita Howard

DISTRIBUTION SHA Board of Commissioners; Cabinet

Commissioner Roll Call

AGENDA:

Briefing Items

- **Resolution No. 5293:** LLLP Exit: Rainier Vista NE
- **Resolution No. 5294:** LP Exit: Tamarack Place
- **Resolution No. 5295:** SHA Executive Director Contract Renewal

Commissioner roll call was given at 4:42 p.m. The Briefing was held via teleconference, with an in-person option at the SHA Central office. Commissioners Dr. Houston, Purcell and Smiley were absent from the Briefing.

Introduction of new SHA Deputy Executive Directors & Karlee Keyser

Prior to the formal start of the meeting, Executive Director Rod Brandon once again introduced the two new Deputy Executive Directors to the Board: Jen Chen and Javanaia Cross Polenska. Ms. Garrett also welcomed Development Executive Assistant Karlee Keyser to the meeting and introduced her to the Board; Karlee will assist with some Board duties for the Executive Office. The Board welcomed them all warmly to SHA and expressed excitement to work with them.

Resolution No. 5293 - LLLP Exit: Rainier Vista NE (RVNE)

Mr. Brandon introduced CFO Jared Cummer, who then presented the resolution to the Commissioners.

In 2010, SHA formed the Rainier Vista Northeast Limited Liability Limited Partnership (RVNE LLLP) for the purpose of redeveloping a 118-unit community. The partnership currently consists of SHA as the General Partner (with a 0.01 percent ownership interest) and U.S. Bank as the Limited Partner (with a 99.99 percent ownership interest). The partnership was established in order to use the Low-Income Housing Tax Credit (LIHTC) program to finance the redevelopment. SHA terms that were negotiated, subject to Board approval, consists of SHA guaranteeing payment of any fines or recapture of tax credits by the IRS through 2026. SHA is indemnifying U.S. bank for any recapture, which could result if SHA did not comply with the IRS rules. The partnership is subject to exit tax liability of approximately \$150,000, of which the 2024 tax return will confirm this amount. In the majority of cases, SHA is able negotiate out without paying any exit taxes, but U.S. bank was not willing to do that. Unfortunately, the partnership agreement in place leaves SHA on the hook for the exit tax liability. In addition, any outstanding Asset Management fees and legal fees will also be paid as part of the terms of the exit, currently amounting to approximately \$39,400.00. This transaction will have no impact on existing residents as the regulatory requirements remain in effect and the management of the property will not change.

Commissioner Crutchfield asked, "Why the early exit?" Because of this exit tax liability, the partnership capital account started to go negative about three years ago. Measures were put in place to slow that exit tax liability from growing. But now that an exit is possible, this will be the cheapest that SHA can exit because that amount will start to grow each year.

Resolution No. 5293 authorizes SHA to acquire the limited partner interest in RVNE LLLP from US Bank and then dissolve the partnership reverting ownership to SHA. The resolution also authorizes the forgiveness of loans made from SHA to the partnership and authorizes the agency to obtain all necessary approvals from Washington State Housing Finance Commission and HUD.

Resolution No. 5294 - LP Exit: Tamarack Place

Mr. Cummer presented another exit resolution, Resolution No. 5294, to the Board regarding the Tamarack Place Limited Partnership.

Formed in 2008, SHA established the Tamarack Place Limited Partnership for the purpose of redeveloping an 83-unit apartment building, Phase 2 of the Rainier Vista Hope VI redevelopment. The partnership currently consists of SHA as the General Partner (with a 0.01 percent ownership interest) and Boston Financial as the Limited Partner (with a 99.99 percent ownership interest. Boston Capital was the original investor 4-5 years prior). The partnership was established in order to use the Low-Income Housing Tax Credit (LIHTC) program to finance the redevelopment. The negotiated terms, subject to Board approval, is that SHA will guarantee payment of any fines or recapture of tax credits by the IRS through 2025. In addition, at the end of 2025, the IRS compliance period ends and there is no further risk. The total recapture reserve amount is \$641,401, which would be put in escrow and released back to SHA in two installments, one in January 2025 and the remainder in January 2026 providing there are no recapture events. As with the previous exit presented, this transaction is administrative and will have no impact on existing residents.

In conclusion, Resolution No. 5294 authorizes SHA to acquire the limited partner interest in Tamarack from Boston Financial and then dissolve the partnership reverting ownership to SHA. The resolution also authorizes the forgiveness of loans made from SHA to the partnership and the agency to obtain all necessary approvals from WSHFC, and HUD.

Resolution No. 5295: SHA Executive Director Contract Renewal

Board Chair Sally Clark presented Resolution No. 5295 to her fellow commissioners, which addresses the contract renewal process of the SHA Executive Director. This resolution authorizes a renewal of the contract term, consisting of a 4-year period effective January 1, 2025, through December 31, 2028, with an option of a 1-year period extension subject to Board approval. Ms. Clark reminded the Board that this resolution will be brought to the Board at the December 16th Board Meeting and to reach out to her directly for comments or questions prior to then.

Hearing no further comments, Commissioner Clark called for an adjournment. The December 9, 2024, Regular Board Briefing was adjourned at 5:10 p.m.

Secretary-Treasurer