AGENDA
ALASKA CORPORATION FOR AFFORDABLE HOUSING
SPECIAL BOARD OF DIRECTORS
MEETING

JUNE 26, 2024
ANCHORAGE

I. ROLL CALL
II. APPROVAL OF AGENDA
III. APPROVAL OF MINUTES: OCTOBER 25, 2023 ANNUAL BOARD MEETING
    Next Resolution: 2024-01
IV. PUBLIC COMMENTS:
V. OLD BUSINESS:
VI. NEW BUSINESS:

    A. Consideration of a resolution authorizing the President of the Alaska Corporation for Affordable Housing to enter into one or more contracts to borrow up to $12,000,000, lend up to $10,000,000, and guaranty certain obligations regarding the financing and the development of affordable housing in Valdez, Alaska. (2024-01)

VII. ANY OTHER MATTERS TO COME BEFORE THE BOARD
    A. ADJOURNMENT

The Chair may announce changes in the Order of Business during the meeting.

MINUTES

ANNUAL MEETING OF THE MEMBERSHIP
ALASKA CORPORATION FOR AFFORDABLE HOUSING

October 25, 2023 9:30 a.m.

Anchorage/Juneau/Fairbanks

The Annual Meeting of the Membership of the Alaska Corporation for Affordable Housing (ACAH) was held on October 25, 2023, in the AHFC Board Room (and through WebEx), at 4300 Boniface Parkway in Anchorage, Alaska, at 9:30 a.m. Members present in the room and via teleconference were:

BRENT LEVALLEY via teleconference	Chair Member of the Board
JESS HALL	Member of the Board
ALLEN HIPPLER	Member of the Board
FADIL LIMANI via teleconference	Designee for Commissioner Department of Revenue Member of the Board
HEIDI HEDBERG via teleconference	Commissioner Department of Health Member of the Board
SANDRA MOLLER via teleconference	Designee for Commissioner Department of Commerce, Community, and Economic Development Member of the Board

I. **ROLL CALL.** Chair LeValley called the meeting to order. A quorum was declared present, and the meeting was duly and properly convened for the transaction of business.

II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY proposed the agenda as presented. JESS HALL moved to approve the agenda. FADIL LIMANI seconded. Hearing no objections, the agenda was approved as presented.

III. **APPROVAL OF MINUTES OF October 19, 2022.** CHAIR LEVALLLEY asked if there were any revisions of the minutes. Hearing none, he asked for a motion to approve the minutes. JESS HALL moved to approve the October 19, 2022 minutes as presented. FADIL LIMANI seconded. Hearing no objections, the October 19, 2022 meeting minutes were approved as presented.

IV. **PUBLIC COMMENTS:** There were no public comments.

V. **NEW BUSINESS:**

A. **Annual Election of Directors:** CHAIR LEVALLEY introduced the item into the record, BRYAN BUTCHER motioned to elect AHFC Board of Directors members as the sole members of the ACAH Board of Directors. JESS HALL moved to approve the AHFC Directors as Directors of ACAH. FADIL LIMANI seconded the motion. All seats were unanimously appointed by roll call (6-0).

VI. **ANY OTHER MATTERS TO COME BEFORE THE BOARD:** No additional matters.

VII. **ADJOURNMENT.** CHAIR LEVALLEY asked for a motion to adjourn. FADIL LIMANI **moved** to adjourn. JESS HALL **seconded.** CHAIR LEVALLEY adjourned the meeting at 9:40 a.m.

ATTESTED:

Brent LeValley	Bryan Butcher
Board Chair	CEO/Executive Director

MEMORANDUM

DATE:	June 26, 2024
TO:	Board of Directors
FROM:	Chelsea Smith, Operations & Development Manager
RE:	Resolution authorizing the President of the Alaska Corporation for Affordable Housing to enter into one or more contracts to borrow up to $12,000,000, lend up to $10,000,000, and guaranty certain obligations regarding the financing and the development of affordable housing in Valdez, Alaska.

Background:

The Alaska Corporation for Affordable Housing (ACAH) was incorporated in February 2012 under the authority of AS 18.56.086. Its purpose is to expand affordable housing in Alaska by leveraging funds derived from its status as an instrumentality of the Alaska Housing Finance Corporation (AHFC), the state public housing authority. Through the use of federal public housing resources, ACAH has started its second development project by leveraging these funds with federal low income housing tax credits (LIHTC) and tax-exempt financing.

<u>Valdez Development</u>

ACAH will develop 20 units of affordable housing in Valdez.

ACAH closed on the purchase of the land on June 14, 2024. The site is currently a vacant lot with the proposed site plan to contain 10 duplex-style buildings, an office, play structure, and dog run area. This site design was brought before the Planning and Zoning Commission of the City of Valdez on June 12, 2024 in which they approved ACAH's application for a Conditional Use Permit and Planned Unit Development. Site work is expected to begin in late summer/fall 2024, construction to take place in 2025 and be completed early 2026.

In order to obtain the LIHTC, which are sold to a for-profit investor, a limited liability company (LLC) must be formed. The proceeds from the sale are then used to develop the project. ACAH is participating in the component of the LIHTC known as the "4%" program which is tied to AHFC's issuance of a tax-exempt bond under the State private activity volume cap.

This project will be owned by the LLC with the tax credit investor owning 99.99% interest as the investor member and ACAH will own 0.01% interest as the managing member. The LLC will own the properties to facilitate the tax credit benefits for the equity investor, in exchange for the tax credit equity noted in the table below. Upon completion of the 15-year LIHTC compliance period, the ownership interest will revert to the managing member (ACAH) based on terms outlined in an operating agreement.

The projects key budget figures are outlined below.

Key Budget Figures	
Anticipated LIHTC Equity	$4,704,280
Anticipated Long-Term "Must Pay Debt"	$692,013
Anticipated Soft Debt	$9,039,215
Anticipated Incentives from City of Valdez	$500,000
Projected Total Project Cost	**$14,935,508**

- The total development cost of the site is estimated to be around $15 million. A portion of the tax-exempt debt will be replaced with permanent hard debt at project completion.

- Financing through the construction phase will stem from Tax Exempt Bond proceeds. This financing is required to qualify for the LIHTC's and will be brought to the AHFC Board of Directors for approval.

- Long-term financing (remaining post completion) is projected to be two-fold:
    - Must-Pay Debt: The must-pay debt amount noted in the previous table is estimated based on 30-year, fixed-rate financing. The final must-pay debt amount is contingent upon final underwriting and approval through the lender, the tax credit equity investor, and AHFC's tax credit allocation staff.
    - Soft Debt: It is anticipated that ACAH will utilize federal public housing resources for direct capital funding that will go into the project as soft debt. Payment of the soft debt will be on a cash flow basis and any amounts not supportable through cash flow repayments will be deferred until the senior-lien debt is repaid. The soft debt structure is necessary to avoid creating taxable income to the LLC, which would adversely impact the tax credit pricing from excessive capital account balances resulting from large managing member contributions.

The financing and ownership structure for this project has been developed in coordination with a team of advisors. Lender, Tax Credit Investor, and Attorney partnerships are expected to be finalized in early July. At the time of completion of the project in early 2026, ACAH will be required to enter into one or more contracts to permanently finance the development of this project.

Recommendation and requested action:

Staff recommends approval of Resolution 2024-01.

RESOLUTION No. 2024-01

RESOLUTION AUTHORIZING THE PRESIDENT OF THE ALASKA CORPORATION FOR AFFORDABLE HOUSING TO ENTER INTO ONE OR MORE CONTRACTS TO BORROW UP TO $12,000,000, LEND UP TO $10,000,000, AND GUARANTY CERTAIN OBLIGATIONS REGARDING THE FINANCING AND THE DEVELOPMENT OF AFFORDABLE HOUSING IN VALDEZ, ALASKA

WHEREAS, the Alaska Housing Finance Corporation (AHFC) incorporated a subsidiary, the Alaska Corporation for Affordable Housing (ACAH), and empowered ACAH to acquire, develop, manage and operate affordable housing, and to provide services to support the mission of AHFC; and

WHEREAS, ACAH wishes to develop an affordable housing project to provide approximately 20 units of affordable housing in Valdez, Alaska (the "Project") by acting as the managing member in the limited liability company that will own the Project as explained in the Memorandum, dated June 26, 2024 (Board Memorandum); and

WHEREAS, ACAH's Bylaws, Art. IX Sec. 1 provide that no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose unless authorized by the Board of Directors of ACAH; and

WHEREAS, the limited liability company that will own the Project will be obtaining a loan (First Loan) from a (Lender) and securing an (Equity Investor) who will be making a capital contribution to the limited liability company that will own the Project in exchange for an investor member interest in said limited liability company (Equity Investment); and

WHEREAS, as a condition to providing the First Loan and as a condition to providing the Equity Investment, Lender and Equity Investor, respectively, will require ACAH guaranty certain obligations of the limited liability company that will own the Project (Guaranty Documents); and

WHEREAS, ACAH's Bylaws Art. IX, Sec. 2 provide that no loans shall be contracted on behalf of ACAH unless specifically authorized by the Board of Directors of ACAH; and

WHEREAS, there has been presented to the Board at this meeting by staff of ACAH a Board Memorandum that describes the proposed Project and outlines the plan for financing the Project;

NOW, THEREFORE, BE IT RESOLVED THAT, the President of ACAH is hereby authorized to enter into one or more contracts to borrow money for interim and permanent loan financing (Borrowing Documents) for the purpose of facilitating the development of the Project as outlined in the Board Memorandum; provided, however, that the aggregate principal amount of money borrowed may not exceed $12,000,000.

BE IT ALSO RESOLVED THAT, the President of ACAH is hereby further authorized to enter into one or more contracts (Lending Documents) to lend up to $10,000,000 to the limited liability company that will own the Project as outlined in the Board Memorandum.

BE IT ALSO RESOLVED THAT, the President of ACAH is hereby further authorized to enter into the Guaranty Documents to guaranty obligations of the limited liability company that will own the Project as outlined in the Board Memorandum.

BE IT ALSO RESOLVED THAT, the President of ACAH is hereby further authorized to make changes within his discretion to the aforementioned contracts as long as those changes do not alter the intent of this resolution or Board Memorandum, and to sign such other documents, agreements, and certificates on behalf of ACAH as the President considers to be appropriate or required in furtherance of the Borrowing, Lending, and Guaranty Documents.

PASSED AND APPROVED by the ACAH this 26th day of June 2024.

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Board Chair

Attest: ________________________
Secretary