

RESOLUTION NO. R-2019- _____

A RESOLUTION authorizing the City of Yakima to participate in the HUD public offering as part of two Section 108 Loan Guarantee Assistance Program to refinance two existing notes or other obligation in the original principal amount of \$2,417,000, for the Morrier Hotel LLC project of the Hilton Gardens Inn and a second note for \$341,000 for the Hilton Gardens Inn.

WHEREAS, the City of Yakima, by Resolution R-2004-173, adopted November 16, 2004, authorized an application seeking loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, from the United States Department of Housing and Urban Development ("HUD"), and did authorize City Manager, Richard R. Zais to execute the documents necessary to accomplish the transaction, and did accept HUD's guarantee of Section 108 note numbers B-02-MC-53-008 and B-04-MC-53-008 for the Hilton Garden Hotel Project under a Section 108 Contract for Loan Guarantee Assistance dated September 14, 2006; and

WHEREAS, the assistance provided by HUD was the guarantee of a note in the original principal amount of \$3,560,000, plus interest thereon; and

WHEREAS, HUD has notified the City of Yakima that a public offering will occur in February, 2019, which will reduce and solidify the interest rate on the notes, and to participate, the City of Yakima must immediately notify HUD of its intention to refinance all or a portion of its existing Section 108 commitment through the public offering; and

WHEREAS, HUD may require, as a condition of participation in the public offering, that City of Yakima execute documents related to the transaction, and whereas Morrier Hotel, INC has previously agreed to pay the City of Yakima's share, as determined by HUD, of the customary and usual issuance, underwriting, legal, and other costs related to the public offering and future administration of the Note and the trust certificates, in addition to Morrier Hotel Inc.'s obligation to pay the note principal and interest; and

WHEREAS, it is economically sound and in the best interest of the City of Yakima to accept more favorable fixed rates of interest under the Section 108 Loan Guarantee program offered by HUD under the public offering; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF YAKIMA:

1. That the City Manager, Cliff Moore, or his duly authorized agent, shall notify HUD of the City's and Morrier Hotel, Inc.'s desires to participate in the February, 2019, public offering by HUD through the loan guarantee assistance program under Section 108 of the Housing and Community Development Act of 1974, as amended, for the existing obligation of \$2,758,000 in the original principal amount of \$3,560,000, and to refinance the original principal amount of \$3,560,000 at such rates of interest that will be determined by HUD at the time of the public offering.
2. That the City Manager, Cliff Moore, is authorized to execute the necessary documents as required by HUD to refinance the existing guaranteed Section 108 Note, and to execute such other documents, contracts, amendments and agreements with HUD,

and to authorize payment of any required fees, as may be necessary to effectuate this refinancing transaction.

ADOPTED BY THE CITY COUNCIL this 8th day of January, 2019.

Kathy Coffey, Mayor

ATTEST:

Sonya Claar Tee, City Clerk