



Watershed
Community Development

Project Funding: Community Bonds

THE ELEMENTS AT GEORGETOWN

Community Bonds will be issued for up to 25% of the total cost of Watershed's The Elements project. These tax-exempt subordinate bonds will finance, in part, the acquisition, development, and permanent financing of the project, with a particular focus on the parts of the project which directly contribute to community enrichment and resilience.

Borrower	A wholly-owned subsidiary of Watershed Community Development, a Washington nonprofit corporation exempt under Section 501(c)(3) of the Internal Revenue Code.
Offering Amount	\$15,800,000 of which at least \$2,700,000 to be issued at the initial closing date.
Term	[12-year mandatory tender]
Interest Rate	[4.50%] for the term of the Bonds [7.14%] tax equivalent yield at a 37% marginal tax rate
Tax Status	Bonds will be issued under Section 145 of the Code as tax-exempt Qualified 501(c)(3) bonds, and will not be subject to AMT.
Payment Priority	Interest and principal is payable from available cash after the following have been paid: Operating Expenses, including "below the line" resident services and ground lease payments, if any Debt Service on Senior Debt, including mandatory sweeps Repayment of operating expense loans or development deficit loans, if any [50%] of all remaining cash flow will go to [Community Bondholders] to pay any accrued interest and then to pay down the outstanding principal amount.
Initial Closing Date	[April 30, 2025]
Affordability Covenant	Borrower shall record a covenant against the Project for at least 40 years which will reserve 100% of units for tenants earning at or below 80% of AMI and at least 20% for tenants earning at or below 50% of AMI.
Impact Metrics	Up to \$100,000 invested per affordable apartment, provided that: at least half the units are made available preferentially to artists and cultural workers; at least 10% of net proceeds are used to fund permanent artworks placed within and on the building, on the site, and in nearby rights of way; and at least 10% of net proceeds are used to fund rooftop solar generation, EV charging stations, green stormwater infrastructure, street trees, improved sound insulation and air filtration, and other resilience features beyond code

