



**SPECIAL
MEETING OF THE
BOARD OF COMMISSIONERS**

December 7, 2017 at 1:00 p.m.

King County Housing Authority
Commissioners via Phone
Conference Room 109
600 Andover Park W
Tukwila, WA 98188

A G E N D A

- I. Call to Order**
- II. Roll Call**
- III. Public Comment**
- IV. Resolutions for Discussion & Possible Action**
 - A. Resolution No. 5577:** A Resolution authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the Washington State Housing Finance Commission for Highland Village within King County, Washington, and determining related matters
 - B. Resolution No. 5578:** A Resolution providing for the issuance of the Authority's Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000, to finance the acquisition, construction and rehabilitation of the Highland Village project; and determining related matters
 - C. Resolution No. 5579:** A Resolution of the Housing Authority of the County of King authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the Washington State Housing Finance Commission for Somerset Gardens within King County, Washington, and determining related matters
 - D. Resolution No. 5580:** A Resolution providing for the issuance of the Authority's Revenue Note, 2017 (Somerset Garden Project), in a principal amount not to exceed \$20,000,000, to finance the acquisition and rehabilitation of the Somerset Gardens project; and determining related matters

V. Commissioner Comments

VI. Adjournment

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.



TO: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date December 5, 2017

Re: **Resolution No. 5577** – A resolution authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the WSHFC for Highland Village within King County, Washington, and determining related matters

Resolution No. 5578 – A resolution providing for the issuance of the Authority's Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000, to finance the acquisition, construction and rehabilitation of the Highland Village project; and determining related matter

Executive Summary

This memorandum details the financial and related transactions authorized by Resolutions No. 5577 and No. 5578, and outlines the proposed financing structure intended to finance the planned capital improvements for the Highland Village renovation/new construction project. The memorandum also identifies the need for interim and permanent financing from KCHA. Additional information about the project, including the strategic rationale and development and financing risks, is provided in the attached Project Profile.

Background

The 76-unit Highland Village was built in 1975 and requires approximately \$10 million in renovations and upgrades to address existing repair needs and extend the useful life of the property for another 40 years. KCHA has used a similar financing approach on numerous properties, most recently at the Corinthian Apartments and Spiritwood Manor – involving the issuance of tax exempt private activity bonds to generate 4% Low Income Housing Tax Credits to provide an additional fund source for the renovation of the property. In addition to rehabbing 64 units, KCHA will, in this instance, spend approximately \$9 million to demolish a 12-unit building and construct 36 new units in its place, increasing the number of units by 24 to a total of 100 units so that large families can be housed on site.

Resolution No. 5577 authorizes the formation of the Highland Village Apartments Limited Liability Limited Partnership, which will have KCHA as its general partner, and which will own, renovate, and operate Highland Village through the 15 year tax credit compliance period. The resolution also authorizes the submission of financing

applications for the project including the solicitation of proposals from tax credit equity investors, the selection of a tax credit equity investor, admission of the investor into the partnership, and the submission of a tax credit application to the Washington State Housing Finance Commission. In addition, the resolution authorizes KCHA to provide seller financing through its lease with the Partnership and a long-term loan into the project as subordinate financing.

Resolution 5578 authorizes the issuance of a Revenue Note in an amount not to exceed \$25 million to be purchased and held by Bank of America in order for KCHA to loan the proceeds to the tax credit partnership to finance the acquisition, rehabilitation and construction of Highland Village. The resolution also authorizes execution of a term loan agreement and delivery of the Note to Bank of America and execution of a loan and related agreement with the tax credit partnership.

Tax Exempt Private Activity Bonds and 4% Low Income Tax Credits

Leverage for the renovation will be created by issuing short term tax exempt private activity bonds (notes) which, as of right, generate 4% Low Income Housing Tax Credits when more than 50% of the project cost for a qualifying low income housing project is paid for using the proceeds of the bond issuance. At Highland Village, KCHA expects to issue up to \$25 million in private activity bonds to generate approximately \$12.8 million in tax credit equity. Approximately \$11 million of the short-term tax exempt debt will be replaced by permanent debt that will be repaid out of operating cash flow, while the remaining \$14 million in tax exempt debt will be interim financing to be repaid with tax credit equity and \$1.2 million of the KCHA Subordinate Loan.

Sources and Uses

The estimated sources and uses are as follows:

USES

Acquisition	\$20,000,000
Rehab Costs	\$19,000,000
Professional Fees & Other Soft Costs	\$1,800,000
Financing Costs	\$2,200,000
Relocation	\$200,000
Developer Fee	\$5,500,000
Reserves	\$0
TOTAL	\$48,700,000

SOURCES

Tax Credit Equity	\$12,800,000
Permanent Bond Financing	\$11,000,000
King County TOD Funds	\$3,500,000
Washington State Earmark	\$1,500,000
City of Bellevue	\$2,000,000
KCHA Subordinate Loan	\$16,000,000
Weatherization Funds	\$150,000
KCHA Development Fee (Deferred)	\$1,750,000

TOTAL	<u><u>\$48,700,000</u></u>
KCHA Financing	

KCHA will have the following roles in financing the project:

Line of Credit: KCHA will secure a \$25 million line of credit using tax-exempt bonds (notes) and re-loan the proceeds to the Partnership to provide interim financing for the acquisition, rehab and development activities. The interest rate will be the calculated as 75% of the 1-month Eurodollar Rate plus 160 basis points, which currently is approximately 2.635%. This loan to the partnership will be repaid with tax credit equity, the Permanent Bond Financing discussed below, and a portion of the KCHA Subordinate Loan.

Permanent Bond Financing: KCHA will secure up to \$11 million in permanent bond financing and re-loan the proceeds to the Partnership to provide permanent financing for the acquisition, rehab and development activities. These bonds will be tax-exempt if the private activity bond cap program exists at the time; otherwise, they will be taxable. This loan to the partnership will be repaid from operating cash flow.

KCHA Subordinate Loan: KCHA will provide approximately \$16 million as a subordinate loan to the Partnership which will finance acquisition and rehab activities. This loan will be subordinate to the permanent debt and to the payment of the Deferred Developer Fee. This loan will be funded with the \$3.75 million cash Developer Fee from Highland Village, \$8.75 million in lease and developer fee proceeds from the transfer of Somerset Gardens to the limited partnership and the \$3.5 million KCHA investment already pledged to the property. KCHA may have to temporarily bridge some or all of the \$16 million depending on the timing of Highland Village expenditures and the receipt of the Somerset proceeds. KCHA's long-term investment in the loan is expected to be \$3.5 million.

Weatherization: KCHA will use proceeds from its weatherization program to provide weatherization upgrades to Highland Village worth approximately \$150,000.

Deferred Developer Fee: KCHA will earn approximately \$5,500,000 in Developer Fee for the development of Highland Village. \$3,750,000 of this will be paid in cash to KCHA in late 2020, and the balance, if required, will be paid to KCHA out of project cash flow over the first 10 years of operations.

Preliminary Project Schedule

The preliminary schedule for the project is as follows:

1. November 2017: Submit a private activity bond application to Washington State Dept. of Commerce.
2. December 2017: Board approval of the bond resolution and the resolution forming the tax credit partnership and authorizing tax credit financing. Submission of the tax credit application to the Washington State Housing Finance Commission (WSHFC).

- Selection of the tax credit equity investor and begin negotiation of deal terms. Issue private activity bonds and draw down funds.
3. January 2017: Close tax credit partnership and equity financing. Execute lease and loan agreements with Partnership.
 4. January – March 2018: Secure building permit, solicit and receive construction bids. Select contractors. Complete relocation and start rehabilitation.
 5. July – August 2018: Start new construction activities.
 6. November 2018: Completion of rehab activities.
 7. July – August 2019: Complete new construction activities.
 8. April 2020: Investor equity disbursement.

Staff Recommendation

Passage of Resolutions No. 5577 and 5578 is recommended.

Highland Village Apartments Project Profile

The Highland Village Apartments are located 14526 NE 7th Pl in Bellevue adjacent to KCHA's Eastside Terrace public housing development. KCHA purchased Highland Village in August 2016. Built in 1978, the Highland Village Apartments are comprised of 76 units in 12 two-story buildings. KCHA's redevelopment of the project will rehab 64 of the units and tear down 12 units, making room for the new construction of 36 units. When complete, Highland Village will have 8 one bedroom units, 76 two-bedroom units and 16 three-bedroom units. KCHA will be using tax-exempt bond financing and Low-Income Housing Tax Credits to complete the rehabilitation and new construction activities.

Project History

In May 2016, nearly 80 families in Bellevue's Highland Village received notice from their landlord that they would be losing their housing so that a developer could tear down the apartments and build new, expensive townhomes in their place. Despite its great location and access to high capacity transit, Highland Village had for years offered rents much lower than other apartment complexes in Bellevue. The families that lived there were faced with the prospect of leaving the city entirely in order to find affordable homes. This would hit their children particularly hard, as they would be forced to leave the high performing Bellevue School District. Unwilling to accept this fate, the families organized themselves to see what they could do to preserve their homes in Bellevue.

Over the past few years KCHA has been working with the Bellevue School District and Eastside Pathways to improve the educational outcomes of low income and minority students in the area. It was through this collaboration that we found out about Highland Village. It is located very close to highly regarded schools, and the Rapid Ride B line provides frequent, fast, all day access to jobs in Downtown Bellevue and the Redmond High Tech Corridor. When the City of Bellevue and the State Legislature stepped in and offered their financial support, KCHA became convinced that this was a worthy project that we could preserve. Buoyed by the perseverance of the residents and the support from the community, KCHA bought out the townhome developer's interest and acquired the property from the owner on August 31, 2016.

Property Description & Building Condition

Highland Village contains a mix of 1BR, 2BR and 3BR units. Highland Village was built in 1978 by the previous owner of the site, and it includes 12 two-story wood-frame, slab on grade buildings with pitched roofs. The existing buildings range from 2 to 8 units each. They are in average condition, although some of the units have experienced problems with mold. The planned rehab will address all of the physical needs identified in the capital needs assessment, including new roofing and replacement of failing roof sheathing, building envelope improvements, new ventilation and exhaust systems, upgraded unit appliances and finishes, extensive weatherization improvements and site drainage improvements. The cost estimate for the 64-unit rehab phase is approximately \$10 million. The 36-unit new construction phase will cost about \$9 million. Highland Village is built on a 4½ acre site with many large coniferous trees. There are 147 surface parking spaces. There are two common laundry facilities, tenant storage and a small manager's office.

The site is zoned R-20, which allows for up to 87 units. However, the City of Bellevue has an Affordable Housing Density Bonus that allows a 15% increase in density. Under this Density

Bonus, up to 100 units can be built on the site as long as the development includes affordable units. Because of this opportunity, KCHA decided to tear down 12 of the units in 2 buildings in the northwest corner of the site and replace them with a 36-unit, 3-story building. This new building will also contain a new manager's office, a laundry room, and a meeting space. A children's play ground will be built in the courtyard of the new building.

Unit Configuration

The unit mix post construction will be as follows:

- 4 one bedroom/one bath flats, averaging 720 square feet
- 6 one bedroom/one bath townhomes, averaging 950 square feet
- 40 two-bedroom/one bath flats, averaging 990 square feet
- 20 two-bedroom/1½ bath flats, averaging 1,040 square feet
- 2 two-bedroom/1 ½ bath townhomes, averaging 1,140 square feet
- 4 three-bedroom/2 bath flats, averaging 1,300 square feet

All of the units will target households at 60% of the area median income, and KCHA will provide project-based Section 8 assistance to 27 of the new units, allowing lower incomes to be served.

Neighborhood Description

The Highland Village Apartments are located near the Crossroads neighborhood of the City of Bellevue, just south of NE 8th Street and west of 148th Avenue NE. KHCA's 50 unit Eastside Terrace public housing project abuts the property to the east. Single family homes surround the property to the west and south. Stevenson Elementary School and a Montessori school are across 8th Street from the property and Frank Odle Junior High is one block to west of the property.

The King County Metro Rapid Ride B Line runs along the property on 8th Street and the closest stop is 0.3 miles to the west. The Crossroads Shopping Center, with grocery stores, a movie multiplex and numerous restaurants and stores, is just eight blocks away.

Proposed Financing

Interim Financing – Because the House version of tax reform proposes to eliminate the private activity bond program on December 31, 2017, KCHA will be issuing \$25,000,000 in tax-exempt bond financing and closing on a loan agreement with Bank of America before the end of the year. The interest rate will be calculated as 75% of the 1-month Eurodollar Rate plus 160 basis points, which currently is approximately 2.635%. This interim financing will be taken out by LIHTC equity and the permanent loan.

Permanent Financing - KCHA would finance the acquisition and rehabilitation of the Highland Village Apartments by combining tax-exempt bond financing, 4% Low Income Housing Tax Credits (with equity provided by RBC), funds from the City of Bellevue, King County and the State of Washington, and additional investment from KCHA. The funds from the City of Bellevue (\$2,000,000) and King County (\$3,500,000) have been awarded to the project. Strong support for State funding has been provided by Representative Joan McBride and Representative Frank Chopp, which is reflected in the draft capital budget approved by both Houses. Approval of the State's capital budget has been delayed due to an unrelated matter although passage is now expected early in the next session.

KCHA will provide additional subordinate financing of approximately \$16 million that will be funded from \$3.75 million in cash Developer Fee proceeds from Highland Village, \$8.75 million in net lease and developer fee proceeds from Somerset Gardens and the \$3.5 million KCHA investment that the Authority committed to in 2016. This loan will be repaid out of cash flow. KCHA may have to temporarily bridge some or all of the \$16 million from Housing Authority funds depending on the timing of the Highland Village expenditures and the receipt of the Somerset proceeds. The net long-term cash investment required of KCHA for the two projects is approximately \$3,500,000.

KCHA has received a Letter of Interest from RBC Capital offering to purchase the tax credits for approximately \$12,800,000, assuming a \$1.00 price for each \$1.00 of credits.

Sources & Uses

USES

Acquisition	\$20,000,000
Rehab Costs	\$19,000,000
Professional Fees & Other Soft Costs	\$1,800,000
Financing Costs	\$2,200,000
Relocation	\$200,000
Developer Fee	\$5,500,000
Reserves	\$0
TOTAL	\$48,700,000

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TOTAL	\$48,700,000

Strategic Rationale

Before KCHA acquired Highland Village in 2016, the site was slated to be redeveloped as high-end townhomes, and the low-income families who lived there would likely be forced to relocate outside the City of Bellevue in order to find units with comparable rents. The Bellevue School District alerted KCHA that many of the children who would be displaced by a townhome redevelopment were from minority households and qualified for free and reduced meals, indicating that they came from very low-income families. The strategic rationale for originally acquiring the property was to preserve existing affordable housing in a high cost area, ensuring that the low-income children who currently live at the property, as well as the children of future low-income residents, have access to the high quality educational opportunities available in this community. This aligns with the Board's priority to preserve and expand affordable housing availability in high opportunity communities in the region.

The units at Highland Village need a substantial amount of work to ensure that they are preserved as affordable housing for the long term, and that is the primary rationale for syndicating the project as a Low-Income Housing Tax Credit project. After KCHA discovered that an additional

24 units serving large families could be added within the existing zoning, KCHA determined that the marginal cost of adding these units at Highland Village was small compared to the cost of buying land and building units elsewhere in Bellevue. This furthers the goal of expanding affordable family housing availability in high opportunity communities in the region as well as the goal to provide housing in areas well-served by transit. KCHA's desires to preserve and expand Highland Village are shared by the City of Bellevue and King County, who have already committed significant funding to the development.

Risks & Mitigation

Financing Risk & Mitigation

- (Risk) The pricing on the Low-Income Housing Tax Credits may change based on tax reform.
- (Mitigation) The current LOI from RBC assumes a 25% corporate tax rate, 10% lower than current rates but 5% higher than what is currently being considered by Congress. RBC has estimated that the impact of proposed tax code changes would reduce the proposed equity by \$0.03 - \$0.05 per tax credit dollar. If it is a \$0.05 reduction, the total equity would go down by \$640,000. KCHA will look into potential scope reductions should the tax bill pass, but in the worst case KCHA would need to increase its investment in the project by this amount.
- (Risk) This project has not yet secured credit enhancement through King County's contingent loan program.
- (Mitigation) KCHA will pursue a King County contingent loan program commitment under the long standing project-specific credit enhancement program, but if it is unable to secure this commitment, it will use KCHA's new balance sheet based credit enhancement partnership with King County to back this debt.
- (Risk) KCHA has not yet secured a permanent financing commitment and interest rates may be higher than those assumed in the current financing plan.
- (Mitigation) The project pro forma assumes an interest rate that is 200 basis points higher than those that are available today. In addition, the KCHA used very conservative contract rents for the 27 Section 8 units. If necessary, higher rents can be achieved in those units.
- (Risk) The State of Washington does not provide the anticipated \$1,500,000 in financing.
- (Mitigation) A \$1,500,000 legislative line item for Highland Village, with strong support from the Speaker of the House, was included in both the Senate and House draft capital budgets for 2017, although the capital budget did not pass. Because the Democrats have gained control of the House in addition to the Senate and have made passage of a capital budget a high priority, it is very likely that there will be a state capital budget in 2018 that will include the Highland Village funding.

Construction Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA staff and consultants have conducted extensive reviews of existing units, building systems and common spaces and grounds at Highland Village and have based the scope

of working on these findings. The rehab budget includes \$100,000 a unit in capital improvements per unit, and a 10% construction contingency.

- (Risk) KCHA does not have firm contractor bids in hand for the proposed work. The actual cost may come in higher than budgeted.
- (Mitigation) The KCHA development budgets are based on current market information from other recent similar KCHA projects. Bids will be received for the rehab work on December 15, 2017. The new construction work will be bid in April 2018. The work to be performed is very similar to other projects KCHA completes each year in its bond and tax credit portfolio and staff has a significant amount of experience, including recent bid results, in accurately estimating the cost of this type of work. 3rd party construction cost estimates have been procured, and they are consistent with the estimates provided by KCHA staff. KCHA has also added a 10% contingency to allow for higher bids as well as unforeseen conditions.

Ongoing Operating Risks & Mitigations

- (Risk) KCHA will be providing an operating deficit guarantee on this project, and there is a risk that the rental income will be insufficient to cover both the operating costs and permanent debt.
- (Mitigation) KCHA currently operates other properties in the area and is very familiar with the surrounding rental market. Staff has used conservative rents and expense information in establishing the project pro forma.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5577

(Highland Village)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Highland Village rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents, Deferred Development Fee Documents, State Loan Documents, County Loan Documents and City Loan Documents.

ADOPTED December 7, 2017

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5577

(Highland Village)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Highland Village rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents, Deferred Development Fee Documents, State Loan Documents, County Loan Documents and City Loan Documents.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the acquisition, construction . . . rehabilitation, improvement... or refinancing of land, buildings, or developments for housing for persons of low income” (the “Development Costs”); and

WHEREAS, the Authority is the fee owner of certain real property located at 600 146th Avenue NE, Bellevue, Washington currently containing 64 units of low income housing which the Authority desires to renovate and to construct an additional 36 units for a total of 100 units of low income housing (the “Project”); and

WHEREAS, the Authority desires to utilize low income housing tax credits (“Tax Credits”) to finance a portion of the costs of the rehabilitation of the Project; and

WHEREAS, the utilization of Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

WHEREAS, the Authority desires to apply to the Washington State Housing Finance Commission (the “Commission”) for a reservation of Tax Credits; and

WHEREAS, the Authority desires to form Highland Village Apartments LLLP, a Washington limited liability limited partnership (the “Partnership”); and

WHEREAS, the Authority will serve as the general partner of the Partnership; and

WHEREAS, the Authority desires to enter into a long term Financing Lease (the “Lease”) of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and;

WHEREAS, the Lease will be in a principal amount equal to the fair market value of the property which is currently estimated to be approximately \$20,000,000; and

WHEREAS, the lease payments shall be made in installments in such amounts as determined by the Authority. Deferred lease payments will accrue interest at a rate no less than the applicable federal rate (the “Seller Financing”). Terms of the Lease shall be determined by the Authority; and

WHEREAS, the Authority intends to provide additional financing to the Partnership for the benefit of the Project which shall include a short-term tax-exempt loan in the amount of \$25,000,000 (the “Tax-Exempt Loan”); a subordinate loan of approximately \$16,000,000 (the “Subordinate Loan”); a permanent loan of approximately \$11,000,000 used to refinance a portion of the Tax-Exempt Loan (the “Permanent Financing”); a deferred development fee (the “Deferred Development Fee”) of approximately \$1,750,000, which final amount will be determined upon receipt of the final 8609 issued by the Commission; and other loans and grants as may be available from public funders including the City of Bellevue, King County and the state of Washington in the anticipated aggregate amount of \$7,000,000 (the “Soft Loans”); and

WHEREAS, the Authority desires to seek an equity investment from a low income housing tax credit investor (the “Tax Credit Investor”) pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

WHEREAS, the Authority has requested financing from the State of Washington Department of Commerce (the “State”) in the amount of \$1,500,000.00; and

WHEREAS, the Authority has received a commitment of permanent long term financing from King County (the “County”) in the amount of \$3,500,000.00; and

WHEREAS, the Authority has received a commitment of permanent long term financing from the City of Bellevue (the “City”) in the amount of \$2,000,000.00; and

WHEREAS, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1. Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to participate in the formation of, and become the general partner of, the Partnership, and to execute such documents as may be required to do so, including but not limited to a certificate of limited liability limited partnership and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Partnership.

Section 2. Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents to include but not be limited to an Agreement of Limited

Partnership (or Amended and Restated Agreement of Limited Liability Limited Partnership), Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3. Lease and Seller Financing. The Authority is authorized and directed to enter into the Lease substantially in accordance with the terms set forth above and the Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself as Lessor or as general partner of the Partnership, in connection with the Lease and associated Seller Financing, and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 4. Tax Exempt Loan. The Authority is authorized and directed to take such steps as are necessary to loan the proceeds of Tax Exempt Loan to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, in its capacity as the issuer of the Tax Exempt Loan and as the general partner of the Partnership to facilitate the issuance the Tax Exempt Loan and loaning of the proceeds to the Partnership.

Section 5. Permanent Financing. The Authority is authorized and directed to take such steps as are necessary for the issuance of the Permanent Financing and to loan the proceeds of the Permanent Financing to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, in its capacity as the issuer of the Permanent Financing and in its capacity as the general partner of the Partnership, to facilitate the issuance and lending of the Permanent Financing proceeds to the Partnership.

Section 6. Subordinate Loan. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Subordinate Loan. The Executive Director of the Authority is authorized and directed to execute and

deliver, as lender or in its capacity as general partner of the Partnership, those documents reasonably required to close on the Subordinate Loan including but not limited to such loan agreements, notes, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Subordinate Loan.

Section 7. Deferred Development Fee. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Deferred Development Fee. The Executive Director of the Authority is authorized and directed to execute and deliver, as lender or in its capacity as general partner of the Partnership, those documents reasonably required with respect to the Deferred Development Fee including but not limited to such development agreements, notes and leasehold deeds of trust and such other documents as may be deemed reasonable by the Executive Director with respect to the Deferred Development Fee.

Section 8. Soft Loans. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as general partner of the Partnership in connection with the Soft Loans, including without limitation entering into and executing such documents necessary to secure such financing. The Executive Director of the Authority is authorized and directed to execute and deliver, in its capacity as general partner of the Partnership, those documents reasonably required to close on the Soft Loans, including but not limited to, such contracts, loan agreements, notes, covenants, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Soft Loans.

Section 9. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, filing (or to cause the execution, delivery and, if applicable, filing), on behalf of the Authority and/or the Partnership, of any government forms, affidavits, certificates, letters, documents, agreements and instruments that either the Executive Director determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 10. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 11. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may be taken, in the absence of each such person respectively by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority.

Section 12. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 13. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 7th day of December, 2017.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: _____
Chair

ATTEST:

Executive Director

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5577 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners (the "Board") of the Authority, as adopted at a special meeting of the Authority held on December 7, 2017, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of December 2017.

Executive Director of the Authority

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5578

A RESOLUTION providing for the issuance of the Authority's Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000, the proceeds of which will be used to make a loan to Highland Village Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, for the purpose of providing a portion of the funds with which to finance the acquisition, construction and rehabilitation of a multifamily rental housing project to contain a total of approximately 100 dwelling units, known as Highland Village, to provide housing for low-income persons in King County, Washington; authorizing the execution and delivery of a term loan agreement with Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing the execution and delivery of a loan agreement, a regulatory agreement and other note and loan documents; providing for the delivery of the note to Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted December 7, 2017

This document was prepared by:

*FOSTER PEPPER PLLC
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5578

A RESOLUTION providing for the issuance of the Authority’s Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000, the proceeds of which will be used to make a loan to Highland Village Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, for the purpose of providing a portion of the funds with which to finance the acquisition, construction and rehabilitation of a multifamily rental housing project to contain a total of approximately 100 dwelling units, known as Highland Village, to provide housing for low-income persons in King County, Washington; authorizing the execution and delivery of a term loan agreement with Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing the execution and delivery of a loan agreement, a regulatory agreement and other note and loan documents; providing for the delivery of the note to Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the “County”); and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, “lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor”; and “sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . .”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low-income”; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority deems it to be in the best interest of the Authority to borrow money by the issuance of a revenue note, for the purpose of providing part of the funds with which to finance the acquisition, construction and rehabilitation of a multifamily rental housing project to contain a total of approximately 100 dwelling units, known as Highland Village, located at 600 146th Avenue NE, Bellevue, Washington, to provide housing for low-income persons in the County (the “Project”); and

WHEREAS, the Project will be leased to Highland Village Apartments LLLP, a Washington limited partnership (the “Partnership”), and proceeds of the Authority’s revenue note will be used to make a loan to the Partnership to pay costs of acquiring, constructing and rehabilitating the Project, including costs of issuing the note; and

WHEREAS, the Project will be used to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Note (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority issue the Note, in a principal amount not to exceed

\$25,000,000, the proceeds of which will be lent to the Partnership for the purposes described herein; and

WHEREAS, Bank of America, N.A. or an affiliate of Bank of America Corporation has proposed to extend a credit facility evidenced by a line of credit note of the Authority and a term loan agreement, on the terms set forth in this resolution, to provide money for those purposes; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Authorized Officers” means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

“Bank” means Bank of America, N.A. or an affiliate of Bank of America Corporation, as the initial registered owner of the Note, and its successors and assigns.

“Board” means the Board of Commissioners of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“County” means King County, Washington.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Lease” means the lease agreement by and between the Authority and the Partnership relating to the lease of the Project to the Partnership, and including any supplements or amendments thereto.

“Loan” means the loan to the Partnership of proceeds of the Note.

“Loan Agreement” means the Loan Agreement between the Authority and the Partnership providing for, evidencing and securing the obligation of the Partnership to repay the Loan, and including any supplements or amendments thereto made in conformity therewith.

“Note” means the Authority’s Revenue Note, 2017 (Highland Village Project).

“Note Fund” means the Authority’s Revenue Note Fund, 2017 (Highland Village Project), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Registrar” means the Executive Director of the Authority.

“Partnership” means Highland Village Apartments LLLP, a Washington limited liability limited partnership.

“Project” means, depending on the context, (1) acquisition, construction and rehabilitation of a multifamily rental housing project to contain a total of approximately 100

dwelling units known as Highland Village located at 600 146th Avenue NE, Bellevue, Washington, or (2) the Highland Village rental housing project.

“Proposal Letter” means the proposal letter to the Authority from the Bank dated November 17, 2017, as it may be amended, proposing to extend a credit facility on the terms set forth therein and herein.

“Regulatory Agreement” means one or more Regulatory Agreements or other use restrictions governing the use of the Project, including any supplements or amendments thereto made in conformity herewith and therewith.

“Term Loan Agreement” means the Term Loan Agreement between the Authority and the Bank setting forth certain covenants and conditions relating to the Note, as such terms are generally described in the Proposal Letter, including such variation and further description of such terms as the Bank may require and as may be acceptable to the Authorized Officers(s) executing such agreement, including any supplements or amendments thereto made in conformity therewith.

Section 2. Authorization of Note and Application of Proceeds. The Authority shall issue the Note in a principal amount not to exceed \$25,000,000 for the purpose of making a loan to the Partnership to provide a portion of the funds required to accomplish the Project and pay costs of issuing the Note. Such Note financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Note, other than any applied by the Authority to pay costs of issuing the Note, shall be lent to the Partnership for those purposes. The Board finds that it is in the best interest of the Authority to issue the Note for the purposes set forth in this resolution.

Section 3 Description of the Note. The Note shall be called the Revenue Note, 2017 (Highland Village Project), of the Authority; shall be in a principal amount not to exceed

\$25,000,000; and shall be dated its date of delivery. The Note shall bear interest payable on such dates and at such rate or rates selected by the Authority as described in the Proposal Letter (which may include, without limitation, a variable rate based London interbank offered rate), and, as more fully described in the Term Loan Agreement, shall mature at such time, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note and the Term Loan Agreement. The Authority finds that the fixing of the interest rate indices described in the Proposal Letter is in the best interest of the Authority and the Partnership. The interest rate on the Note shall be subject to adjustment upon the occurrence of an Event of Default (as defined in the Term Loan Agreement) or upon the occurrence of a Determination of Taxability (as defined in the Term Loan Agreement).

If the Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on the Note at then-applicable default rate of interest thereon from and after the maturity date until the Note, both principal and interest, is paid in full.

The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Note and the Term Loan Agreement. The execution of such instruments by an Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

Section 4. Note Registrar; Registration and Transfer of Note. The Note shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Note by the Note Registrar (the “Note Register”). The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Register shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized,

on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note may be assigned or transferred only (i) in whole (a) to a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (b) to an affiliate of the Bank, or (c) as otherwise provided in the Term Loan Agreement, (ii) if endorsed in the manner provided thereon and surrendered to the Note Registrar, and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Note. The Note Registrar shall not be obligated to exchange or transfer the Note during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 5. Payment of the Note. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date (including, without limitation, by wire transfer), to the Registered Owner at the address appearing on the Note Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar in Tukwila, Washington, for destruction in accordance with law.

Section 6. Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority designated the Revenue Note Fund, 2017 (Highland Village Project). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note and the other obligations of the Authority under the Term Loan Agreement. The Authority pledges to deposit into the Note Fund, (a) from General Revenues, and (b) from

amounts received by the Authority from the Partnership in repayment of the Loan to the extent derived from equity contributions received by the Partnership from one or more of its limited partners in connection with low income housing tax credits allocated to the Project, as and to the extent described in the Term Loan Agreement (the “Other Pledged Collateral”), amounts sufficient to pay the principal of and interest on the Note when due and the other obligations of the Authority under the Term Loan Agreement.

The Authority hereby pledges its General Revenues and the Other Pledged Collateral to the payment of debt service on the Note and its other obligations under the Note and the Term Loan Agreement. The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Note and its other obligations under the Note and the Term Loan Agreement. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note or its obligations under the Term Loan Agreement with respect to that portion of the General Revenues so pledged.

The Authorized Officers, and each of them acting alone, are hereby granted the discretionary authority to include in the Term Loan Agreement additional pledge(s) to secure the payment of the Authority’s obligations under the Note and the Term Loan Agreement.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof (except the Authority from the sources specified herein), and the Note shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds

other than the Note Fund of the Authority established herein. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 7. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Revenue Note, 2017 (Highland Village Project), of the Authority described in the Note Resolution.

[specimen]
Executive Director of the Authority and Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note

nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 8. Preservation of Tax Exemption for Interest. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

The Partnership will agree in the Loan Agreement to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and after the Loan has been made to the Partnership, the Authority shall not be required to expend any funds,

other than such amounts to be reimbursed or other money received under the terms of the Loan Agreement, in so complying.

Section 9. Reimbursement. For purposes of applicable Treasury Regulations, the Partnership and the Authority are authorized to advance such funds as may be necessary for the Project and the financing thereof, which expenditures may be reimbursed with proceeds the Bond. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bond from proceeds of the Bond, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 10. Authorization of Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Regulatory Agreement, the Loan Agreement, the Term Loan Agreement, the Note and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the delivery of the Note to the Bank and the making of the Loan to the Partnership. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note, the Loan Agreement, the Term Loan Agreement, other documents executed by the Authority in connection with the Note, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to execute on behalf of the Authority and to deliver the Regulatory Agreement, the Loan Agreement, the Term Loan Agreement, the Note, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note to the Bank, and the Loan to the Partnership. The Board further authorizes the Authorized Officers, and each of them acting alone, to do everything necessary or

appropriate for the issuance, execution and delivery of the Note to the purchaser thereof and to execute and deliver any other documents that may be useful or necessary to ensure the proper use and application of the proceeds of the Note. The execution of any such instrument an Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Note.

Section 11. Authorization of Partnership Documents and Execution Thereof. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Partnership, the Loan Agreement, the Regulatory Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the delivery of the Note to the Bank and the Loan to the Partnership.

Section 12. Approval of Transaction. The Bank has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of fees to the Bank, the fees and expenses of the Bank's legal counsel, and other out-of-pocket costs incurred by the Bank. The Board finds that the Bank's proposal is in the best interest of the Authority and the Partnership, and therefore authorizes the Authorized Officers, and each of them acting alone, to accept an offer as set forth in the Proposal Letter.

Section 13. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board may in the absence of such person be taken by the duly authorized acting Chair of the Board. Any action authorized by this resolution to be taken by the

Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority

Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 7th day of December, 2017.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: _____
Chair

ATTEST:

Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and Executive Director of the Housing Authority of the County of King (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached copy of Resolution No. 5578 (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a meeting of the Authority held on December 7, 2017, and duly recorded in the minute books of the Authority;

2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix I;

3. That the written notice described above was also posted on the Authority's website and prominently displayed at the main entrance of the Authority's administrative office at 600 Andover Park W., Tukwila, Washington 98188 and at the meeting site, if different, at least 24 hours prior to the special meeting;

4. That the written notice described above was given to each local radio or television station and to each newspaper of general circulation that has on file with the Authority a written request to be notified of special meetings and to any others to which such notices are customarily given by the Authority; and

5. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of December, 2017.

Stephen Norman, Secretary and Executive Director
of the Authority

CERTIFICATE

APPENDIX I



TO: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date December 5, 2017

Re: **Resolution No. 5579** – A Resolution of the Housing Authority of the County of King authorizing the formation of a Limited Liability Limited Partnership and the submission of a tax credit application to the WSHFC for Somerset Gardens within King County, Washington, and determining related matters

Resolution No. 5580– A resolution providing for the issuance of the Authority's Revenue Note, 2017 (Somerset Garden Project), in a principal amount not to exceed \$20,000,000, to finance the acquisition and rehabilitation of the Somerset Gardens project; and determining related matters

Executive Summary

This memorandum details the financial and related transactions authorized by Resolutions No. 5579 and No. 5580 and outlines the proposed financing structure intended to finance the planned capital improvements for the Somerset Gardens renovation project. The memorandum also identifies the need for interim and permanent financing from KCHA. Additional information about the project, including the strategic rationale and development and financing risks, is provided in the attached Project Profile.

Background

Somerset Gardens was built in 1975 and requires approximately \$7 million in renovations and upgrades to make needed improvements and extend the useful life of the property for another 40 years. In addition, KCHA will convert 24 one-bedroom apartments into 12 three-bedroom apartments, increasing the total number of bedrooms at Somerset Gardens by 12 and enhancing KCHA's ability to house families with children in high opportunity areas. The renovations and upgrades will be financed by re-syndicating this project as a 4% Low-Income Housing Tax Credit (LIHTC)/tax-exempt bond deal. Somerset Gardens was originally acquired and rehabbed by KCHA using both the 4% and 9% LIHTC programs, but since the initial compliance period has expired and KCHA has exited from that Partnership, the property can now be re-syndicated.

Resolution No. 5579 authorizes the formation of the Somerset Gardens Apartments Limited Liability Limited Partnership, which will have KCHA as its general partner, and which will own, renovate, and operate Somerset Gardens through the 15 year tax credit compliance period. The resolution also authorizes the submission of financing applications for the project including the solicitation of proposals from tax credit equity investors, the selection of a tax credit equity investor, admission of the investor into the partnership, and the submission of a

tax credit application to the Washington State Housing Finance Commission. In addition, the resolution authorizes KCHA to provide seller financing through its lease with the Partnership and a long-term loan to the project as subordinate financing.

Resolution 5580 authorizes the issuance of a Revenue Note in an amount not to exceed \$20 million to be purchased and held by Bank of America in order for KCHA to loan the proceeds to the tax credit partnership to finance the acquisition and rehabilitation of Somerset Gardens. The resolution also authorizes execution of a term loan agreement and delivery of the Note to Bank of America and execution of a loan and related agreements with the tax credit partnership.

Tax Exempt Private Activity Bonds and 4% Low Income Tax Credits

Leverage for the renovation will be created by issuing short term tax exempt private activity bonds (notes) which, as of right, generate 4% Low Income Housing Tax Credits when more than 50% of the project cost for a qualifying low income housing project is paid for using the proceeds of the bond issuance. At Somerset Gardens, KCHA expects to issue up to \$20 million in private activity bonds to generate approximately \$12.5 million in tax credit equity. Approximately \$13.1 million of the tax exempt debt will be paid down with permanent debt that will be serviced from operating cash flow, while the remaining \$6.9 million in tax exempt debt will be interim financing to be repaid with tax credit equity pay-ins from the investors in the limited partnership.

Sources and Uses

The estimated sources and uses are as follows:

<u>SOURCES</u>	
Tax Credit Equity	\$12,549,000
Permanent Bond Financing	\$13,066,000
KCHA Seller Financing	\$4,521,000
KCHA Subordinate Loan	\$8,443,000
KCHA Weatherization	\$335,000
KCHA Deferred Developer Fee	\$0
TOTAL	\$38,914,000
 <u>USES</u>	
Acquisition	\$24,740,000
Rehab Costs	\$6,565,000
Professional Fees & Other Soft Costs	\$808,000
Financing Costs	\$1,322,000
Tax Credit Costs	\$155,000
Relocation	\$184,000
Developer Fee	\$5,140,000
Start up costs	\$0
Reserves	\$0
TOTAL	\$38,914,000

KCHA Financing

KCHA will have the following roles in financing the project:

Line of Credit: KCHA will secure a \$20 million line of credit using tax-exempt bonds and re-loan the proceeds to the Partnership to provide interim financing for the acquisition, rehab and development activities. This loan to the partnership will be repaid with tax credit equity and the Permanent debt discussed below. The interest rate will be the calculated as 75% of the 1-month Eurodollar Rate plus 135 basis points, which currently is approximately 2.385%.

Permanent Bond Financing: KCHA will secure up to \$13.5 million in bond permanent financing and re-loan the proceeds to the Partnership to provide permanent financing for the acquisition, rehab and development activities. These bonds will be tax-exempt if the private activity bond program exists at the time; otherwise, they will be taxable. This loan to the partnership will be repaid with out of operating cash flow.

KCHA Seller Financing: At the closing with the Partnership, payment of only a portion of the total lease payment due to KCHA for the Partnership's acquisition of the property will be made by the Partnership. KCHA will carry the balance of this debt as Seller Financing totaling approximately \$4,500,000 to be repaid out of operating cash flow.

KCHA Subordinate Loan: KCHA will provide up to \$9 million as a subordinate loan to the Partnership which will finance acquisition and rehab activities. This loan will be subordinate to the permanent debt, the lease payments and to the payment of the Deferred Developer Fee. It will be repaid by project cash flow. KCHA may have to temporarily bridge some or all of the \$9 million in proceeds lent to the project depending on the timing of project expenditures and the receipt of lease payments being used to capitalize the loan.

Weatherization: KCHA will use proceeds from its weatherization program to provide weatherization upgrades to Somerset Gardens.

Deferred Developer Fee: KCHA will earn approximately \$5,100,000 in Developer Fee for the development of Somerset Gardens. \$5,100,000 of this will be paid in cash to KCHA in late 2019, and used to fund some of the renovation work at Highland Village.

Preliminary Project Schedule

The preliminary schedule for the project is as follows:

1. November 2017: Submit a private activity bond application to Washington State Dept. of Commerce.
2. December 2017: Board approval of the bond resolution and resolution authorizing formation of the tax credit partnership and related financing. Submission of the tax credit application to the Washington State Housing Finance Commission (WSHFC). Selection of the tax credit equity investor and begin negotiation of deal terms. Issue private activity bonds and draw down funds.

3. January 2017: Close tax credit partnership and equity financing. Execute lease and loan agreements with Partnership.
4. January – March 2018: Secure building permit, solicit and receive construction bids. Select contractors. Complete relocation and start construction.
5. November 2018: Completion of rehab activities.
6. December 2019: Investor equity disbursement.

Staff Recommendation

Passage of Resolutions No. 5579 and 5580 is recommended.

Somerset Gardens Somerset Gardens Project Profile

Somerset Gardens is located in northeast Bellevue, west of the Microsoft campus and the new Overlake light rail station and north of Highway 520 and a major shopping district. Built in 1975 and acquired by KCHA in 1999, Somerset Gardens is currently comprised of 198 units in two two-story buildings, including 161 one bedroom/one bath units, 19 two-bedroom/one bath units, and 18 three-bedroom/2 bath units. Somerset Gardens was originally acquired under the Low Income Housing Tax Credit (LIHTC) program, and as it has now completed the 15-year compliance period and exited the original partnership it is eligible for re-syndication to finance necessary physical improvements. Somerset Gardens will continue to provide affordable housing for low income households at or below 60% of the area median income in a location offering good schools and easy access to bus transportation and light rail.

Purchase Status

Somerset Gardens is owned by KCHA and managed by Allied Residential. KCHA acquired the property in 1999. The initial acquisition and rehabilitation of the complex was financed with 4% and 9% LIHTC. Somerset Gardens has now completed the LIHTC 15-year compliance period and exited the original partnership and can be re-syndicated under the LIHTC program. The property has income restriction covenants associated with funding support for the initial acquisition and rehab provided by the City of Bellevue and the State of Washington. In 2016, KCHA paid off the bonds used to acquire Somerset Gardens with a line of credit from Key Bank. Currently, the project owes \$7,040,000 on the line of credit. In June 2017, KCHA paid off the State of Washington Housing Trust Fund loan. As of November 2017, KCHA owes \$568,000 to the City of Bellevue.

Property Description & Building Condition

Somerset Gardens consists of twin two story courtyard style apartment developments located at 14700 NE 29th Place in Bellevue. The property consists of a relatively level rectangular shaped parcel totaling 8.9 acres. It was developed for multifamily residential use consistent with zoning.

The two two-story residential buildings provide 153,600 rentable square feet. There are 311 surface parking spaces (1.57 spaces/unit, or just over 1.23 spaces per bedroom). In the courtyard of the east building there is an 8,000 square foot community building with a management office, laundry facilities, and a common room. The east courtyard also has a large play structure. In the west courtyard there is another 8,000 square foot community building, this one with an indoor swimming pool, exercise room, and laundry facilities.

During the summer of 2017, a Capital Needs Assessment (CNA) and Phase I Environmental Site Assessment were conducted at Somerset Gardens. KCHA staff has completed an inspection of the interior of the units, building systems and common areas and grounds. Conditions normal to buildings of this age were observed. The CNA also included recommendations for kitchen cabinet replacements, countertop replacements, bath fan replacements, range hood replacements, interior and exterior door replacements, tub and tub surround replacements, flooring upgrades, roofing upgrade, exterior painting, and energy conservation measures. Staff anticipates the property will require approximately \$6.6 million in improvements to address the capital needs of the property.

Unit Configuration

Somerset Gardens is currently comprised of 198 units in two two-story buildings, including 161 one bedroom/one bath units, 19 two-bedroom/one bath units, and 18 three-bedroom/2 bath units. As part of the rehab proposed for 2018, 12 pairs of adjoining one-bedroom units (24 total) will be combined to make 12 three-bedroom units. In addition, three one-bedroom units will be expanded into adjacent storage rooms to create three two-bedroom units. This means that 27 one-bedroom households will be voluntarily relocated to create 15 new larger units. There will be a net reduction of 12 units from 198 to 186.

The proposed unit mix includes:

- 135 one bedroom/one bath flats, averaging 680 square feet
- 18 two-bedroom/one bath flats, averaging 952 square feet
- 33 three-bedroom/2 bath flats, averaging 1,360 square feet

Neighborhood Description

The Somerset Gardens are located in the Bridal Trails neighborhood of the City of Bellevue, west of 148th Avenue NE and a few blocks north of Highway 520. Across 148th Avenue NE to the northeast is the Microsoft Campus. Single family homes surround the property to the west and north. An office complex abuts the property to the south.

Cherry Crest Elementary School is located two miles northwest of Somerset Gardens. Odle Middle School and Sammamish High School are two miles to the south. Goldsmith Neighborhood Park is five blocks to the northeast.

Somerset Gardens is served by Metro Routes 249 and 221. A quarter mile to the east will be the new Overlake Village Light Rail Station. The station is expected to open in 2023. The 520 Bike Path parallels State Highway 520. Within a half mile, along 148th Ave NE to the south, are a Fred Meyer store, a Sears department store, a Safeway grocery store, and numerous restaurants and smaller stores.

Proposed Financing

Interim Financing

Because the House version of tax reform proposes to eliminate the private activity bond program on December 31, 2017, KCHA will be issuing \$20,000,000 in tax-exempt bond financing and closing on a Credit Agreement with Bank of America before the end of the year. The interest rate will be calculated as 75% of the 1-month Eurodollar Rate plus 135 basis points, which currently is approximately 2.385%. This interim financing will be taken out by LIHTC equity and the permanent loan.

Permanent Financing

KCHA staff proposes to finance the rehabilitation of Somerset Gardens by using 4% Low Income Housing Tax Credits, permanent debt, and funds administered by KCHA's Weatherization Department. It is estimated that this project will generate close to \$12,549,000 in tax credit equity and support \$13,066,000 in fully amortizing bond financing.

Ownership of the property will be transferred to the tax credit partnership via a long term lease. The total lease price will be \$24,740,000. KCHA will receive approximately \$ 20,219,000 in lease payments from the partnership during the development period. These payments to KCHA will be used to pay off existing Key Bank debt, fund the KCHA Subordinate Loan and generate the lease

proceeds that will be used to fund a portion of the Highland Village rehab. The balance of the remaining lease price (\$4,521,000) will be loaned to the partnership in the form of seller financing to repaid over time from operating cash flow.

KCHA has received a Letter of Interest from RBC Capital offering to purchase the tax credits for approximately \$12,549,000, assuming a \$1.05 price for each \$1.00 of credits.

Sources & Uses

USES

Acquisition	\$24,740,000
Rehab Costs	\$6,565,000
Professional Fees & Other Soft Costs	\$808,000
Financing Costs	\$1,322,000
Tax Credit Costs	\$155,000
Relocation	\$184,000
Developer Fee	\$5,140,000
Reserves	\$0
TOTAL	\$38,914,000

SOURCES

Tax Credit Equity	\$12,549,000
Permanent Bond Financing	\$13,066,000
KCHA Subordinate Loan	\$8,443,000
KCHA Seller Financing	\$4,521,000
KCHA Weatherization	\$335,000
KCHA Development Fee (Deferred)	\$0
TOTAL	\$38,914,000

Strategic Justification

Somerset Gardens was built in 1975 and many of the building systems are in need of upgrades. Because of the current high appraised value of the property and the relatively good pricing on Low-Income Housing Tax Credits, it is a good time to use the Low-Income Housing Tax Credit program to finance these capital improvements. The high appraised value allows Somerset Gardens to generate a large number of acquisition credits, and the proceeds from the sale of these credits can help fund the rehab work. KCHA has received multiple proposals from tax credit syndicators offering more than \$1.00 for each \$1.00 of tax credits.

Risks & Mitigation

Financing Risk & Mitigation

- (Risk) The pricing on the Low-Income Housing Tax Credits may change based on tax reform.
- (Mitigation) The current LOI from RBC assumes a 25% corporate tax rate, 10% lower than current rates but 5% higher than what is currently being considered by Congress. RBC has estimated that the impact of proposed tax code changes would reduce the proposed equity by \$0.03 - \$0.05 per tax credit dollar. If it is a \$0.05 reduction, the total equity would go down by \$600,000. KCHA will look into potential scope reductions should the tax bill pass, but in the worst case KCHA would need to increase its investment in the project by this amount.

- (Risk) KCHA has not yet secured a permanent financing commitment and the terms may be worse than those assumed in the current financing plan.
- (Mitigation) The project pro forma assumes an interest rate that is 200 basis points higher than those that are available today. In addition, the KCHA used very conservative contract rents for the Section 8 units (both project-based and tenant-based). If necessary, higher rents can be achieved in those units.
- (Risk) Up to 27 households will need to be permanently relocated and a small number of the households may need to be temporarily relocated during the rehab period. Alternate lodging may be difficult to find for these households.
- (Mitigation) KCHA has budgeted \$184,000 for potential relocation expenditures which should be adequate to cover both permanent and temporary relocation costs. Since all of the current residents have been initially income certified per the LIHTC limits, no residents will need to be relocated due to income. Per King County guidelines, the current residents were offered \$3,100 in assistance for moving expenses if they would be willing to relocate from their current one bedroom apartment, and more than the required number of households have said that they would be willing to relocate. KCHA will attempt to relocate dislocated residents into other tax credit financed communities to insure their housing cost remains the same. In the event, a dislocated resident relocates to private housing KCHA has committed to providing relocation assistance in the form of rent differential payments for up to 3 years. In addition, KCHA has extensive experience re-housing residents in tight markets and will look to its own broad portfolio for vacancies, if necessary.

Rehab Risk & Mitigation

- (Risk) Additional repair and improvement costs are needed beyond what is visible from due diligence inspections.
- (Mitigation) KCHA has operated the property for nearly 20 years and has conducted extensive reviews of existing units, building systems, common spaces and grounds at Somerset Gardens. Staff estimates the property will require \$35,000 in capital improvements per unit, and has built this cost, and a 15% construction contingency, into its development budget. Unanticipated but necessary additional repairs and improvements will be addressed by reprioritizing the projected work, such as undertaking fewer unit upgrades as part of the initial rehab.
- (Risk) KCHA does not have firm contractor bids in hand for the proposed work. The actual cost may come in higher than budgeted.
- (Mitigation) The KCHA development budgets are based on current market information from other recent similar KCHA projects. The work to be performed at is very similar to other projects KCHA completes each year in its bond and tax credit portfolio and staff has a significant amount of experience, including recent bid results, in accurately estimating the cost of this type of work. 3rd party construction cost estimates have been procured, and they are consistent with the estimates provided by KCHA staff. KCHA has also added a 15% contingency to allow for higher bids as well as unforeseen conditions.

Ongoing Operating Risks & Mitigations

- (Risk) KCHA will be providing an operating deficit guarantee on this project, and there is a risk that the rental income will be insufficient to cover both the operating costs and permanent debt.
- (Mitigation) KCHA currently operates other properties in the area and is very familiar with the surrounding rental market. Staff has used conservative rents and expense information in establishing the project pro forma.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5579

(Somerset Gardens)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Somerset Gardens rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents.

ADOPTED December 7, 2017

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5579

(Somerset Gardens)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Somerset Gardens rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents and Deferred Development Fee Documents.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low income” (the “Development Costs”); and

WHEREAS, the Authority is the fee owner of certain real property located at 14700 NE 29th Place, Bellevue, Washington containing 198 units of low income housing which the Authority desires to renovate (the “Project”); and

WHEREAS, the Authority desires to utilize low income housing tax credits (“Tax Credits”) to finance a portion of the costs of the rehabilitation of the Project; and

WHEREAS, the utilization of Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

WHEREAS, the Authority desires to apply to the Washington State Housing Finance Commission (the “Commission”) for a reservation of Tax Credits; and

WHEREAS, the Authority desires to form Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership (the “Partnership”); and

WHEREAS, the Authority will serve as the general partner of the Partnership; and

WHEREAS, the Authority desires to enter into a long term Financing Lease (the “Lease”) of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and;

WHEREAS, the Lease will be in a principal amount equal to the fair market value of the property which is currently estimated to be approximately \$25,000,000; and

WHEREAS, the lease payments shall be made in installments in such amounts as determined by the Authority. Deferred lease payments will accrue interest at a rate no less than the applicable federal rate (the “Seller Financing”). The terms of the Lease shall be determined by the Authority; and

WHEREAS, the Authority will provide additional financing to the Partnership for the benefit of the Project which shall include a short-term tax-exempt loan in the amount of \$20,000,000 (the “Tax-Exempt Loan”); a subordinate loan in an amount of approximately \$8,500,000 (the “Subordinate Loan”); a yet to be determined deferred development fee (the “Deferred Development Fee”); and other permanent financing used to refinance a portion of the Tax Exempt Loan in the approximate amount of \$13,000,000 (the “Permanent Loan”); and

WHEREAS, the Authority desires to seek an equity investment from a low income housing tax credit investor (the “Tax Credit Investor”) pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

WHEREAS, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, as follows:

Section 1. Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to participate in the formation of, and become the general partner of the Partnership, and to execute such documents as may be required to do so, including but not limited to a certificate of limited liability limited partnership and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Partnership.

Section 2. Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents to include but not be limited to an Agreement of Limited Partnership or Amended and Restated Agreement of Limited Liability Limited Partnership), Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3. Lease and Seller Financing. The Authority is authorized and directed to enter into the Lease substantially in accordance with the terms set forth above and the Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself as Lessor or as general partner of

the Partnership, in connection with the Lease and associated Seller Financing, and such documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 4. Tax Exempt Loan. The Authority is authorized and directed to take such steps as are necessary to loan the proceeds of Tax Exempt Loan to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, in its capacity as the issuer of the Tax Exempt Loan and as the general partner of the Partnership to facilitate the issuance the Tax Exempt Loan and loaning of the proceeds to the Partnership.

Section 5. Permanent Financing. The Authority is authorized and directed to take such steps as are necessary for the issuance of the Permanent Financing and to loan the proceeds of the sale of the Permanent Financing to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority in its capacity as the issuer of the Permanent Financing and in its capacity as the general partner of the Partnership to facilitate the issuance and loaning of the Permanent Financing proceeds to the Partnership.

Section 6. Subordinate Loan. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Subordinate Loan. The Executive Director of the Authority is authorized and directed to execute and deliver, as lender or in its capacity as general partner of the Partnership, those documents reasonably required to close on the Subordinate Loan including but not limited to such loan agreements, notes, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Subordinate Loan.

Section 7. Deferred Development Fee. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Deferred Development Fee. The Executive Director of the Authority is authorized and directed to execute and deliver, as lender or in its capacity as general partner of the Partnership, those

documents reasonably required with respect to the Deferred Development Fee including but not limited to such development agreements, notes and leasehold deeds of trust and such other documents as may be deemed reasonable by the Executive Director with respect to the Deferred Development Fee.

Section 8. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, filing (or to cause the execution, delivery and, if applicable, filing), on behalf of the Authority and/or the Partnership, of any government forms, affidavits, certificates, letters, documents, agreements and instruments that the Executive Director determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 9. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 10. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may be taken in the absence of each person respectively by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority.

Section 11. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 7th day of December, 2017

HOUSING AUTHORITY OF THE COUNTY OF KING

By: _____
Chair

ATTEST:

Executive Director

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of the Housing Authority of the County of King (the “Authority”) and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5579 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on December 7, 2017, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of December 2017.

Executive Director of the Authority

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5580

A RESOLUTION providing for the issuance of the Authority's Revenue Note, 2017 (Somerset Gardens Project), in a principal amount not to exceed \$20,000,000, the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, for the purpose of providing a portion of the funds with which to finance the acquisition and rehabilitation of a multifamily rental housing project to contain a total of approximately 186 dwelling units, known as Somerset Gardens, to provide housing for low-income persons in King County, Washington; authorizing the execution and delivery of a term loan agreement with Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing the execution and delivery of a loan agreement, a regulatory agreement and other note and loan documents; providing for the delivery of the note to Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted December 7, 2017

This document was prepared by:

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HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5580

A RESOLUTION providing for the issuance of the Authority’s Revenue Note, 2017 (Somerset Gardens Project), in a principal amount not to exceed \$20,000,000, the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, for the purpose of providing a portion of the funds with which to finance the acquisition and rehabilitation of a multifamily rental housing project to contain a total of approximately 186 dwelling units, known as Somerset Gardens, to provide housing for low-income persons in King County, Washington; authorizing the execution and delivery of a term loan agreement with Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing the execution and delivery of a loan agreement, a regulatory agreement and other note and loan documents; providing for the delivery of the note to Bank of America, N.A. or an affiliate of Bank of America Corporation; authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution; and determining related matters.

WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the “County”); and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income”; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, “lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor”; and “sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . .”; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low-income”; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority deems it to be in the best interest of the Authority to borrow money by the issuance of a revenue note, for the purpose of providing part of the funds with which to finance the acquisition and rehabilitation of a multifamily rental housing project to contain a total of approximately 186 dwelling units, known as Somerset Gardens, located at 14700 NE 29th Place, Bellevue, Washington, to provide housing for low-income persons in the County (the “Project”); and

WHEREAS, the Project will be leased to Somerset Gardens Apartments LLLP, a Washington limited partnership (the “Partnership”), and proceeds of the Authority’s revenue note will be used to make a loan to the Partnership to pay costs of acquiring and rehabilitating the Project, including costs of issuing the note; and

WHEREAS, the Project will be used to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Note (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority issue the Note, in a principal amount not to exceed

\$20,000,000, the proceeds of which will be lent to the Partnership for the purposes described herein; and

WHEREAS, Bank of America, N.A. or an affiliate of Bank of America Corporation has proposed to extend a credit facility evidenced by a line of credit note of the Authority and a term loan agreement, on the terms set forth in this resolution, to provide money for those purposes; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Authorized Officers” means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

“Bank” means Bank of America, N.A. or an affiliate of Bank of America Corporation, as the initial registered owner of the Note, and its successors and assigns.

“Board” means the Board of Commissioners of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“County” means King County, Washington.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Lease” means the lease agreement by and between the Authority and the Partnership relating to the lease of the Project to the Partnership, and including any supplements or amendments thereto.

“Loan” means the loan to the Partnership of proceeds of the Note.

“Loan Agreement” means the Loan Agreement between the Authority and the Partnership providing for, evidencing and securing the obligation of the Partnership to repay the Loan, and including any supplements or amendments thereto made in conformity therewith.

“Note” means the Authority’s Revenue Note, 2017 (Somerset Gardens Project).

“Note Fund” means the Authority’s Revenue Note Fund, 2017 (Somerset Gardens Project), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Registrar” means the Executive Director of the Authority.

“Partnership” means Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership.

“Project” means, depending on the context, (1) acquisition and rehabilitation of a multifamily rental housing project to contain a total of approximately 186 dwelling units known as

Somerset Gardens located at 14700 NE 29th Place, Bellevue, Washington, or (2) the Somerset Gardens rental housing project.

“Proposal Letter” means the proposal letter to the Authority from the Bank dated November 17, 2017, as it may be amended, proposing to extend a credit facility on the terms set forth therein and herein.

“Regulatory Agreement” means one or more Regulatory Agreements or other use restrictions governing the use of the Project, including any supplements or amendments thereto made in conformity herewith and therewith.

“Term Loan Agreement” means the Term Loan Agreement between the Authority and the Bank setting forth certain covenants and conditions relating to the Note, as such terms are generally described in the Proposal Letter, including such variation and further description of such terms as the Bank may require and as may be acceptable to the Authorized Officers(s) executing such agreement, including any supplements or amendments thereto made in conformity therewith.

Section 2. Authorization of Note and Application of Proceeds. The Authority shall issue the Note in a principal amount not to exceed \$20,000,000 for the purpose of making a loan to the Partnership to provide a portion of the funds required to accomplish the Project and pay costs of issuing the Note. Such Note financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Note, other than any applied by the Authority to pay costs of issuing the Note, shall be lent to the Partnership for those purposes. The Board finds that it is in the best interest of the Authority to issue the Note for the purposes set forth in this resolution.

Section 3 Description of the Note. The Note shall be called the Revenue Note, 2017 (Somerset Gardens Project), of the Authority; shall be in a principal amount not to exceed

\$20,000,000; and shall be dated its date of delivery. The Note shall bear interest payable on such dates and at such rate or rates selected by the Authority as described in the Proposal Letter (which may include, without limitation, a variable rate based London interbank offered rate), and, as more fully described in the Term Loan Agreement, shall mature at such time, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note and the Term Loan Agreement. The Authority finds that the fixing of the interest rate indices described in the Proposal Letter is in the best interest of the Authority and the Partnership. The interest rate on the Note shall be subject to adjustment upon the occurrence of an Event of Default (as defined in the Term Loan Agreement) or upon the occurrence of a Determination of Taxability (as defined in the Term Loan Agreement).

If the Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on the Note at then-applicable default rate of interest thereon from and after the maturity date until the Note, both principal and interest, is paid in full.

The Authorized Officers, and each of them acting alone, are authorized to determine and approve the final terms of the Note and the Term Loan Agreement. The execution of such instruments by an Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

Section 4. Note Registrar; Registration and Transfer of Note. The Note shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Note by the Note Registrar (the “Note Register”). The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Register shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized,

on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note may be assigned or transferred only (i) in whole (a) to a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (b) to an affiliate of the Bank, or (c) as otherwise provided in the Term Loan Agreement, (ii) if endorsed in the manner provided thereon and surrendered to the Note Registrar, and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Note. The Note Registrar shall not be obligated to exchange or transfer the Note during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 5. Payment of the Note. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date (including, without limitation, by wire transfer), to the Registered Owner at the address appearing on the Note Register on the date payment is mailed or delivered. Upon the final payment of principal of and interest on the Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar in Tukwila, Washington, for destruction in accordance with law.

Section 6. Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority designated the Revenue Note Fund, 2017 (Somerset Gardens Project). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note and the other obligations of the Authority under the Term Loan Agreement. The Authority pledges to deposit into the Note Fund, (a) from General Revenues, and (b) from

amounts received by the Authority from the Partnership in repayment of the Loan to the extent derived from equity contributions received by the Partnership from one or more of its limited partners in connection with low income housing tax credits allocated to the Project, as and to the extent described in the Term Loan Agreement (the “Other Pledged Collateral”), amounts sufficient to pay the principal of and interest on the Note when due and the other obligations of the Authority under the Term Loan Agreement.

The Authority hereby pledges its General Revenues and the Other Pledged Collateral to the payment of debt service on the Note and its other obligations under the Note and the Term Loan Agreement. The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity with payments on the Note and its other obligations under the Note and the Term Loan Agreement. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note or its obligations under the Term Loan Agreement with respect to that portion of the General Revenues so pledged.

The Authorized Officers, and each of them acting alone, are hereby granted the discretionary authority to include in the Term Loan Agreement additional pledge(s) to secure the payment of the Authority’s obligations under the Note and the Term Loan Agreement.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof (except the Authority from the sources specified herein), and the Note shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds

other than the Note Fund of the Authority established herein. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 7. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Revenue Note, 2017 (Somerset Gardens Project), of the Authority described in the Note Resolution.

[specimen]
Executive Director of the Authority and Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note

nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign notes. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 8. Preservation of Tax Exemption for Interest. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Note, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Note from being included in gross income for federal income tax purposes.

The Partnership will agree in the Loan Agreement to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and after the Loan has been made to the Partnership, the Authority shall not be required to expend any funds,

other than such amounts to be reimbursed or other money received under the terms of the Loan Agreement, in so complying.

Section 9. Reimbursement. For purposes of applicable Treasury Regulations, the Partnership and the Authority are authorized to advance such funds as may be necessary for the Project and the financing thereof, which expenditures may be reimbursed with proceeds the Bond. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bond from proceeds of the Bond, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

Section 10. Authorization of Documents and Execution Thereof. The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Regulatory Agreement, the Loan Agreement, the Term Loan Agreement, the Note and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the delivery of the Note to the Bank and the making of the Loan to the Partnership. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note, the Loan Agreement, the Term Loan Agreement, other documents executed by the Authority in connection with the Note, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to execute on behalf of the Authority and to deliver the Regulatory Agreement, the Loan Agreement, the Term Loan Agreement, the Note, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note to the Bank, and the Loan to the Partnership. The Board further authorizes the Authorized Officers, and each of them acting alone, to do everything necessary or

appropriate for the issuance, execution and delivery of the Note to the purchaser thereof and to execute and deliver any other documents that may be useful or necessary to ensure the proper use and application of the proceeds of the Note. The execution of any such instrument an Authorized Officer shall be conclusive evidence of approval of the terms set forth therein on behalf of the Authority.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Note.

Section 11. Authorization of Partnership Documents and Execution Thereof. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Partnership, the Loan Agreement, the Regulatory Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the delivery of the Note to the Bank and the Loan to the Partnership.

Section 12. Approval of Transaction. The Bank has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of fees to the Bank, the fees and expenses of the Bank's legal counsel, and other out-of-pocket costs incurred by the Bank. The Board finds that the Bank's proposal is in the best interest of the Authority and the Partnership, and therefore authorizes the Authorized Officers, and each of them acting alone, to accept an offer as set forth in the Proposal Letter.

Section 13. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board may in the absence of such person be taken by the duly authorized acting Chair of the Board. Any action authorized by this resolution to be taken by the

Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority

Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 7th day of December, 2017.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: _____
Chair

ATTEST:

Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and Executive Director of the Housing Authority of the County of King (the "Authority") and keeper of the records of the Authority, CERTIFY:

1. That the attached copy of Resolution No. 5580 (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a meeting of the Authority held on December 7, 2017, and duly recorded in the minute books of the Authority;

2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix I;

3. That the written notice described above was also posted on the Authority's website and prominently displayed at the main entrance of the Authority's administrative office at 600 Andover Park W., Tukwila, Washington 98188 and at the meeting site, if different, at least 24 hours prior to the special meeting;

4. That the written notice described above was given to each local radio or television station and to each newspaper of general circulation that has on file with the Authority a written request to be notified of special meetings and to any others to which such notices are customarily given by the Authority; and

5. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of December, 2017.

Stephen Norman, Secretary and Executive Director
of the Authority

CERTIFICATE

APPENDIX I