

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 3198

(THE CONES APARTMENTS)

A RESOLUTION amending Resolution No. 3167 to extend the maturity of the Authority's Revolving Taxable Line of Credit Revenue Bond Anticipation Note, 2002 (The Cones Acquisition Project); authorizing the sale of The Cones Apartments to the KCHA-Cones Limited Partnership and the provision of financing to the Partnership for such acquisition, the admission of an equity limited partner to the Partnership and the submission of an application for low income housing tax credits for the Project; approving other financing for the Project; and authorizing and directing appropriate officers of the Authority to take such actions and execute such documents as are useful or necessary to the purposes of this resolution.

This document was prepared by:

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WHEREAS, pursuant to Resolution No. 3167, adopted April 11, 2002, the Housing Authority of the County of King (the "Authority") issued its Revolving Taxable Line of Credit Revenue Bond Anticipation Note, 2002 (The Cones Acquisition Project) (the "Note"), in the principal amount of not to exceed \$4,500,000 at any one time outstanding and maturing on May 1, 2003, for the purpose of providing interim financing for the acquisition and the making of needed repairs to The Cones Apartments (the "Project"); and

WHEREAS, the Authority has used the proceeds of Draws on the Note for such purposes; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is in the best interest of the Authority to approve an extension of the maturity date of the Note from May 1, 2003, to May 1, 2004, and Bank of America, N.A., as owner of the Note, has agreed to the extension of the maturity date of the Note under the same terms and conditions set forth in Resolution No. 3167 and the payment of an extension fee; and

WHEREAS, KCHA-Cones Limited Partnership (the “Partnership”), a Washington limited partnership of which the Authority is the sole general partner, was organized for the purpose, among others, of developing and operating the Project; and

WHEREAS, the Authority intends to sell the Project to the Partnership according to the terms of an agreement of purchase and sale to be entered into between the Authority and the Partnership; 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, the Authority intends that the Project be financed in part by a seller financing loan from the Authority to the Partnership (the “Seller Financing”); and

WHEREAS, the Authority intends that the Project be financed in part by a rehabilitation bridge loan from the Authority to the Partnership in the approximate amount of \$6,000,000 (the “Bridge Loan”); and

WHEREAS, the Authority intends that the Project be financed in part by a loan in the amount of \$775,000 (the “State Loan”) made to the Authority by the Washington State Department of Community, Trade and Economic Development, Office of Community Development (the “State”), which loan will be assigned to and assumed by the Partnership; and

WHEREAS, the Authority intends that the Project be financed in part by a loan or grant in the amount of \$775,000 (the “County Loan”) made to the Authority by the King County Housing Finance Unit (the “County”), the proceeds of which will be used by the Authority to make a loan to the Partnership to finance the rehabilitation of the Project; and

WHEREAS, the Authority has received a Letter of Intent dated April 1, 2003 (“LOI”), from John Hancock Realty Advisors, Inc. setting forth the general terms and conditions under which an equity fund affiliated with John Hancock Realty Advisors, Inc. Partners Limited Partnership would make an equity investment in the Project; and

WHEREAS, the Authority, in its capacity as general partner of the Partnership and as the sponsor and developer of the Project, desires to amend and restate the existing partnership agreement to provide for the admission of an equity fund affiliated with John Hancock Realty Advisors, Inc. as the investor limited partner in the Partnership and to further admit as a special limited partner another corporate entity affiliated with John Hancock Realty Advisors, Inc., all in accordance with the general terms and conditions of the LOI; and

WHEREAS, the Partnership desires to apply to the Washington State Housing Finance Commission (the “Commission”) for a 2003 allocation of federal low-income housing tax credits; 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:

“Bridge Loan Documents” means the documents necessary to evidence the Bridge Loan, including but not limited to a promissory note executed by the Partnership in favor of the Authority, a deed of trust securing the promissory note and a regulatory agreement incorporating the requirements of RCW 35.82.070(18).

“County Loan Documents” means the documents evidencing the County Loan and the documents evidencing the loan by the Authority to the Partnership of the proceeds of the County Loan, including but not limited to a promissory note executed by the Partnership in favor of the

Authority, a deed of trust securing the promissory note and a regulatory agreement relating to the use of the Project.

“Equity Limited Partner” means an equity fund affiliated with John Hancock Realty Advisors, Inc., to be admitted to the Partnership as a limited partner.

“Purchase and Sale Agreement” means the Agreement of Purchase and Sale to be entered into between the Authority and the Partnership providing for the sale of the Project to the Partnership.

“ Seller Financing Documents” means the documents necessary to evidence the loan from the Authority to the Partnership of a portion of the funds, in the amount of approximately \$4,000,000, necessary to finance the acquisition of the Project by the Partnership, including but not limited to a promissory note executed by the Partnership in favor of the Authority, a deed of trust securing the promissory note and a regulatory agreement incorporating the provisions of RCW 35.82.070(18) (which regulatory agreement may be the same agreement executed in connection with the Bridge Loan).

“State Loan Documents” means the documents evidencing the loan from the State to the Authority and the assignment to and assumption of the State Loan by the Partnership, including but not limited to a promissory note, a deed of trust, a low income housing covenant agreement and an assignment, assumption and consent agreement.

All capitalized terms used but not defined in this resolution shall have the meanings set forth in Resolution No. 3167 of the Authority.

Section 2. Amendment of Resolution No. 3167. Section 2 of Resolution No. 3167 is hereby amended to reflect a maturity date of May 1, 2004, for the Note. Resolution No. 3167 shall remain unchanged and in full force and effect in all other respects.

Section 3 Sale of Project; Seller Financing. The Executive Director of the Authority is authorized and directed to take such actions as are necessary to sell the Project to the Partnership in accordance with the terms and conditions of the Purchase and Sale Agreement, including but not limited to the execution on behalf of the Authority in its own capacity and as general partner of the Partnership of the Seller Financing Documents. The purchase price for the Project shall be not less than fair market value, estimated to be between \$3,670,000 and \$4,000,000, as negotiated by the Authority and the Partnership. The Executive Director is further authorized and directed to execute, on behalf of the Authority in its own capacity and as general partner of the Partnership, such documents as may be necessary to evidence the assumption by the Partnership of any existing debt on the Project or any portion thereof.

Section 4. State Loan. The Executive Director of the Authority is authorized and directed to take such actions as are necessary to close the State Loan and for the assumption of the State Loan by the Partnership, including but not limited to the execution, on behalf of the Authority in its own capacity and as general partner of the Partnership, of the State Loan Documents.

Section 5. County Loan. The Executive Director of the Authority is authorized and directed to take such actions as are necessary to close the County Loan and for the lending of the proceeds of the County Loan to the Partnership, including but not limited to the execution, on behalf of the Authority in its own capacity and as general partner of the Partnership, of the County Loan Documents.

Section 6. Bridge Loan. The Executive Director of the Authority is authorized and directed to take such actions as are necessary to close the Bridge Loan, including but not limited

to the execution, on behalf of the Authority in its own capacity and as general partner of the Partnership, of the Bridge Loan Documents.

Section 7. Partnership Documents. The Executive Director of the Authority is authorized and directed to take such actions as are necessary to admit the Equity Limited Partner to the Partnership, including but not limited to the execution on behalf of the Authority, in its capacity as General Partner of the Partnership and/or its individual capacity as General Partner, developer and/or sponsor of the Project, of (i) an Amended and Restated Agreement of Limited Partnership admitting the Equity Limited Partner as a limited partner and another corporate entity affiliated with John Hancock Realty Advisors, Inc., as a special limited partner, all in accordance with the general terms and conditions of the LOI, (ii) an Agreement of Guaranty, (iii) an Option and Right of First Refusal, (iv) a Development Agreement and (v) such other documents as may be required by the new limited partner or special limited partner.

Section 8. Tax Credit Application. The Executive Director of the Authority is authorized and directed to execute, on behalf of the Authority in its capacity as General Partner of the Partnership, sponsor of the Project and/or developer of the Project, any and all such documents as may be reasonably necessary for the Partnership to apply for and obtain and receive an allocation of 2003 Low Income Housing Tax Credits with respect to the Project, including (i) a Low Income Housing Tax Credit Application and the exhibits and attachments required thereto and (ii) such other documents as the Commission may reasonably require with respect to the allocation of tax credits to the Project, including but not limited to affidavits, certifications, credit reservation contracts, regulatory use agreements and carryover allocation documents.

Section 9. Approval of Extension of Note Maturity. The Bank has offered to provide an extension of maturity of the Note under the terms and conditions contained in this resolution, including payment to the Bank of an extension fee in the amount of \$1,500. The Board finds that such offer is in the best interest of the Authority and accepts such offer. The Executive Director of the Authority is authorized, without further action of the Board, to extend the maturity date of the Note beyond the dated authorized herein if no other terms of the Note or Resolution No. 3167 are revised, and to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity.

Section 10. Approval of Documents. The Board of Commissioners of the Authority approves the Purchase and Sale Agreement, the regulatory agreement and promissory note relating to the Seller Financing, and the amended and restated partnership agreement substantially in the forms on file with the Executive Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate for the purposes of this resolution.

The Executive Director of the Authority is authorized and directed to do everything necessary for the execution and delivery of all documents and to take such further actions as are useful or necessary to the purposes of this resolution.

Section 11. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the duly authorized Assistant Director or acting 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.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a special open public meeting thereof this 30th day of April, 2003.

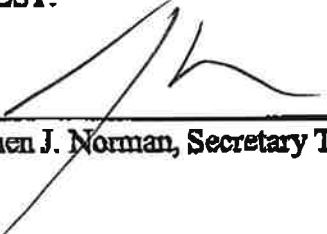
HOUSING AUTHORITY OF THE COUNTY OF KING

By



Debra S. Coates, Chair
Board of Commissioners

ATTEST:



Stephen J. Norman, Secretary Treasurer

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. 3198 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a special meeting of the Authority held on the 30th day of April, 2003, 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 or by personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix 1;

3. That written notice of the special meeting 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, or to which such notice customarily is given; and

4. 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 30th day of April, 2003.



Executive Director of the Authority