

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 4022

(BURIEN PARK AND NORTHWOOD PROJECTS)
(BOND ANTICIPATION NOTE)

A RESOLUTION providing for the issuance of a bond anticipation note of the Authority in the principal amount of not to exceed \$5,250,000, the proceeds of which will be used to provide interim financing for rehabilitation costs associated with the Authority's Burien Park and Northwood projects; establishing a note redemption fund; determining the terms and covenants of the note; authorizing the execution and delivery of the note and other agreements, documents and certificates; and authorizing the sale and delivery of the note to Bank of America, N.A.

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WHEREAS, pursuant to RCW 35.82.130, the Housing Authority of the County of King (the "Authority") is authorized to issue revenue bonds and notes from time to time and to use the proceeds of those obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority borrow money to finance and/or refinance rehabilitation costs associated with the Burien Park and Northwood housing projects of the Authority; and

WHEREAS, Bank of America, N.A., has made a non-binding proposal to purchase a single bond anticipation note of the Authority under the terms and conditions set forth herein;

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.

“Bank” means Bank of America, N.A., as registered owner of the Note.

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

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks located in Seattle, Washington, are closed for business.

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

“Interest Period” means each one- to 12-month period beginning on the later of the date of issue of the Note or the most recent LIBOR Reset Date, the length to be determined by the Authority on the third London Banking Day prior to the date of issue or such LIBOR Reset Date.

“General Revenues” mean 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, solely to another particular purpose.

“LIBOR Fixed Rate” means a fixed rate of interest (rounded upwards, if necessary to the nearest 1/100 of 1%) for a period equal to the Interest Period selected by the Authority appearing on Telerate Page 3750 (or any successor page) at approximately 11:00 a.m. London time, two London Banking Days before each LIBOR Reset Date as the London interbank offered rate for deposits in United States Dollars, as adjusted from time to time in the Bank’s sole discretion for then-applicable reserve requirements, deposit insurance assessment

rates and other regulatory costs. If such rate does not appear on the Telerate Page 3750 (or any successor page), the rate for that Interest Period will be determined by such alternate method as reasonably selected by the Bank. The first day of the Interest Period must be a London Banking Day. The date of the last day of the Interest Period and the actual number of days during the Interest Period will be determined by the Bank using the practices of the London inter-bank market.

“LIBOR Reset Date” means, with respect to the first Interest Period, the date of issue of the Note and, with respect to subsequent Interest Periods, the first day of that Interest Period.

“London Banking Day” means a day on which the Bank’s London Banking Center is open for business and dealing in offshore dollars.

“Note” means the Tax-Exempt Bond Anticipation Note, 2003 (Burien Park and Northwood Projects), of the Authority issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Note Fund” means the Authority’s Tax-Exempt Bond Anticipation Note Fund, 2003 (Burien Park and Northwood Projects), created by Section 4 of this resolution for the purpose of paying principal of and interest on the Note.

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

“Project” means the rehabilitation of the Burien Park and Northwood housing projects of the Authority.

“Proposal Letter” means the non-binding proposal letter to the Authority from the Bank dated September 17, 2003, proposing to purchase the Note on the terms set forth therein and herein.

Section 2. Authorization and Description of Note. For the purpose of providing funds with which to finance and/or refinance all or part of the costs of the Project and pay costs of issuing the Note and any bonds or other obligations issued to provide permanent financing for the Project, the Authority may borrow money pursuant to a loan extended by the Bank under the terms of this resolution and the Proposal Letter, and shall issue the Note in a principal amount of not to exceed \$5,250,000, not to exceed \$4,060,000 of which shall be allocable to the Burien Park project and not to exceed \$1,190,000 of which shall be allocable to the Northwood project. The Board finds that it is in the best interest of the Authority to issue the Note and to use the proceeds thereof for the purposes set forth in this resolution

The Note shall be designated the Tax-Exempt Bond Anticipation Note, 2003 (Burien Park and Northwood Projects), of the Authority; shall be issued in fully registered form; shall be dated as of its date of delivery to the Bank (the "Date of Issue"); shall be numbered R-1; and shall mature on the earlier of September 30, 2005, or the issuance of permanent financing for the Project (the "Maturity Date").

With the consent of the Bank, the maturity of the Note may be extended by the Executive Director of the Authority in his discretion to a date not later than September 30, 2006, but only if (i) there are no other material changes in the terms of the Note, and (ii) the Executive Director of the Authority receives an opinion of Bond Counsel to the effect that such extension will not cause the interest on the Note to be included in gross income for federal income tax purposes.

The Note shall bear interest at a variable rate equal to (a) the product of 65% of the LIBOR Fixed Rate plus (b) a spread of 0.95%, changing on each LIBOR Reset Date, based on the LIBOR Fixed Rate established two London Banking Days prior to the Date of Issue of the Note, and two London Banking Days prior to each subsequent LIBOR Reset Date. The Authority

shall specify the length of the initial Interest Period in a written notice to the Bank at least three London Banking Days prior to the Date of Issue of the Note and each subsequent Interest Period shall be of the same length unless the Authority gives written notice to the Bank at least three London Banking Days prior to a LIBOR Reset Date that it elects an Interest Period of a different length. No Interest Period may extend beyond the Maturity Date. Interest shall accrue from the Date of Issue and shall be computed on the principal amount of the Note outstanding on the basis of a 360-day year and actual days elapsed for the actual number of days the principal amount is outstanding. The Board finds that the setting of the above interest rate index is in the best interest of the Authority.

Payments of principal of and interest on the Note shall be payable quarterly on the first Business Day of each March, June, September and December after the Date of Issue, in such amounts and in such manner as the Bank and the Authority may agree, but in no event will such quarterly payments exceed \$150,000 each. Such payments shall be applied first to interest and then to outstanding principal. Any outstanding principal of the Note, together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

Upon the occurrence of an event of default as defined in the Proposal Letter, the interest rate on the Note may, at the option of the Bank, be increased by 2.0%. If the Note is not paid when properly presented at its Maturity Date, the Authority shall be obligated to pay interest on that Note at the rate of interest thereon from and after the Maturity Date until the Note, both principal and interest, is paid in full.

Section 3. Note Registrar; Registration and Transfer of Note. The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at its office in Tukwila, Washington, sufficient books for the registration of the Note

(the "Note Register"), which 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 shall be issued only in registered form as to both principal and interest and shall be recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank.

Section 4. Note Fund; Security for the Note. The Note Fund is created as a special fund of the Authority and is to be known as the Tax-Exempt Bond Anticipation Note Fund, 2003 (Burien Park and Northwood Projects). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

The Authority pledges to deposit into the Note Fund from proceeds of revenue bonds or other obligations issued to provide permanent financing for all or any portion of the Project, from General Revenues and from any other money of the Authority available therefor, amounts sufficient to pay principal of and interest on the Note when due.

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 of lien with the Note. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof, 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, premium, if any, on and interest on the Note be payable out of any funds or assets other than those pledged to that purpose by the Authority herein. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

Section 5. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund. Payments shall be paid by check or draft of the Authority mailed to arrive on or before, or by immediately available funds delivered on or before, each payment date or the maturity or prepayment date, or by other means mutually acceptable to the registered owner and the Authority, to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. 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 or cancellation in accordance with law.

Section 6. Optional Prepayment of Note. The Authority reserves the right to prepay all or a portion of the principal of the Note on any LIBOR Reset Date without notice, premium or penalty. Prepayments made other than on a LIBOR Reset Date shall be accompanied by the amount of accrued interest on the amount prepaid, and a potential prepayment fee calculated as described in Exhibit A of the Proposal Letter. Written notice to the Bank of any intended

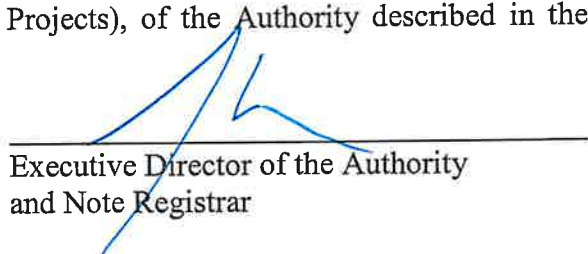
prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

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 Tax-Exempt Bond Anticipation Note, 2003 (Burien Park and Northwood Projects), of the Authority described in the Note Resolution.



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 is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued 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 the note. 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. The Authority covenants that it will take all actions necessary to prevent interest 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 requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement 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 Authority certifies that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 9. Designation of Note as "Qualified Tax-Exempt Obligation." The Authority has determined and certifies that (a) the Note is not a "private activity bond" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which the Authority and any entity subordinate to the Authority (including any entity which the Authority controls, which derives its authority to issue tax-exempt obligations from the Authority or which issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Note is issued will not exceed

\$10,000,000; and (c) the amount of tax-exempt obligations designated by the Authority as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Note is issued does not exceed \$10,000,000. The Authority designates the Note as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

Section 10. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Note. The Executive Director of the Authority is authorized to execute the Note and any other documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note as described in Section 2.

Section 11. Approval of Transaction. It is anticipated that the Bank will offer to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including payment of an origination fee to the Bank in the amount of \$5,000 and payment of the Bank’s legal review fees in the amount of not to exceed \$1,000. The Board finds that such offer is in the best interest of the Authority, and authorizes the Executive Director to accept such offer on behalf of the Authority.

The Authority authorizes and approves the execution and delivery of, and the performance by the Authority, and the Authority covenants to comply with all of its obligations

contained in, the Note, this resolution and all terms and conditions of the Proposal Letter, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Authority also covenants that, unless waived by the Bank, it will provide to the Bank the Authority's internally prepared quarterly and annual financial statements, audited financial statement, and annual budget, all in accordance with the Proposal Letter.

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 & Shefelman PLLC, municipal bond counsel of Seattle, Washington, regarding the Note.

Section 12. 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 in the absence of such person be taken by the duly authorized acting Chair of the Board or acting Executive Director of the Authority, respectively.

Section 13. Ratification and Confirmation. Any actions of the Authority or its officers before the date hereof and consistent with the terms of this resolution are ratified and confirmed.


Section 14. 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 a special open public meeting thereof this 25th day of September, 2003.

HOUSING AUTHORITY OF THE

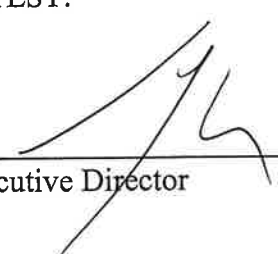
COUNTY OF KING

By



Doreen Cato, Chair,
Board of Commissioners

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:

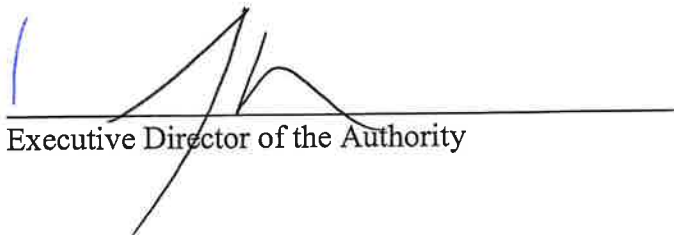
1. That the attached Resolution No. 4022 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a special meeting of the Authority held on the 25th day of September, 2003, and duly recorded in the minute books of the Authority;

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 25th day of September, 2003.


Executive Director of the Authority