

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5015

A RESOLUTION of the Housing Authority of the County of King providing for the issuance of revenue notes of the Authority in the aggregate principal amount of not to exceed \$35,000,000 at any one time outstanding, which notes shall be issued in three series, to provide interim financing for construction seasons 1 and 2 of the Authority's Greenbridge HOPE VI redevelopment project, known as Seola Crossing; determining the form, terms and covenants of the notes; creating a note redemption fund; and approving the sale and providing for the delivery of the notes to Bank of America, N.A.

ADOPTED July 11, 2005

This document was prepared by:

*FOSTER PEPPER & SHEFELMAN PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

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WHEREAS, pursuant to RCW 35.82.070 and 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 Authority intends to form a Washington limited partnership or limited liability company of which the Authority will be the sole general partner or the managing member (the "Borrower") to finance the Seola Crossing rental housing portion of the Authority's Greenbridge HOPE VI redevelopment project (the "Development") located in King County, Washington, to be owned by the Authority and leased to the Borrower to provide housing for low income persons; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority borrow money to provide interim financing for the first financial phase of the Development, known as Seola Crossing (the "Project"); and

WHEREAS, Bank of America, N.A., has proposed to extend a line of credit evidenced by three line of credit notes on the terms set forth in this resolution to provide money for that purpose; 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:

“AMT” means the federal alternative minimum income tax.

“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 Notes.

“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.

“Commitment” means \$35,000,000.

“Draws” means incremental draws upon the Notes.

“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 Notes and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise, solely to another particular purpose.

“Interest Period” means each one- to 12-month period beginning on each LIBOR Reset Date, the length to be determined by the Authority no later than 12:00 noon Pacific time three LIBOR Banking Days prior to the date of such LIBOR Reset Date, provided that absent such a determination by the Authority for any subsequent Interest Period the length of such Interest Period shall be of the same length as the immediately preceding Interest Period. The

first day of an Interest Period must be a LIBOR Banking Day. The date of the last day of an Interest Period and the actual number of days during an Interest Period will be determined by the Bank using the practices of the London interbank market. No Interest Period may extend beyond the Maturity Date.

“Letter of Credit Amount” means the amount of any letters of credit issued by the Bank with respect to financing for the Project, the aggregate outstanding amounts of which shall not exceed \$7,900,000.

“LIBOR Banking Day” means a day other than a Saturday or a Sunday on which the Bank is open for business in New York, New York and London, England, and dealing in offshore dollars.

“LIBOR Fixed Rate” means, for any applicable Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time, two London Banking Days before the commencement of the Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the rate for that Interest Period will be determined by such alternate method as reasonably selected by the Bank.

“LIBOR Reset Date” means, with respect to the first Interest Period for any Draw, the date of such Draw and, with respect to subsequent Interest Periods, the first day of that Interest Period.

“London Banking Day” means a day on which banks in London are open for business and dealing in offshore dollars.

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2005 (Seola Crossing Project), created by this resolution for the purpose of paying principal of and interest on the Notes.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Notes.

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

“Project” means the first financial phase of the Authority’s Greenbridge HOPE VI redevelopment project, known as Seola Crossing.

“Proposal Letter” means the letter to the Authority from the Bank dated June 29, 2005, proposing the terms under which the Bank may purchase the Notes, and any commitment letter issued by the Bank in connection with the Notes.

“Series A Note” means the Revolving Line of Credit Revenue Note, 2005, Series A (Non-AMT) (Seola Crossing Project), of the Authority issued pursuant to this resolution.

“Series A Note Account” means the account of that name within the Note Fund.

“Series A Project” means any capital purpose in connection with the Project which qualifies for tax-exempt financing not subject to AMT.

“Series B Note” means the Revolving Line of Credit Revenue Note, 2005, Series B (AMT) (Seola Crossing Project), of the Authority issued pursuant to this resolution.

“Series B Note Account” means the account of that name within the Note Fund.

“Series B Project” means any capital purpose in connection with the Project which qualifies for tax-exempt financing subject to AMT.

“Series C Note” means the Revolving Line of Credit Revenue Note, 2005, Series A (Taxable) (Seola Crossing Project), of the Authority issued pursuant to this resolution.

“Series C Note Account” means the account of that name within the Note Fund.

“Series C Project” means any capital purpose in connection with the Project that does not qualify for tax-exempt financing.

“Taxable Interest Rate” means the fixed rate of interest per annum equal to the LIBOR Fixed Rate, plus 1.25 percent, which rate shall be adjusted on each LIBOR Reset Date.

“Tax-Exempt Interest Rate” means the fixed rate of interest per annum equal to 65 percent of the LIBOR Fixed Rate, plus 1.90 percent, which rate shall be adjusted on each LIBOR Reset Date.

Section 2. Authorization and Description of Notes. For the purpose of providing funds with which to finance all or part of the costs of the Project and pay costs of issuing and interest and fees on the Notes, the Authority may borrow money from time to time pursuant to a line of credit extended by the Bank under the terms of this resolution and the Proposal Letter, and shall issue the Notes in an aggregate principal amount at any one time outstanding of not to exceed the Commitment less the Letter of Credit Amount, if any.

The Notes shall be designated the Revolving Line of Credit Revenue Notes, 2005, Series A (Non-AMT), Series B (AMT) and Series C (Taxable) (Seola Crossing Project), of the Authority; shall be issued in registered form; shall be dated as of their date of delivery to the Bank; and shall mature on August 1, 2008 (the “Maturity Date”). The Executive Director of the Authority is authorized, without further action of the Board but with the consent and approval of the Bank, to extend the maturity date of the Notes beyond the Maturity Date specified herein for up to three additional years, as long as no other terms of the Notes or this resolution 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.

The Authority may request Draws upon the Notes on any LIBOR Banking Day that is at least three London Banking Days prior to the date for which payment of such Draw is requested, for the Note purposes identified above, subject to the terms of the Proposal Letter. Draws on the Series A Note may be used only to finance the Series A Project and to pay interest on the Series A Note and costs of issuing the Series A Note. Draws on the Series B Note may be used only to finance the Series B Project and to pay interest on the Series B Note and costs of issuing the Series B Note. Draws on the Series C Note may be used only to finance the Series C Project and to pay interest on the Series C Note and costs of issuing the Notes. Each Draw request on the Series A Note and the Series B Note shall be deemed a continuing representation that the proceeds of such Draw will be used for tax-exempt purposes.

Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount outstanding at any one time equal to the Commitment less the Letter of Credit Amount, if any.

Each Draw on the Series A Note and the Series B Note shall bear interest at the Tax Exempt Interest Rate. Each Draw on the Series C Note shall bear interest at the Taxable Interest Rate. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the basis of a 360-day year and actual number of days elapsed for the actual number of days the principal amount is outstanding. Interest on the Notes shall be payable quarterly in arrears on the first business day of each January, April, July and October after the date of issue of the Notes. Draws may be used to pay interest on the Notes. Principal of each Note, together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

If there occurs any nonpayment of principal, interest, fees or other amounts when due, then the Bank may provide notice of such default to the Authority, and the Authority shall be obligated to pay interest on the Notes two percentage points (2.0%) in excess of the interest rate otherwise applicable under the Notes until the Notes, both principal and interest, as the case may be, are paid in full. If the interest on the Series A Note or Series B Note is determined to be included in gross income for federal income tax purposes, then the outstanding amounts of the Note or Notes, as applicable, shall be deemed to be (and to have been) amounts outstanding under the Series C Note retroactive to the date of taxability, and the Authority shall pay to the Bank the difference between the interest actually paid with respect to that Note or those Notes and the interest that would have been paid had the outstanding amounts been drawn on the Series C Note.

The Authority finds that the fixing of the above interest rate indices is in the best interest of the Authority. Interest on the Series C Note will not be excluded from gross income of the registered owner for federal income tax purposes.

Section 3. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his or her designee to make Draws against the Notes in such amounts and at such times as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Proposal Letter.

Section 4. Note Registrar; Registration and Transfer of Notes. The Executive Director of the Authority shall serve as Note Registrar for the Notes. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Notes (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Notes. The Note Registrar is authorized, on behalf of the Authority, to

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

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

Section 5. Place, Manner and Medium of Payment. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America solely out of the applicable account within the Note Fund.

Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date 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 Notes the registered owner shall surrender the Notes at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 6. Optional and Mandatory Prepayment of Notes. The Authority reserves the right and option to prepay the Notes, in whole or in part, at any time prior to the Maturity Date at par plus accrued interest to the date of prepayment and, if such prepayment occurs on a date other than a LIBOR Reset Date, subject to the payment of a potential prepayment premium as described in the Proposal Letter. In addition, the Authority shall repay the Notes to the extent of any proceeds received from the sale of low income housing tax credits with respect to the

Project, such prepayment to be made within five days of receipt of such funds, except that such prepayment may be deferred by not more than 30 days to the end of the then current Interest Period to avoid payment of the prepayment premium. The Bank may in its sole discretion waive any prepayment premium. Written notice to the Bank of any intended prepayment or redemption of the Notes shall not be required. Interest on the Notes or the portion thereof so prepaid shall cease to accrue on the date of such prepayment. Principal may be reborrowed until the Maturity Date.

Section 7. Note Fund; Security for the Notes. The Note Fund is created as a special fund of the Authority designated the Revolving Line of Credit Revenue Note Fund, 2005 (Seola Crossing), consisting of the Series A Note Account, the Series B Note Account and the Series C Note Account. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Notes. The Authority pledges to deposit into the applicable account in the Note Fund, from General Revenues, from revenues derived from any portion of the Project for which Draws under the Notes are used, from any obligations issued to provide financing for any portions of the Project, and from any other money of the Authority available therefor, including amounts received from the Borrower derived from the sale of low income housing tax credits in connection with the Project, amounts sufficient to pay the principal of and interest on the Notes 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 with payments on the Notes. 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 Notes with respect to that portion of the General Revenues.

The Notes shall not be a debt of King County, the State of Washington or any political subdivision thereof, and each 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 Notes nor in any event shall principal of and interest on the Notes be payable out of any funds other than the Note Fund of the Authority established herein. The owner of the Notes 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 Notes. 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 Notes.

Section 8. Form and Execution of Notes. The Notes shall be prepared in forms 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.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, the Notes shall bear a Certificate of Authentication in the following form:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Revolving Line of Credit Revenue Note, 2005, [Series A (Non-AMT)/Series B (AMT)/Series C (Taxable)] (Seola Crossing Project), 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 Notes ceases to be an officer of the Authority authorized to sign notes before the Notes are authenticated or delivered by the Note Registrar or issued by the Authority, the Notes 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 Notes. The Notes also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Notes, 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 Notes.

Section 9. Preservation of Tax Exemption for Interest on the Series A and Series B Notes. The Authority covenants that it will take all actions necessary to prevent interest on the Series A Note and the Series B Note (collectively, the "Tax-Exempt Notes") 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 Tax-Exempt Notes or other funds of the Authority treated as proceeds of the Tax-Exempt Notes at any time during the term of the Tax-Exempt Notes that would cause interest on the Tax-Exempt Notes to be included in gross income for federal income

tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Notes, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Notes, 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 Tax-Exempt Notes 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 10. Proposal Letter Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Notes remain outstanding to deliver, or to cause the Borrower to deliver, to the Bank the following financial information and statements:

- Upon receipt, the Authority's annual state Audit Report;
- Within 180 days of each fiscal year end, the Authority's internally prepared annual financial statement;
- Within 60 days of the end of each quarter, the Authority's internally prepared quarterly financial statements (except fiscal year-end);
- Within 45 days of adoption, the Authority's annual budget;
- Within 180 days of each fiscal year end, the Borrower's internally prepared annual report on the operating results of the Project; and
- Within 60 days of the end of each quarter, the Borrower's internally prepared Asset Management Report and the Construction Management Report for the Project.

The Authority covenants that:

- It will comply with its obligations under the HOPE VI Revitalization Grant agreement with HUD relating to the Development (as amended from time to time, the "Grant Agreement"), including the requirements relating to

abandonment, sale or disposition of the Project, ownership of the Project and insurance;

- It will work diligently to complete the Project in compliance with the terms of the Grant Agreement;
- It will not amend the Grant Agreement or the revised revitalization plan to change the number of housing units, or in any other manner that would have a materially adverse effect on the Bank's obligations under the Credit Facility (as defined in the Proposal Letter) without the Bank's prior written consent; and
- It will establish, maintain and collect rents and charges from the operation of its properties sufficient to produce General Revenues in an amount sufficient to pay all amounts payable solely from the Authority's General Revenues.

Section 11. 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 Notes and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Notes. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Notes. The Executive Director of the Authority is authorized to execute the Notes and any other documents reasonably required to be executed in connection with the issuance of the Notes and to ensure the proper use and application of the proceeds of the Notes, and to effect any extension of the maturity of the Notes as described in Section 2.

The Notes 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 Notes.

Section 12. Approval of Transaction. The Bank has proposed to purchase the Notes at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter,

including the payment of an origination fee in the amount of \$35,000 and the fees of counsel to the Bank, in an amount not to exceed \$1,000 in connection with the Notes. The Board finds that the Bank's proposal is in the best interest of the Authority and authorizes the Executive Director of the Authority to accept an offer made on the same terms and conditions as contained in the Proposal Letter, and covenants that it will comply with all terms and conditions of the Proposal Letter, including the covenants of the Authority and the Borrower contained therein.

Section 13. 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.

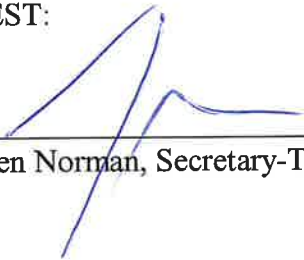
Section 14. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 15. 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 regular open public meeting this 11th day of July, 2005.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: 
Peter Orser, Chair

ATTEST:

Stephen 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. 5015 (the "Resolution") is a 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 the 11th day of July, 2005, 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 11th day of July, 2005.



Executive Director of the Authority