

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5148

(SPRINGWOOD APARTMENTS)

A RESOLUTION of the Housing Authority of the County of King authorizing (i) the negotiation of the terms of an operating agreement for Soosette Creek LLC in connection with the admission of an investor member to the LLC, (ii) the negotiation and execution of a lease agreement relating to the lease of the Springwood Apartments to the LLC, and (iii) the negotiation of the terms of certain financing for the LLC; and determining related matters.

ADOPTED MARCH 17, 2008

This document was prepared by:

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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(2) provides that a housing authority may “prepare, carry out, acquire, lease and operate housing projects; to provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof . . .”; 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(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, including but not limited to partnership agreements and joint venture agreements . . .”; and

WHEREAS, Springwood Apartments located in Kent, Washington (the "Project"), is owned and operated by the Authority as public housing under an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, due to its age and deficiencies in the original design and construction, the Project is in need of substantial renovations, upgrades and physical improvements, the cost of which cannot be paid for with available operating and capital funds through HUD's public housing program; and

WHEREAS, the Authority previously approved restructuring the underlying ownership of the Project in order to recapitalize the Project and finance necessary renovations, upgrades and physical improvements, subject to HUD approval; and

WHEREAS, HUD has approved the restructuring; and

WHEREAS, the restructuring of the Project will require the use of various funding sources, including federal low-income housing tax credits, and public and private federal, state and local grants and loans; and

WHEREAS, certain of these sources to be used in connection with the restructuring will require the creation of a limited liability company to maximize the benefits and minimize the risks to the Authority; and

WHEREAS, pursuant to the authorization provided in Resolution No. 5117 adopted by the Board of Commissioners of the Authority on August 20, 2007, the Authority has created Soosette Creek LLC (the "LLC"), a Washington limited liability company of which the Authority is presently the sole member, to accomplish the restructuring; NOW, THEREFORE,

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

Section 1. Admission of Investor to LLC. The Authority is authorized to negotiate the terms of an operating agreement (the "LLC Agreement") for the LLC, under which the Authority will be the sole managing member and entities affiliated with Apollo Housing Capital ("Apollo") will be the investor member(s), reflecting the terms of the letter of intent received from Apollo on February 11, 2008, which terms were accepted by the Authority on February 11, 2008, and in turn acknowledged and accepted by the Managing Director of Apollo on February 19, 2008. The Executive Director of the Authority is authorized to execute the LLC Agreement on behalf of the Authority.

Section 2. Lease Agreement. The Authority is authorized to negotiate the terms of a Lease Agreement between the Authority and the LLC, under which the LLC will lease the Project from the Authority, and to execute such Lease Agreement on behalf of the Authority, in its own behalf and as managing member of the LLC. Such Lease Agreement shall be substantially in the form on file with the Executive Director of the Authority, with such changes, including material changes, as he shall deem necessary or appropriate.

Section 3. Funding. In furtherance of the authorization provided in Resolution No. 5117, the Authority's Executive Director is authorized on behalf of the Authority (in its individual capacity and/or in its capacity as the LLC's managing member) to apply for and negotiate the terms of interim or permanent funding for the Project from such banking institutions as he deems necessary or desirable.

Section 4. Predevelopment Activities. The Authority's Executive Director is further authorized and directed to take all necessary and appropriate action in connection with the structuring of financing for the Project and the design and development of the improvements to be constructed in connection therewith, including, but not limited to: (i) preparing all appropriate

resolutions for Board review and approval; (ii) preparing all documents required so that the Authority and the LLC comply with state and federal securities laws; (iii) applying for bond insurance and other credit enhancement for any bonds to be issued by the Authority (but only if the Authority's Executive Director determines such credit enhancement to be cost effective); (iv) applying for and entering into one or more hedging instruments (such as interest rate swaps) for any bonds issued or to be issued by the Authority (but only if the Authority's Executive Director determines such hedge to be cost effective and the aggregate notional principal amount of all such hedges does not exceed \$45 million); (v) soliciting investment banking firms to serve as the lead underwriter(s) and as members of a selling group (if any) for any bonds to be issued for the Project, and selecting such lead underwriter(s) and the members of any selling group (if the Executive Director determines that a selling group is desirable); (vi) applying for ratings of any bonds to be issued by the Authority (but only if the Authority's Executive Director determines such ratings to be desirable); (vii) assisting in the preparation of any official statement to be used in connection with the offering of any bonds by the Authority; and (viii) negotiating contracts relating to the use, management and naming of buildings in the Project.

Section 5. Ancillary Documents. The Authority's Executive Director is hereby directed, and granted the discretionary authority, to execute and deliver any and all other certificates, documents, agreements and instruments that are necessary or appropriate in his discretion to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, any development services agreement between the LLC and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.

Section 6. Necessary Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution.

Section 7. 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 acting Executive Director of the Authority.

Section 8. 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 9. 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 17th day of March, 2008.

HOUSING AUTHORITY OF THE COUNTY OF KING



Nancy Holland-Young, Chair
Board of Commissioners

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. 5148 (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 March 17, 2008, 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 and eligible to vote on this Resolution 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 17th day of March, 2008.

HOUSING AUTHORITY OF THE COUNTY OF
KING



Executive Director

CERTIFICATE

