

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5176

(GREENBRIDGE - EASTBRIDGE)

A RESOLUTION of the Housing Authority of the County of King authorizing (i) the submission of applications for funding and credit enhancement for the Eastbridge phase of the Greenbridge Redevelopment project, (ii) the negotiation of the terms of a limited liability company in connection with such funding with an investor member (iii) participation in the formation of such company, and (iv) the disposition by sale or lease of portions of the Greenbridge Redevelopment site to such company; and determining related matters.

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

WHEREAS, the Authority has been awarded a \$35,000,000 grant from the U.S. Department of Housing and Urban Development (“HUD”) in connection with the Greenbridge Redevelopment project (the “Greenbridge Redevelopment”); and

WHEREAS, the total financing the Greenbridge Redevelopment will require the use of various funding and credit enhancement sources, including 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 Eastbridge phase of the Greenbridge Redevelopment (the “Project”) will require the creation of a limited liability company to maximize the benefits and minimize the risks to the Authority; NOW, THEREFORE,

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

Section 1. Formation of LLC. The Authority is authorized to: (i) participate in the formation of, and become the sole managing member in, a Washington limited liability company (the “LLC”), which LLC (A) shall have an initial operating agreement (the “LLC Agreement”) substantially in the form of the initial operating agreement for Seola Crossing LLC, with the Authority as the sole member, or substantially in the form of operating agreements used in previous Greenbridge rental projects, with the Authority as the sole managing member and with one or more additional properly selected investor member(s) and (B) shall have a certificate of formation (the “Certificate of Formation”) in such form as is required by chapter 25.15 RCW; and (ii) expend such funds as are necessary to form the LLC (including all filing fees, application fees, registration fees, and other costs). The Board intends that the LLC will develop the Project and receive low income housing tax credits in connection therewith. The Authority’s Executive Director is authorized on behalf of the Authority to: (i) execute, deliver and file (or cause to be executed, delivered and filed),

the extent required by law, the LLC Agreement, the Certificate of Formation and all such forms, certificates, applications and other documents that are necessary to form the LLC; (ii) approve any changes to the LLC Agreement and the Certificate of Formation, including any material changes; (iii) determine whether the LLC should initially be a single-member limited liability company or a multiple-member limited liability company (in which case he shall select one or more additional initial members of the LLC); and (iv) determine the name of the LLC, which name shall include the word "Eastbridge." The Authority's Executive Director is delegated the authority to cause, in his discretion, the LLC to be created as a Washington limited partnership, in which case all references in this resolution to limited liability company, operating agreement, managing member, chapter 25.15 RCW and certificate of formation shall be deemed to be references to limited partnership, limited partnership agreement, general partner, chapter 25.10 RCW and certificate of limited partnership, respectively.

Section 2. Funding. 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: (i) apply for, and enter into contracts relating to, such funding for the Project as he deems necessary or desirable, including without limitation public and/or private sector financing, Community Development Block Grant(s), Washington State Housing Trust Fund grant(s) and/or loan(s), and other federal, state and local funds; (ii) lend or grant all or any portion of the money derived from such funding sources to the LLC, and/or cause any contracts relating to such funding to be assigned to the LLC; (iii) apply for any and all necessary approvals from the U.S. Department of Housing and Urban Development in connection with such funding; (iv) apply to the Washington State Housing Finance Commission for an allocation of low income housing tax credits for the Project, enter such agreements (including a credit reservation and carryover allocation contract), provide

such documents (including cost certifications) necessary to secure such allocation, and cause such allocation (or any portion thereof) to be assigned to the LLC if the allocation initially is made to the Authority; (v) seek and approve investors to serve as members in the LLC in connection with the receipt of low income housing tax credits for the Project; (vi) negotiate with potential investors regarding their acquisition of member interests in the LLC; and (vii) prepare documents relating to and negotiate the terms of three loans from the Authority to the LLC: one loan in the amount of up to \$7.75 million of Authority funds derived from the sale of bonds issued by the Authority; a second loan in the amount of approximately \$437,500, which amount is equivalent to the amount of HOPE VI funds expected to be used by the Authority to finance construction of the Project; and a third loan in the amount of approximately \$4,975,000 from other Authority funds.

Section 3. 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 \$7.75 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; (viii) negotiating contracts relating to the use, management and naming of buildings in the Project; and (ix) if applicable, taking all actions necessary so that the bonds are credit-enhanced through the Authority's contingent loan agreement with King County dated March 31, 2006.

Section 4. Property Disposition. The Authority's Executive Director is further authorized and directed to take all necessary and appropriate actions to dispose of the following parcels, by sale or lease to the LLC, according to provisions of federal and state law:

- Parcels E03 and E04, corresponding to parcel 83 of the Greenbridge Master Plan; and
- Portions of E1, E2 and E3, corresponding to parcels 1, 2, 4, 5, 6, 7 and 8 of the Greenbridge Division 2 plat submitted to King County for approval and dated July 22, 2008,

all at the Greenbridge Redevelopment site, upon which the Project will be developed.

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.

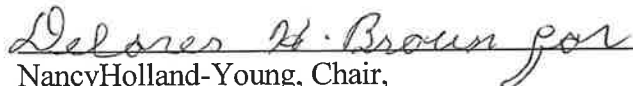
Section 7. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may in his absence be taken by the Deputy Executive Director or the Assistant Executive Director for Administrative Affairs of the Authority.

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 18th day of August, 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. 5176 (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 August 18, 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 18th day of August 2008.

HOUSING AUTHORITY OF THE COUNTY OF
KING



Executive Director