

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5184

(EASTBRIDGE APARTMENTS BONDS)

A RESOLUTION providing for the issuance of revenue bonds of the Authority in the aggregate principal amount of not to exceed \$7,750,000, the proceeds of which will be used to provide a portion of the funds required to pay the costs of constructing 91 dwelling units as part of the Eastbridge Apartments rental housing component of the Authority's Greenbridge HOPE VI Redevelopment Project, to be leased to a Washington limited partnership or limited liability company of which the Authority will be the general partner or the managing member (the "Tax Credit Entity") to provide housing for low-income persons in King County, Washington; providing for the loan of certain Authority funds to the Tax Credit Entity to make certain payments under the lease agreement; determining the form, terms and covenants of the bonds; approving the forms of a trust indenture relating to the bonds, the lease agreement, a loan agreement providing for repayment of the loan and a regulatory agreement governing the use of the facilities to be financed; authorizing the execution and delivery of the trust indenture, the lease agreement, the loan agreement, the regulatory agreement, the bonds and other agreements, documents and certificates; appointing a trustee and bond registrar for the bonds and authorizing the Executive Director to accept an offer from Wells Fargo Institutional Securities, LLC, to purchase the bonds.

ADOPTED August 18, 2008

This document was prepared by:

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

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WHEREAS, the Housing Authority of the County of King (the "Authority") seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the "County"); and

WHEREAS, the Authority intends to construct, in the aggregate, 91 rental dwelling units as part of the Eastbridge Apartments rental housing component of the Greenbridge HOPE VI Redevelopment Project, all of which will be leased by the Authority to a Washington limited liability company of which the Authority will be the sole managing member or to a Washington limited partnership of which the Authority will be the general partner (the "Tax Credit Entity"), to provide housing for low-income persons within the County (the "Project"); and

WHEREAS, the Project will be used by the Tax Credit Entity to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Bonds (defined

below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Tax Credit Entity for any other purpose; and

WHEREAS, the lease agreement will require the Tax Credit Entity to make certain payments to the Authority in connection with the Tax Credit Entity's acquisition, for federal income tax purposes, of the Project, and it is anticipated that the Tax Credit Entity will apply to the Authority for financial assistance for the purpose of providing part of the funds with which to make such payments; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, "lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor"; and "sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . ."; 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, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority (1) to issue the Bonds, in an aggregate principal amount not to exceed \$7,750,000, and to use the proceeds thereof for the purposes described herein, and (2) to make a loan to the Tax Credit Entity in an amount equal to the principal amount of the Bonds to enable the Tax Credit Entity to make certain payments under

the Lease Agreement relating to the Tax Credit Entity's acquisition, for federal income tax purposes, of the Project; and

WHEREAS, the County has agreed to provide credit enhancement for the Bonds in the form of a Contingent Loan Agreement with the Authority; and

WHEREAS, it is anticipated that Wells Fargo Institutional Securities, LLC, will offer to purchase the Bonds 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.

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

“Bond Registrar” means the entity serving as registrar, authenticating agent and paying agent under the Indenture, initially the Trustee.

“Bond” or “Bonds” means one or more of the revenue bonds of the Authority issued pursuant to, under the authority of and for the purposes provided in this resolution and the Indenture.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contingent Loan Agreement” means the Contingent Loan Agreement between the Authority and the County dated March 31, 2006, providing credit enhancement for the Bonds and other obligations of the Authority relating to the Greenbridge HOPE VI Redevelopment Project.

“County” means King County, Washington.

“Deed of Trust” means the Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing under which the Tax Credit Entity will be the grantor and the Authority will be the beneficiary, encumbering the Tax Credit Entity’s leasehold interest in the Project and securing repayment of the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay principal of and interest on the Bonds or to repay loans from the County pursuant to the Contingent Loan Agreement and are not now or hereafter pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Indenture” means the Trust Indenture between the Authority and the Trustee relating to the Bonds, including any supplements or amendments thereto made in conformity herewith and therewith.

“Lease” means the lease by and between the Authority and the Tax Credit Entity relating to the lease of the Project to the Tax Credit Entity, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Loan” means the loan to the Tax Credit Entity of an amount equal to the principal amount of the Bonds to enable the Tax Credit Entity to make certain payments under the Lease.

“Loan Agreement” means the Financing Agreement by and between the Authority and the Tax Credit Entity, relating to the Loan, and, if the Authority so determines, certain other loans made by the Authority to the Tax Credit Entity with respect to the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Mixed Finance Approval Date” means the date on which the United States Department of Housing and Urban Development approves the lease of the Project from the Authority to the Tax Credit Entity, which date is anticipated to occur in March, 2009.

“Project” means, depending on the context (1) the construction by the Authority of 91 rental dwelling units as part of the Eastbridge Apartments rental housing component of the Greenbridge HOPE VI Redevelopment Project, which will be leased by the Tax Credit Entity from the Authority, or (2) the dwelling units so constructed.

“Regulatory Agreement” means the Regulatory Agreement executed by the Tax Credit Entity for the benefit of the Authority governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Tax Credit Entity” means the Washington limited liability company of which the Authority will be the sole managing member or the Washington limited partnership of which the Authority will be the general partner, to be formed in connection with the Project.

“Trustee” means the entity serving as trustee under the Indenture, initially The Bank of New York Mellon Trust Company, N.A.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

Section 2. Authorization of Bonds and Loan and Application of Proceeds. The Authority shall issue the Bonds to provide a portion of the funds required to accomplish the Project and to pay costs of issuing the Bonds. Such Bond financing is declared and determined to be important for feasibility of the Project. All proceeds of the Bonds shall be used for those purposes, and shall be deposited with the Trustee, all as provided in the Indenture. The Board finds that it is in the best interest of the Authority to issue the Bonds for the purposes set forth in this resolution.

The Authority shall enter into the Lease with the Tax Credit Entity on or after the Mixed Finance Approval Date, and shall make a loan or loans to the Tax Credit Entity, pursuant to the Loan Agreement, in an amount equal to the principal amount of the Bonds to enable the Tax Credit Entity to make certain payments under the Lease relating to the acquisition, for federal income tax purposes, of the Project.

Section 3. Description of Bonds. The Bonds shall be issued in registered form in an aggregate principal amount not to exceed \$7,750,000. The Bonds shall be dated such date, shall be in such denominations, shall bear interest (at a weighted average rate not to exceed 6.5% per annum) payable on such dates and at such rates, shall mature at such times (but in no event later than 40 years from the issue date of the Bonds) and in such amount, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Indenture, which document is incorporated herein by this reference.

Section 4. Security for the Bonds. The Bonds shall be special, nonrecourse obligations of the Authority payable solely from sources described in the Indenture, including the Authority's General Revenues and the proceeds of any loans made by the County pursuant to the Contingent Loan Agreement, all as set forth in the Indenture.

The Authority pledges its General Revenues as security for the repayment of the loans made by the County under the Contingent Loan Agreement. 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 under the Contingent Loan Agreement and on the Bonds. 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 under the Contingent Loan Agreement and on the Bonds with respect to that portion of the General Revenues.

The Bonds shall not be a debt of the County, the State of Washington or any political subdivision thereof, and the Bonds shall so state on their face. Neither the County, the State of Washington nor any political subdivision thereof (except the Authority, solely from the sources identified herein and in the Indenture) shall be liable for payment of the Bonds nor in any event shall principal of, premium, if any, on and interest on the Bonds be payable out of any funds or assets other than those pledged to that purpose by the Authority herein and in the Indenture. The Authority has no taxing power.

Section 5. Form and Execution of Bonds. The Bonds shall be in a form consistent with the provisions of this resolution, the Indenture 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.

The Bonds shall be authenticated by the Bond Registrar as set forth in the Indenture. No Bonds shall be valid for any purpose until so authenticated. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 6. Preservation of Tax Exemption for Interest on Bonds. The Authority covenants that it will take all actions necessary to prevent interest on the Bonds 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 Bonds or other funds of the Authority treated as proceeds of the Bonds at any time during the term of the Bonds which would cause interest on the Bonds to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirement of Section 148 of the Code is applicable to the Bonds, it will

take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, 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 Bonds from being included in gross income for federal income tax purposes.

Section 7. Authorization of Bond Documents and Execution Thereof. The Board approves the Indenture, the Loan Agreement, the Lease and the Regulatory 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, and appoints The Bank of New York Mellon Trust Company, N.A., as Trustee for the Bonds. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bonds, the Loan Agreement, the Indenture, the Lease and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bonds and the documentation of the loan from the Authority to the Tax Credit Entity. The Executive Director of the Authority is authorized and directed to do everything necessary for the issuance, execution and delivery of the Bonds, including the “deeming final” of the preliminary official statement for the Bonds for the sole purpose of the Bond purchaser’s compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), and to execute and deliver, on behalf of the Authority, the Indenture, the Loan Agreement, the Lease and the Regulatory Agreement, and any other documents that may be useful or necessary in connection with the issuance of the Bonds and the making of the Loan to the Tax Credit Entity.

Section 8. Authorization of Tax Credit Entity Documents and Execution Thereof. The Board approves the Deed of Trust substantially in the form on file with the Executive

Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate, and authorizes and directs the Executive Director of the Authority to execute and deliver on behalf of the Tax Credit Entity the Lease, the Deed of Trust, the Loan Agreement and the Regulatory Agreement, and such financing statements and other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds.

Section 9. Authorization of Purchase Contract. It is anticipated that Wells Fargo Institutional Securities, LLC, will present a purchase contract (the “Bond Purchase Contract”) to the Authority offering to purchase the Bonds under the terms and conditions provided herein and therein. The Board finds that entering into such a Bond Purchase Contract is in the best interest of the Authority and the Tax Credit Entity, and therefore authorizes the Executive Director of the Authority to accept the offer contained in the Bond Purchase Contract and to execute the Bond Purchase Contract on behalf of the Authority and, if applicable, the Tax Credit Entity.

Section 10. 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 by the Deputy Executive Director or Assistant Executive Director for Administrative Affairs of the Authority, respectively.

Section 11. 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.

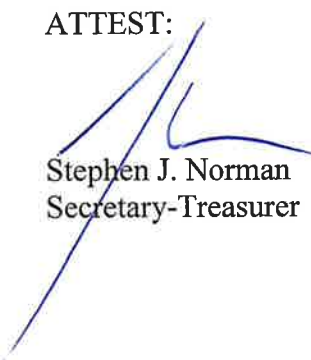
Section 12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at a regular open public meeting thereof this 18th day of August, 2008.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: Delores H. Brown for
Nancy Holland-Young, Chair

ATTEST:


Stephen J. Norman
Secretary-Treasurer

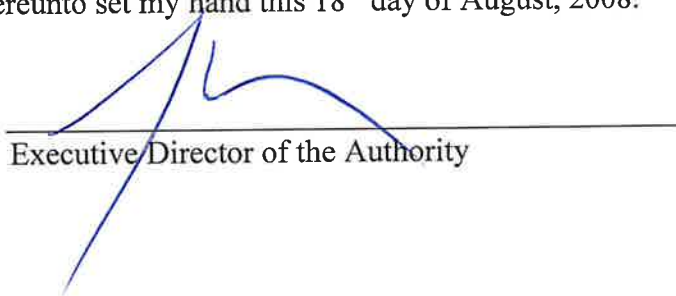
CERTIFICATE

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. 5184 (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; 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 18th day of August, 2008.



Executive Director of the Authority