

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5241

(AUBURN YOUTH RESOURCES)

A RESOLUTION of the Board of Commissioners of the Housing Authority of County of King providing for the issuance of a revenue bond in the principal amount of not to exceed \$495,000, the proceeds of which will be used to make a loan to Auburn Youth Resources, a Washington nonprofit corporation, to (i) finance the acquisition of four existing fourplex apartments owned by the Authority to provide housing for low-income persons in King County, Washington, and (ii) pay costs of issuing the bond; determining the terms and covenants of the bond; approving the forms of a loan agreement providing for repayment of the loan and a regulatory agreement governing the use of the facilities; authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution; providing for the sale and delivery of the bond to Columbia State Bank; and authorizing the sale of the property to Auburn Youth Resources.

Adopted October 7, 2009

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WHEREAS, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of rental housing for low-income persons; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may “sell . . . any real or personal property or interest therein at less than fair market value . . . to a nonprofit corporation provided the nonprofit corporation agrees . . . to use the property for the provision of housing for persons of low income for at least twenty years”; 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. . . of land, buildings, or developments for housing for persons of low income”; and

WHEREAS, RCW 35.82.020(11) and RCW 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 Authority is the owner of four fourplex apartment units located at 410-430 Dickson Avenue and 729-731 Blake Street, in Enumclaw, Washington (the “Project”); and

WHEREAS, the Authority desires to sell the Project to Auburn Youth Resources (the “Borrower”), a Washington nonprofit corporation, and the Borrower wishes to purchase the Project from the Authority; and

WHEREAS, the Borrower has requested that the Authority aid in providing all or part of the funds with which to finance the acquisition of the Project, to be owned by the Borrower to provide housing for low-income persons within King County, Washington; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to (i) sell the Project to the Borrower, and (ii) issue its revenue bond in the principal amount not to exceed \$495,000, the proceeds of which will be used to make a loan to the Borrower for the purposes described herein; and

WHEREAS, it is anticipated that Columbia State Bank will offer to purchase the bond on the terms 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:

“Act” means chapter 35.82 of the Revised Code of Washington.

“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 Columbia State Bank, a Washington state-chartered bank, the initial Registered Owner of the Bond.

“Bank Loan Agreement” means the loan agreement between the Bank and the Borrower, including any supplements thereto or amendments made in conformity herewith and therewith.

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

“Bond” means the tax-exempt bond issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Bond Fund” means the Housing Authority of the County of King Low-Income Housing Assistance Revenue Bond Fund, 2009 (Auburn Youth Resources Project).

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

“Borrower” means Auburn Youth Resources, a Washington nonprofit corporation.

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

“Commitment Letter” means the Letter of Interest dated July 24, 2009, from Columbia State Bank to the Borrower, as it may be amended, and any commitment letter issued in connection with the Bond, describing certain terms under which the Bank offers to purchase the Bond.

“Deed of Trust” means the deed of trust, if any, under which the Borrower is grantor and the Authority is beneficiary granting a lien on the Project and securing payment of the Bond and the Loan, which Deed of Trust will be assigned to the Bank by the Authority, along with the Loan Agreement.

“Loan” means the loan from the Authority to the Borrower of the proceeds of the Bond.

“Loan Agreement” means the Loan Agreement between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan.

“Loan Documents” means the Loan Agreement, the Regulatory Agreement, an Environmental Indemnity Agreement in favor of the Bank, the Bank Loan Agreement, the Commitment Letter, the Deed of Trust, any related UCC Financing Statements and any other documents relating to the Loan executed by the Borrower, as contemplated by the Commitment Letter.

“Project” means, depending on the context, (i) the land and improvements located at 410-430 Dickson Avenue and 729-731 Blake Street in Enumclaw, Washington, or (ii) the acquisition of and the rental to low-income persons of all or a portion of such property.

“Registered Owner” means the owner of the Bond registered as such on the registration books maintained by the Bond Registrar, initially the Bank.

“Regulatory Agreement” means the Regulatory Agreement between the Authority and the Borrower governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

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

Section 2. Authorization of Bond and Application of Proceeds. For the purpose of making a loan to the Borrower to provide part of the funds with which to finance the Project and to pay costs of issuing the Bond, the Authority shall issue and sell the Bond in the principal amount of not to exceed \$495,000. Such Bond financing is declared and determined to be important for the continued feasibility of the Project. All proceeds from the sale of the Bond

shall be lent to the Borrower for the purpose of financing the Project and paying all or part of the costs of issuing the Bond.

Section 3. Description of Bond. The Bond shall be in the principal amount of not to exceed \$495,000; shall be dated its date of issue; shall be numbered R-1; shall bear interest at a fixed rate, to be determined prior to closing and which shall not exceed the usury rate, if any, applicable to commercial loans in the State of Washington, to be reset on the 10<sup>th</sup> and 20<sup>th</sup> anniversary of issuance of the Bond (each a “Reset Date”); and shall mature on the date that is 30 years after the date of issue of the Bond (the “Maturity Date”).

The Bank shall have the right to require the redemption of the Bond in full on each 10-year anniversary of the date of issue of the Bond. If the Bank does not require the redemption of the Bond on any such date, the interest rate on the Bond shall be reset to the fixed rate of interest per annum determined for such Reset Date in accordance with the formula set forth in the Loan Documents. No Board action shall be required in connection with such resetting of the interest rate on the Bond in accordance with the Loan Documents. The Bank shall notify the Authority and its Bond Counsel of any change in the interest rate on the Bond so that any necessary forms can be filed with the Internal Revenue Service to ensure the continued tax-exempt status of the Bond.

Principal of and interest on the Bond shall be payable in monthly installments in the amount necessary to amortize the principal of and interest on the Bond over a 30-year period. Upon the setting of a new interest rate on each Reset Date (but not upon payment of voluntary prepayments occurring other than on a Reset Date), the monthly installment amount shall be recalculated to provide equal monthly payments in the amount necessary to fully amortize the principal of and interest on the Bond, at the interest rate that becomes applicable on such Reset Date, over the remaining number of months to the Maturity Date. On the Maturity Date, any

remaining outstanding principal balance and accrued interest on the Bond shall be due and payable in full.

Section 4. Registration and Transfer of Bond. The Executive Director of the Authority shall serve as Bond Registrar for the Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar for the Bond (the "Bond Register"). The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out the Bond Registrar's powers and duties under this resolution.

The Bond may not be transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may transfer the Bond to a successor to the business and assets of the Bank or to an affiliate of the Bank or other institutional investor upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Bond. Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any principal and interest payment or prepayment date.

Section 5. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Bond Register on the date payment is mailed or delivered. The Bond will be surrendered upon the final payment of its principal and interest, and destroyed or cancelled in accordance with law.

Section 6. Prepayment of Bond. The Bond shall be subject to redemption at the option of the Borrower, upon 15 days' written notice to the Bank, in whole or in part, at the price of par plus accrued interest plus, unless waived by the Bank, a redemption premium calculated as set forth below:

<u>Redemption Date</u> <u>(expressed as years from the issue</u> <u>date and from each Reset Date)</u>	<u>Redemption Premium</u> <u>(expressed as a percentage of par)</u>
Zero to One Year	5%
One Year plus 1 day to Two Years	4%
Two Years plus 1 day to Three Years	3%
Three Years plus 1 day to Four Years	2%
Four Years plus 1 day to Five Years	1%
Five Years plus 1 day and thereafter	0%

Interest on the Bond or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 7. Security for the Bond. The Bond shall be secured by the Loan Documents. Upon the issuance of the Bond, the Authority shall cause the Loan Documents to be executed by the Borrower for the benefit of the Authority and/or the Bank, and shall assign the Loan Documents to which it is a party to the Bank, as security for the Authority's payment of the principal of and interest on the Bond, except that the Authority shall retain certain rights under the Loan Agreement as described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority's behalf. When all principal of and interest due on the Bond and all other amounts due to the Registered Owner under the terms of the Loan Documents have been fully paid, the Registered Owner shall release

and reassign to the Authority any remaining interest of the Registered Owner in the Loan Agreement.

The Registered Owner shall not charge the Authority, and the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal and interest payments under the Loan Agreement or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power under the Deed of Trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interests created by the Loan Documents shall be assigned to such new Registered Owner, and such new Registered Owner shall have the rights and shall carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal and interest payments under the Loan Agreement and apply the same to the payment of principal of and interest on the Bond.

The Bond shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources described herein) shall be liable for payment of the Bond nor in any event shall principal of and interest on the Bond be payable out of any funds of the Authority other than the Bond Fund. The Bond shall be secured solely by payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Agreement, by the Deed of Trust and by the other Loan Documents, and the Registered Owner shall not have recourse to any fund of the Authority other than the Bond Fund, or to any receipts, revenues or properties of the Authority other than payments under the terms of the Loan Documents and proceeds of any sale resulting from foreclosure of the Deed of Trust. The Authority has no taxing power.



Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 8. Authorization of Sale of Project. The Board authorizes the sale of the Project to the Borrower pursuant to a purchase and sale agreement substantially in the form on file with the Executive Director of the Authority.

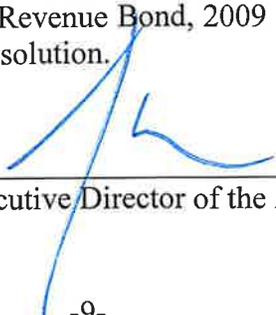
Section 9. Bond Fund. The Bond Fund is created as a special fund of the Authority and is to be known as the Housing Authority of County of King Low-Income Housing Assistance Revenue Bond Fund, 2009 (Auburn Youth Resources Project). The Bond Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bond. The Authority obligates and binds itself to set aside and pay into the Bond Fund any money received by it for such purpose under the Loan Documents sufficient in amount to make the payments required to be made under the Bond, and no other payments into the Bond Fund shall be required.

Section 10. Form and Execution of Bond. The Bonds 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 the Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

Only a Bond bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose of entitled to the benefits of this resolution:

#### CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Housing Authority of County of King Low-Income Housing Assistance Revenue Bond, 2009 (Auburn Youth Resources Project), described in the Bond Resolution.

  
\_\_\_\_\_  
Executive Director of the Authority, Bond Registrar



The authorized signing of the 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.

If any officer whose facsimile signature appears on the Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Neither the Commissioners of the Authority nor any person signing the Bond shall be liable personally by reason of the issuance and sale of the Bond.

Section 11. Preservation of Tax Exemption for Interest on Bond. The Authority covenants that it will take all actions necessary to prevent interest on the Bond 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 Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond 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 Bond, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating

rebtable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax purposes (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Loan Agreement shall require the Borrower to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the Authority shall not be required to expend any funds, other than such reimbursement or other money received under the terms of the Loan Agreement, in so complying.

Section 12. Designation of Bond as a “Qualified Tax-Exempt Obligation.” The Authority has determined and certifies that (a) the Bond is a “qualified 501(c)(3) bond” within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not 501(c)(3) bonds and other obligations not required to be included in such calculation) which the Authority and any entity subordinate to the Authority (including any entity that the Authority controls, that derives its authority to issue tax-exempt obligations from the Authority, or that issues tax-exempt obligations on behalf of the Authority) will issue for the benefit of the Borrower during the calendar year in which the Bond is issued will not exceed \$30,000,000; and (c) the amount of tax-exempt obligations issued for the benefit of the Borrower, including the Bond, designated by the Authority as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$30,000,000. The Authority designates the Bond as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

Section 13. Approval of Commitment Letter. It is anticipated that the Bank will offer to purchase the Bond under the terms and conditions contained in this resolution and in the

Commitment Letter. The Board finds that such offer is in the best interest of the Authority, and therefore approves the offer contained therein.

The Bond will be delivered to the Bank in accordance with the Commitment Letter, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bond.

Section 14. Authorization of Documents and Execution Thereof. The Board approves the Loan Agreement 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. The Executive Director of the Authority is authorized and directed to do everything necessary to effect the sale of the Project to the Borrower and for the issuance, execution and delivery of the Bond and the execution and delivery of the Loan Agreement, the Regulatory Agreement and other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Bond and the assignment of the Loan Documents to the Bank or to document the loans for the Project that will be subordinate to the Loan.

Section 15. Acting Officers Authorized. Any action authorized or directed to be taken by the Chair of the Board or the Executive Director of the Authority may, in the absence of such person, be taken by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority, respectively.

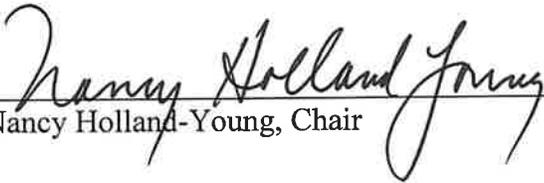
Section 16. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 17. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

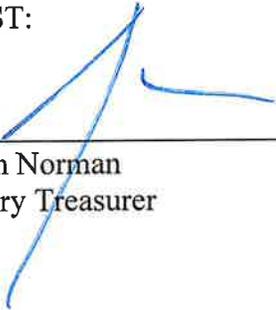


ADOPTED by the Board of Commissioners of the Housing Authority of King County at  
a special open public meeting thereof this 7<sup>th</sup> day of October, 2009.

HOUSING AUTHORITY OF KING COUNTY

By:   
Nancy Holland-Young, 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. 5241 (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 October 7, 2009, 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;

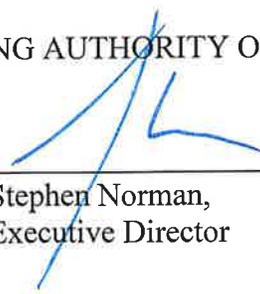
3. That written notice of the special meeting was given to each local radio or television station and to each newspaper of general circulation that has on file with the Authority a written request to be notified of special meetings, or to which such notice customarily is given; and

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 7<sup>th</sup> day of October, 2009.

HOUSING AUTHORITY OF KING COUNTY

By: \_\_\_\_\_

  
Stephen Norman,  
Executive Director

