

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5263

A RESOLUTION providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2009 (YWCA Family Village at Issaquah, Phase II) in the principal amount of not to exceed \$1,500,000, the proceeds of which will be used to make a loan to YWCA Family Village at Issaquah II LLC, a Washington limited liability company of which the Young Women's Christian Association of Seattle-King County-Snohomish County is or will be the managing member, to provide interim financing for the construction of Phase II of the YWCA Family Village at Issaquah; determining the form, terms and covenants of the note; creating a note redemption fund; approving the form of a loan agreement providing for repayment of the loan; authorizing the execution and delivery of the loan agreement, the note and other agreements, documents and certificates; and approving the sale and providing for the delivery of the note to KeyBank National Association.

ADOPTED December 16, 2009

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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; 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(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 Young Women's Christian Association of Seattle-King County-Snohomish County (the "YWCA") has applied to the Authority for financial assistance in the principal amount of up to \$1,500,000 for the purpose of providing interim financing for the

construction of Phase II of the YWCA Family Village at Issaquah development to provide housing for low-income persons in the King County, Washington (the "Project"); and

WHEREAS, the YWCA has formed or will form YWCA Family Village at Issaquah II LLC (the "Borrower"), a Washington limited liability company of which the YWCA is or will be the sole member; and

WHEREAS, the YWCA has requested that the Authority issue and sell its revenue bond for the purpose of assisting the Borrower in financing the Project; and

WHEREAS, the Project will be used by the Borrower to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Note (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Borrower for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable and in the best interest of the Authority to issue a single note in the principal amount not to exceed \$1,500,000, the proceeds of which will be used to make a loan to the Borrower for the purposes described herein; and

WHEREAS, KeyBank National Association (the "Bank") has proposed to extend a line of credit evidenced by a line of credit note of the Authority on the terms set forth in this resolution 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:

“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 KeyBank National Association, as Registered Owner of the Note, and any subsequent Registered Owner.

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

“Borrower” means the YWCA Family Village at Issaquah II LLC, a Washington limited liability company of which the YWCA is or will be the managing member, formed or to be formed in connection with the Project.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Draws” incremental draws upon the Note.

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

“Loan Agreement” means the Loan Agreement by and between the Authority and the Borrower relating to the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Loan Documents” mean the Loan Agreement, the Note, any related UCC Financing Statements and any other documents relating to the Loan executed by the Borrower or the YWCA.

“Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2009 (YWCA Family Village at Issaquah, Phase II).

“Note Fund” means the Authority’s Non-Revolving Line of Credit Revenue Note Fund, 2009 (YWCA Family Village at Issaquah, Phase II), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Register” means the books or records maintained by the Note Registrar containing the names and mailing addresses of the Registered Owner of the Note.

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

“Prime Rate” means the rate per annum established from time to time by the Bank as the Bank’s Prime Rate, whether or not such rate is publicly announced; the Prime Rate may not be the lowest interest rate charged by the Bank for commercial or other extensions of credit. In the event of any change in the Prime Rate, the rate of interest applicable to the Note shall be adjusted immediately to correspond with each such change.

“Project” means, depending on the context, (1) the construction of housing and related facilities as part of Phase II of the YWCA Family Village at Issaquah development, or (2) Phase II of the YWCA Family Village at Issaquah development.

“Proposal Letter” means the proposal letter to the YWCA from the Bank dated December 4, 2009, as it may be amended or replaced, proposing to purchase the Note on the terms set forth therein and herein.

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

“Regulatory Agreement” means the Regulatory Agreement in the form approved by Resolution No. 5257 of the Authority adopted on November 17, 2009, to be executed by the Borrower 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.

“YWCA” means the Young Women’s Christian Association of Seattle-King County-Snohomish County, a Washington non-profit corporation determined to be exempt from federal income taxation pursuant to Section 501(c)(3) of the Code.

Section 2. Authorization and Description of Note. For the purpose of making the Loan to the Borrower to provide interim financing for the Project, including payment of interest on the Note, the Authority shall issue the Note in a principal amount of not to exceed \$1,500,000. Such Note financing is declared and determined to be important for feasibility of the Project. All proceeds from the sale of the Note shall be lent to the Borrower and shall be disbursed pursuant to and subject to the conditions of the Loan Documents for those purposes. The Board finds that it is in the best interest of the Authority to issue the Note for the purposes set forth in this resolution.

The Note shall be designated the Non-Revolving Line of Credit Revenue Note, 2009 (YWCA Family Village at Issaquah, Phase II), of the Authority; shall be issued in registered form; shall be dated as of its date of delivery to the Bank; shall be numbered R-1; and shall mature on the date that is three years from the date of its delivery to the Bank (the “Maturity Date”).

The Borrower may make Draws upon the Note in any amount on any business day during the term of the Note for the Note purposes identified above, subject to the terms of the Proposal Letter. No Draw may exceed the total amount of the costs to be paid from such Draw, and the proceeds of each Draw shall be used immediately to pay those costs, or to reimburse the Borrower for such costs paid by the Borrower no earlier than 60 days prior to the date of the Draw.

Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$1,500,000.

Each Draw on the Note shall bear interest at the Prime Rate less 0.50%; provided that at no time shall the Note bear interest at a rate less than two percent per annum. The interest rate borne by the Note is subject to adjustment upon default as provided in the Proposal Letter. 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 the actual number of days elapsed for the actual numbers of days the principal amount is outstanding. Interest on the Note shall be payable monthly in arrears on the first day of each calendar month, to the maturity or earlier redemption of the Note. Draws may be used to pay interest on the Note. Principal of the Note, together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

If the Note is not paid when properly presented at its Maturity Date, the Authority shall be obligated to pay interest on the Note at the rate of interest thereon (as adjusted upon default, if and as applicable) from and after the Maturity Date until the Note, both principal and interest, is paid in full (but only from the sources described herein).

Section 3 Note Registrar: Registration and Transfer of the Note. The Executive Director of the Authority shall serve as the Note Registrar for the Note. 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 Note (the "Note Register"), which shall contain the name and mailing address of the Registered Owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note may be transferred by the Bank upon completion and delivery to the Authority of the assignment form and certificate of transferee attached to the Note. Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Note Registrar shall not be obligated to exchange or transfer the Note during the five days preceding any principal and interest payment or prepayment date.

Section 4. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of 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 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 Note, the Registered Owner shall surrender the Note at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 5. Optional Prepayment of the Note. The Authority reserves the right and option to prepay all or a portion of the principal of the Note at any time prior to the Maturity Date at par plus accrued interest to the date of prepayment. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 6. Note Fund: Security for the Note. The Note Fund is created as a special fund of the Authority and is to be known as the Non-Revolving Line of Credit Revenue Note Fund, 2009 (YWCA Family Village at Issaquah, Phase II). The Note Fund shall be drawn upon



for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit into the Note Fund, from amounts paid by the Borrower under the Loan Documents, amounts sufficient to pay the principal of and interest on the Note when due.

The Note shall be secured by the Loan Documents. Upon the issuance of the Note, 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 Note, 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 Note 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 Note, and the Authority shall have no obligation to make principal and interest payments on the Note except from those payments collected by the Bank on the Authority's behalf.

The Registered Owner shall not charge the Authority, and the Authority shall not be obligated to pay to the Registered Owner, any fees or costs of collection and application of principal and interest payment under the Loan Documents or the Note, including any fees for or costs of collecting such payment, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Note. If the Note is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new Registered Owner shall have the rights to 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 under the Loan Documents and to apply the same to the payment of principal and interest on the Note.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the 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 Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund of the Authority established herein. The Note shall be secured solely by the Loan Documents and the payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Documents, and the owner of the Note 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 Note. 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 Note.

Section 7     Form and Execution of Note. The Note 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 Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

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

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Authority's Non-Revolving Line of Credit Revenue Note, 2009 (YWCA Family Village at Issaquah, Phase II), 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 Note ceases to be an officer of the Authority authorized to sign notes before the Note is authenticated or delivered by the Note Registrar or issued by the Authority, the Note 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 Note. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, 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 Note.

Section 8. Preservation of Tax Exemption for Interest on Note. Subject to the last paragraph of this Section, the Authority covenants that it will take all actions necessary to prevent interest on the Note 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 Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, including the calculation and payment 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 Note 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 9. Authorization of Documents and Execution Thereof. The Board approves the Loan Agreement (and the lending of the amounts specified therein to the Borrower) 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. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note, the Loan Agreement, Regulatory Agreement and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the Note. The appropriate Authority officials are authorized and directed to do everything necessary for the issuance, execution and delivery of the Note. The Executive Director of the Authority is authorized to execute and deliver the Loan Agreement, the Regulatory Agreement and the Note and any other documents reasonably required to be executed in connection with the issuance of the Note, and the assignment of the Loan Documents to the Bank.

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 a Deputy Executive Director 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 an open public meeting thereof this 16<sup>th</sup> day of December, 2009.

HOUSING AUTHORITY OF THE COUNTY OF  
KING

By: Nancy Holland Gony  
Chair

ATTEST:

[Signature]  
Executive Director

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. 5263 (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 December 16, 2009, 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 16<sup>th</sup> day of December, 2009.

  
\_\_\_\_\_  
Executive Director of the Authority