

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5341

A RESOLUTION of the Housing Authority of the County of King authorizing (i) the submission of applications for funding, including a new line of credit in the amount of up to \$16.5 million, and an increase of up to \$5 million of credit enhancement for the Fairwind phase of the Seola Gardens redevelopment project, (ii) the negotiation of the terms of a limited liability limited partnership in connection with such funding with an investor partner (iii) participation in the formation of such partnership, (iv) the disposition by sale or lease of portions of the Seola Gardens Redevelopment site to such partnership, and (v) the Executive Director to approve, execute and deliver all documents relating to the Fairwind Apartments, including but not limited to Partnership Documents, Housing Authority Loan and Lease Documents and HUD Documents; and determining related matters..

ADOPTED September 21, 2011

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, 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, the Authority has been awarded a \$20,000,000 grant (the “HUD Grant”) from the U.S. Department of Housing and Urban Development (“HUD”) in connection with the Seola Gardens Redevelopment project (the “Seola Gardens Redevelopment”); and

WHEREAS, total financing for the Fairwind Apartments component (the “Project”) of the Seola Gardens HOPE VI redevelopment project will require the use of various funding sources, including low income housing tax credits and public and private federal, state and local grants and loans; and

WHEREAS, certain of these sources require the creation of a limited liability limited partnership to maximize the benefits and minimize the risks to the Authority; and

WHEREAS, the Authority intends to form Fairwind Apartments LLLP, a Washington limited liability limited partnership of which the Authority will be the sole general partner (the “Partnership”); and

WHEREAS, in connection with the receipt of low income housing tax credits for the Project, it is necessary and in the best interest of the Authority to include a for-profit investor and investor representatives (collectively, the “Investor Partners”), as limited partners of the Partnership; and

WHEREAS, in connection with the financing for the Project the Authority will lease the Project to the Partnership; and

WHEREAS, pursuant to Resolution No. 5274 adopted March 17, 2010, the Authority has issued taxable notes (the "Notes") in the amount of \$20,000,000 to provide construction financing for the Project; and

WHEREAS, pursuant to Resolution No. 5332 adopted July 13, 2011, the Authority directed the Executive Director or his designee to submit an application to the King County Housing Finance Program for \$2,500,000 to provide funding for the Project; and

WHEREAS, the Authority expects to make a bridge loan to the Partnership in an amount equal to all or a portion of the principal amount of the Notes; and

WHEREAS, the Authority expects to make a loan or loans to the Partnership, in a combined amount equal to the amount received under the King County Housing Finance Program plus a portion of the value of the HUD Grant, in connection with the Partnership's lease of the Project from the Authority, and

WHEREAS, the HUD Mixed Finance Closing may occur before the Project construction contract is signed, such that HUD may require certain guarantees and assurances from the Authority that sufficient funds will be available to construct and permanently finance the project, and

WHEREAS, in the alternative, the HUD Mixed Finance Closing may be delayed until after the signing of the Construction Contract and the start of Project construction, such that HUD acknowledgment of an early construction start may be required; and

WHEREAS, the Authority expects that it will make additional loans to the Partnership to complete the financing for the Project; and

WHEREAS, the Authority has determined that the loans authorized herein are important for the feasibility of the Project; and

WHEREAS, the Authority wishes to undertake those steps as may be necessary, reasonable and/or advisable for it to serve as general partner of the Partnership and developer of the Project, and to obtain the various funding sources on behalf of the Project described above and to make such funds available to the Partnership; 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 Partnership and Admission of Investor Partners. The Authority is authorized to: (i) participate in the formation of, and become the sole general partner in, the Partnership, which shall have (A) an initial partnership agreement (the "Partnership Agreement") substantially in the form of the initial partnership agreement for Zephyr Apartments LLLP, with the Authority as the sole general partner and KCHA Initial Affiliate LLC as the sole limited partner, and (B) a Certificate of Limited Partnership in such form as is required by chapter 25.10 RCW; and (ii) expend such funds as are necessary to form the Partnership (including filing fees, application fees, registration fees and other costs). The Board intends that the Partnership will develop the Project (or cause it to be developed) 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), to the extent required by law, the Partnership Agreement, the Certificate of Limited Partnership for the Partnership and all such forms, certificates, applications and other documents that are necessary to form the Partnership, (ii) approve any changes to the Partnership Agreement and the Certificate of Limited Partnership,

including any material changes; and (iii) determine the name of the Partnership, if the name Fairwind Apartments LLLP is not available, which name shall include the word "Fairwind."

The Executive Director is further authorized and directed, on behalf of the Authority, to amend the initial Partnership Agreement to admit the Investor Partners as limited or special partners thereof. In particular, the Authority's Executive Director is authorized to: execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority in its own behalf or in its capacity as general partner of the Partnership, as applicable, (i) those documents listed in Exhibit A substantially in the form on file with the Authority, with such changes, including material changes, as the Executive Director of the Authority deems necessary or advisable (collectively, the "Partnership Documents"); (ii) any documents required to transfer the allocation of low income housing tax credits for the Project from the Authority to the Partnership; and (iii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Partnership Documents. The Executive Director of the Authority is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, under the provisions of or as necessary to carry out the transactions contemplated by the Partnership Documents.

From and after the date the Partnership Documents are executed, the Executive Director (or his designee) is authorized and directed, without further Board approval, to take such actions on behalf of the Authority that are required to be taken by the general partner of the Partnership.

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 Partnership's general partner) to:

(i) apply to such banks as he deems appropriate for a line of credit in the amount of up to \$16.5 million to provide construction and bridge loan financing for the Project, to select one or more banks to provide such line of credit and to negotiate the terms of such line of credit with the selected bank(s); (ii) apply for, and enter into contracts relating to, such other 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; (iii) lend or grant all or any portion of the money derived from such funding sources to the Partnership, and/or cause any contracts relating to such funding to be assigned to the Partnership; (iv) apply for any and all necessary approvals from the HUD in connection with such funding; (v) apply to the Washington State Housing Finance Commission for an allocation of low income housing tax credits for the Project, enter into 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 Partnership if the allocation initially is made to the Authority; and (vi) prepare documents relating to and negotiate the terms of two loans from the Authority to the Partnership, including a loan in the amount of up to \$2.5 million of Authority funds derived from a grant or loan from the King County Housing Finance Program to the Authority; and a second loan in the amount of up to approximately \$13,840,000..

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 Partnership comply with state and federal securities laws; (iii) applying for bond insurance and for up to an additional \$5 million in credit enhancement from King County for Seola Gardens for any bonds or notes to be issued by the Authority (but only if the Authority's Executive Director determines such credit enhancement to be cost effective); (iv) issuing or renegotiating bonds or notes for construction financing in such amounts as are reasonably necessary to complete the Project, (v) negotiating contracts relating to the use, management and naming of buildings in the Project; and (v) if applicable, taking all actions necessary so that the Notes and any other bonds or notes are credit-enhanced through the Authority's contingent loan agreement with King County dated November 2, 2009, as it might be amended from time to time.

Section 4. Property Disposition. The Authority's Executive Director is further authorized and directed to take all necessary and appropriate actions to dispose of approximately 5.52 acres of the FD-101 Parcel of the Seola Gardens Division 1 Plat, upon which the Project will be developed, by sale or lease to the Partnership, according to provisions of federal and state law.

Section 5. Approval of Housing Authority Loan and Lease Documents. The Executive Director is further authorized and directed to take all actions required of the Authority associated with the lease of the Project to the Partnership and the loans to be made by the Authority to the Partnership in connection with the Project. In particular, the Authority's Executive Director is authorized to: execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority in its own behalf or in its capacity as general partner of the Partnership, as applicable, (i) those documents listed in Exhibit B (collectively, the

“Housing Authority Loan Documents”), with such changes, including material changes, as the Executive Director of the Authority deems necessary or advisable, and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the Housing Authority Loan Documents.

Section 6. Approval of HUD Documents. The Executive Director is further authorized and directed to execute and deliver, on behalf of the Authority in its own behalf or in its capacity as general partner of the Partnership, as applicable, (i) those documents listed in Exhibit C (the “HUD Documents”), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to carry out the transactions contemplated by the HUD Documents.

Section 7. Selection of Tax Credit Investor: Approval of Tax Credit Documents. The selection of Boston Capital as the Investor Partners is ratified and confirmed. The Executive Director is authorized to negotiate the terms of an amended and restated partnership agreement admitting the Investor Partners to the Partnership. The Executive Director is further authorized and directed to execute and deliver, on behalf of the Authority in its own behalf or in its capacity as general partner of the Partnership, as applicable, (i) those documents listed in Exhibit D (the “Tax Credit Documents”), substantially in the forms on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable; and (ii) any other documents reasonably required to be executed by the Authority or the Partnership to obtain allocations of low-income housing tax credits from the Washington State Housing Finance Commission, to complete the development and operation of the Project and to carry out the transactions contemplated by the Tax Credit Documents.

Section 8. Assurances in Advance of Construction Contract. The Executive Director is further authorized, for purposes of effecting a HUD Mixed Finance Closing in advance of determining the Maximum Allowable Contract Cost for Project construction, to provide such reasonable assurances and guarantees as HUD may require that all necessary Project construction and permanent financing will be available to the Project.

Section 9. Early Construction Start. If necessary to avoid Project construction delays, the Authority may begin construction of the Project in advance of a HUD Mixed Finance Closing upon receiving HUD acknowledgment of an early construction start.

Section 10. Governmental Filings; Other Agreements. The Executive Director is further authorized to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority and/or the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that he determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein, including, but not limited to, any development services agreement between the Partnership and the Authority (and/or others) providing for the development of the Project, contracts with architects, engineers and other consultants, and construction contracts.

In particular, the Executive Director is authorized and directed to execute, deliver and, if applicable, file (or cause to be executed, delivered, and, if applicable, filed) those documents listed in Exhibit E (the "Additional Documents") substantially in the form on file with the Authority, with such changes, including any material changes, as the Executive Director deems necessary or advisable.

Section 11. 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.

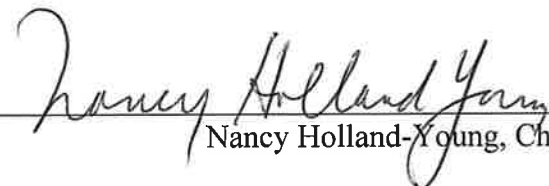
Section 12. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority, respectively.

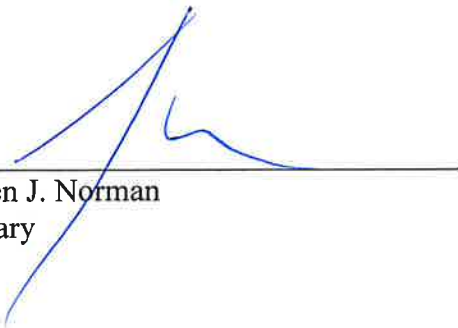
Section 13. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 14. 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 special public meeting this 21st day of September, 2011.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By: 
Nancy Holland-Young, Chair

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Stephen J. Norman
Secretary

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. 5341 (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 September 21, 2011, 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 21st day of September, 2011.



Stephen J. Norman
Executive Director of the Authority

CERTIFICATE

