

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5344

A RESOLUTION providing for the issuance of the Authority's Revolving Line of Credit Revenue Notes, 2011, in the principal amount of not to exceed \$11,500,000 at any one time outstanding, to provide bridge financing for the acquisition of housing and related facilities, including repayment of the Authority's Revolving Line of Credit Revenue Note, 2008, previously issued for that purpose; determining the form, terms and covenants of the notes; creating a note redemption fund; and approving the sale and providing for the delivery of the notes to KeyBank National Association.

Adopted September 21, 2011

*This document was prepared by:*

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WHEREAS, pursuant to RCW 35.82.130, the Housing Authority of the County of King (the "Authority") is authorized to issue revenue bonds and notes from time to time and to use the proceeds of those obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority borrow money to provide bridge financing for the acquisition of housing and related facilities; and

WHEREAS, the Authority has previously issued its Revolving Line of Credit Revenue Note, 2008 (the "Outstanding Note"), in the principal amount of not to exceed \$9,225,000 at any one time outstanding, for such purpose, which Outstanding Note matures on November 18, 2011; and

WHEREAS, KeyBank National Association (the "Bank") has offered to extend a line of credit evidenced by two revolving line of credit notes of the Authority on the terms set forth in this resolution to provide money for such bridge financing, including repayment of the Outstanding Note; 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 Notes.

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

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

“Contingent Loan Agreement” means the Contingent Loan Agreement (Wonderland Estates) by and between the County and the Authority executed on October 30, 2009, by the Authority and on November 2, 2009, by the County, together with any amendments or supplements thereto made in accordance with the terms thereof.

“County” means King County, Washington.

“Draws” means incremental draws upon the Notes.

“General Revenues” means all revenues of the Authority from any source, but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, 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.

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2011, created by this resolution for the purpose of paying principal of and interest on the Notes.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Notes.

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

“Notes” means, together, the Taxable Note and the Tax-Exempt Note.

“Outstanding Note” means the Authority’s Revolving Line of Credit Revenue Note, 2008.

“Prime Rate” means the rate of interest per annum announced from time to time by the Bank as its prime rate, with the Prime Rate changing on the date each change in said prime rate is announced by the Bank. The Prime Rate will not necessarily be the lowest interest rate charged by the Bank on commercial or other extensions of credit.

“Project” means the acquisition by the Authority of housing and related facilities.

“Proposal Letter” means the proposal letter to the Authority from the Bank provided on September 9, 2011, as it may be amended, offering to purchase the Notes on the terms set forth therein and herein.

“Taxable County Credit Enhanced Rate” means the variable rate of interest per annum equal to the difference of the Prime Rate minus 100 basis points.

“Taxable Non Credit Enhanced Rate” means the variable rate of interest per annum equal to the difference of the Prime Rate minus 35 basis points.

“Taxable Note” means the Authority’s Revolving Line of Credit Revenue Note, 2011 (Taxable).

“Tax-Exempt County Credit Enhanced Rate” means the variable rate of interest per annum equal to 65.01% of the difference of the Prime Rate minus 88 basis points.

“Tax-Exempt Non Credit Enhanced Rate” means the variable rate of interest per annum equal to 65.01% of the difference of the Prime Rate minus 23 basis points.

“Tax-Exempt Note” means the Authority’s Revolving Line of Credit Revenue Note, 2011 (Tax-Exempt).

“Tax-Exempt Project” means the acquisition by the Authority of housing and related facilities, but specifically excluding the making of loans to non-governmental entities or the financing of housing or related facilities to be used in the trade or business of non-governmental entities unless the Authority has received written confirmation from its Bond Counsel to the effect that use of proceeds of Draws on the Tax-Exempt Note for such purpose will not cause interest on Draws on the Tax-Exempt Note to be included in gross income for federal income tax purposes.

Section 2. Authorization and Description of Notes. For the purpose of providing funds with which to finance or refinance all or part of the costs of the Project, including the Tax-Exempt Project and including repayment of the Outstanding Note, and to pay costs of issuing and interest on the Notes, the Authority may borrow money from time to time pursuant to a line of credit extended by the Bank under the terms of this resolution and the Proposal Letter, and shall issue the Notes in a combined principal amount of not to exceed \$11,500,000 at any one time outstanding, of which not more than \$10,000,000 shall be outstanding at any one time on the Tax-Exempt Note.

The Notes shall be issued in registered form; shall be dated as of the date of delivery of the Notes to the Bank; and shall mature on November 18, 2012 (as extended from time in accordance with Section 3, the "Maturity Date").

The Authority may make Draws upon the Notes in any amount on any business day during the term of the Notes for the Note purposes identified above, subject to the terms of the Proposal Letter, and except that Draws on the Tax-Exempt Note shall be made only to pay costs of the Tax-Exempt Project. 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 Authority for such costs paid by the Authority no earlier than 60 days prior to the date of the Draw. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws on the Notes shall be limited to an aggregate principal amount of \$11,500,000 outstanding at any one time, and Draws on the Tax-Exempt Note shall be limited to an aggregate principal amount of \$10,000,000 outstanding at any one time.

Draws on the Notes shall bear interest as follows:

- Draws on the Taxable Note to which the Contingent Loan Agreement applies shall bear interest at the Taxable County Credit Enhanced Rate.
- Draws on the Taxable Note to which the Contingent Loan Agreement does not apply shall bear interest at the Taxable Non Credit Enhanced Rate.
- Draws on the Tax-Exempt Note to which the Contingent Loan Agreement applies shall bear interest at the Tax-Exempt County Credit Enhanced Rate.
- Draws on the Tax-Exempt Note to which the Contingent Loan Agreement does not apply shall bear interest at the Tax-Exempt Non Credit Enhanced Rate.

The interest rate may be changed from the Taxable Non Credit Enhanced Rate or Tax-Exempt Non Credit Enhanced Rate to the Taxable County Credit Enhanced Rate or Tax-Exempt Credit Enhanced Rate, as applicable, at any time that the Contingent Loan Agreement is in effect, or from the Taxable County Credit Enhanced Rate or Tax-Exempt County Credit Enhanced Rate to the Taxable Non Credit Enhanced Rate or Tax-Exempt Non Credit Enhanced Rate, as applicable, at any time that the Contingent Loan Agreement is no longer in effect, in either case upon notice to the Bank. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the principal amount of the Draw outstanding on the basis of a 360-day year for the actual number of days the principal amount of the Draw is outstanding.

Interest on the Notes shall be payable quarterly in arrears, on the first business day of each January, April, July and October, to the maturity or earlier redemption of the Notes. Draws may be used for the purpose of making interest payments on the Notes; provided, however, that Draws on the Tax-Exempt Note shall not be used to pay interest on the Taxable Note. Principal of the Notes, together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

If the Notes are not paid when properly presented at their Maturity Date, the Authority shall be obligated to pay interest on the Notes at the applicable rates of interest thereon from and after the Maturity Date until the Notes, both principal and interest, are paid in full.

Section 3. Authorization for Extension and Modification of Notes. The Executive Director is authorized, without further action of the Board but with the consent and approval of the Bank, to extend the Maturity Date of the Notes beyond the Maturity Date specified in Section 2 to any date on or before December 31, 2018, and to modify the interest rate formulae applicable to Draws on the Notes, if the Executive Director determines that such extension

and/or modification is in the best interest of the Authority, all as long as no other terms of the Notes or this resolution are revised. The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and modification of interest rate formulae. The Executive Director's execution of documents in connection with the modification or extension of the Notes as described herein will constitute conclusive evidence of his approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 4. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his designee to make Draws against the Notes in such amounts, at such times and with such interest rate option as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Proposal Letter.

Section 5. Note Registrar; Registration and Transfer of Notes. The Executive Director of the Authority shall serve as Note Registrar for the Notes. 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 Notes (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Notes. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Notes in accordance with the provisions of the Notes and this resolution, to serve as the Authority's paying agent for the Notes and to carry out all of the Note Registrar's powers and duties under this resolution.

The Notes shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Notes may not be assigned or transferred by the Bank,



except that the Bank may assign or transfer the Notes to any successor to the business and assets of the Bank.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Notes 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 of the Authority 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 Notes, the registered owner shall surrender the Notes at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 7. Optional Prepayment of Notes. The Authority reserves the right to prepay all or a portion of the principal of the Notes at any time without premium or penalty. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Notes or the portion thereof so prepaid shall cease to accrue on the date of such prepayment. Principal may be reborrowed until the Maturity Date.

Section 8. Note Fund; Security for the Notes. The Note Fund is created as a special fund of the Authority and is to be known as the Revolving Line of Credit Revenue Note Fund, 2011. The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Notes. The Authority pledges to deposit into the Note Fund, from General Revenues, from revenues derived from any portion of the Project, including the Tax-Exempt Project, for which draws under the Notes are used, from any obligations issued to provide financing for any such portions of the Project, from the proceeds of any loans made by the

County pursuant to the Contingent Loan Agreement and from any other money of the Authority available therefor, amounts sufficient to pay the principal of and interest on the Notes when due. The Authority has previously pledged its General Revenues to repayment of any loans made by the County pursuant to 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 on the Notes. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Notes with respect to that portion of the General Revenues so pledged.

The Notes shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Notes shall so state on their 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 Notes nor in any event shall principal of and interest on the Notes be payable out of any funds other than the Note Fund of the Authority established herein. The owner of the Notes 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 Notes. The Authority has no taxing power.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Notes.

Section 9. Form and Execution of Notes. The Notes 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. To be valid or obligatory for any purpose or entitled to the benefits of this resolution, each Note shall bear a Certificate of Authentication executed by the 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 a Note ceases to be an officer of the Authority authorized to sign notes before that 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 notes. A 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 10. Preservation of Tax Exemption for Interest on Tax-Exempt Note. The Authority covenants that it will take all actions necessary to prevent interest on the Tax-Exempt 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 Tax-Exempt Note or other funds of the Authority treated as proceeds of the Tax-Exempt Note at any time during the term of the Tax-Exempt Note which would cause interest on the Tax-Exempt Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Tax-Exempt Note, take all actions necessary to comply (or to be treated as having complied) with that

requirement in connection with the Tax-Exempt Note, 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 Tax-Exempt Note from being included in gross income for federal income tax purposes.

Section 11. Designation of Tax-Exempt Note as Qualified Tax-Exempt Obligation.

Pursuant to Section 265(b)(3)(C)(ii)(III) and Section 265(b)(3)(D)(ii) of the Code, under certain circumstances a refunding obligation issued to refund any obligation to the extent the amount of that refunding obligation does not exceed the outstanding amount of the refunded obligation is not taken into account in determining an issuer's status as a qualified small issuer for purposes of Section 265(b)(3) of the Code, and the refunding obligation shall be deemed designated as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code if the refunded obligation was so designated. The Authority previously designated the Outstanding Note as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code. To the extent the principal amount of the Tax-Exempt Note does not exceed the outstanding principal amount of the Outstanding Note, the Tax-Exempt Note shall be deemed to have been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code. Further, the Authority has determined and certifies that (a) the Tax-Exempt Note is not a "private activity bond" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation, including the outstanding principal amount of the Outstanding Note) that the Authority and all entities subordinate to the Authority (including any entity that the Authority controls, which derives its authority to issue tax-exempt obligations from the

Authority or that issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Tax-Exempt Note is issued will not exceed \$10,000,000; and (c) the amount of tax-exempt obligations, including the amount of the Tax-Exempt Note in excess of the outstanding principal amount of the Outstanding Note, designated by the Authority as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Tax-Exempt Note is issued, does not exceed \$10,000,000. The Authority designates the portion of the Tax-Exempt Note in excess of the outstanding principal amount of the Outstanding Note as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

Section 12. Proposal Letter Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Notes remain outstanding to deliver to the Bank the following financial information and statements:

- Within 180 days of each fiscal year end, the Authority’s internally prepared annual financial statements;
- Within 10 days of receipt, the Authority’s annual state Audit Report;

The Authority further covenants and agrees to provide other financial information as the Bank may from time to time reasonably request and to notify the Bank promptly of any material adverse development that might reduce or retard the Authority’s receipt of resources pledged to the repayment of the Notes.

Section 13. Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Notes and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Notes. The appropriate Authority officials are authorized and directed to do everything

necessary for the issuance, execution and delivery of the Notes. The Executive Director of the Authority is authorized to execute the Notes and any other documents reasonably required to be executed in connection with the issuance of the Notes and to ensure the proper use and application of the proceeds of the Notes, and to effect any extension of the maturity of the Notes and modification of interest rate formulae applicable to Draws on the Notes as described in Section 2.

The Notes will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Notes.

Section 14. Approval of Transaction. The Bank has offered to purchase the Notes at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of a fee to the Bank in the amount of \$5,000 plus the fees and expenses of the Bank's legal counsel, not to exceed \$600, and any other out-of-pocket costs incurred by the Bank, each payable at closing. The Board finds that the Bank's offer is in the best interest of the Authority and accepts such offer, and covenants that it will comply with all terms and conditions of the Proposal Letter.

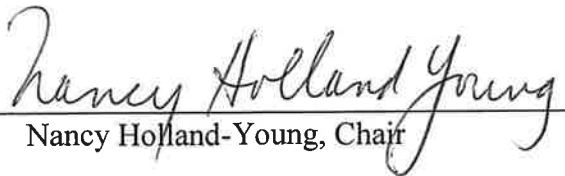
Section 15. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority, respectively.

Section 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.

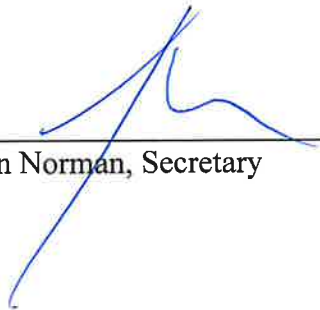
Section 17. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open special public meeting this 21<sup>st</sup> day of September, 2011.

HOUSING AUTHORITY OF THE  
COUNTY OF KING

By:   
Nancy Holland-Young, Chair

ATTEST:

  
Stephen 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. 5344 (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 21<sup>st</sup> day of September, 2011.

HOUSING AUTHORITY OF THE  
COUNTY OF KING

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

Executive Director

