

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5359

A RESOLUTION providing for the issuance of the Authority's Revenue Note, 2011 Series A (Tax-Exempt) (Green River Homes Project) and Revenue Note, 2011 Series B (Taxable) (Green River Homes Project), in the aggregate principal amount of not to exceed \$13,000,000, the proceeds of which will be used to make a loan to Green River Homes 2 LLC, a Washington limited liability company of which the Authority is the sole managing member (the "LLC"), to provide part of the funds with which to rehabilitate 31 buildings containing 59 dwelling units, to provide housing for low-income persons in King County, Washington; providing for the loan of proceeds of draws on the Notes to the LLC; authorizing a loan or loan of other Authority funds to the LLC; determining the form, terms and covenants of the Notes; approving the form of a master loan agreement providing for repayment of the loans and a regulatory agreement governing the use of the facilities to be financed; providing for the sale and delivery of the Notes to Specialized Lending, LLC and Bank of America, N.A.; and authorizing and directing appropriate officers of the Authority to execute such documents as are useful or necessary to the purposes of this resolution.

Adopted December 14, 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 housing for low-income persons residing in King County, Washington (the "County"); 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(5) provides that a housing authority may, among other things, "lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor"; and "sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . ."; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low-income”; and

WHEREAS, RCW 35.82.020(11) and 35.82.130 together provide that a housing authority may issue bonds, notes or other obligations for any of its corporate purposes; and

WHEREAS, the Authority has formed Green River Homes 2 LLC, a Washington limited liability company of which the Authority is the sole managing member (the “LLC”), to accomplish the restructuring of the underlying ownership of 31 buildings containing 59 dwelling units known as Green River Homes located in Auburn, Washington (the “Project”), in order to recapitalize the Project and finance necessary renovations, upgrades and physical improvements, which Project is leased by the LLC from the Authority to provide housing for low-income persons; and

WHEREAS, total financing for the Project will require the use of various funding sources, including tax-exempt and taxable bonds or notes and low income housing tax credits; and

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

aggregate principal amount of not to exceed \$13,000,000, the proceeds of which will be used to make a loan to the LLC for the purposes described herein; and

WHEREAS, the Authority expects that it will make an additional loan or loans to the LLC to complete the financing for the Project; and

WHEREAS, it is anticipated that Specialized Lending, LLC will offer to purchase the Tax-Exempt Note and that Bank of America, N.A. will offer to purchase the Taxable Note, each on the terms and conditions set forth herein; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Bank” or “Banks” means one or both of Specialized Lending, LLC, as registered owner of the Tax-Exempt Note and Bank of America, N.A., as registered owner of the Taxable Note, as applicable.

“BBA LIBOR” means the British Bankers Association LIBOR Rate as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time).

“BBA LIBOR Daily Floating Rate” means a fluctuating rate of interest that can change on each banking day. The rate will be adjusted on each banking day to equal BBA LIBOR for U.S. Dollar deposits for delivery on the date in question for a one-month term

beginning on that date. The Bank will use BBA LIBOR as determined at approximately 11:00 a.m. London, England time two London Banking Days prior to the date in question. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for a one-month interest period.

“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.

“Collateral Account” means the account of that name created pursuant to Section 9 of this resolution.

“Collateral Account Agreement” means the agreement or agreements among a Bank or the Banks, the Authority and the LLC, relating to the Collateral Account.

“Control Agreement” means the control agreement or agreements among parties that may include the Authority, a Bank or the Banks, the securities intermediary named therein, and the LLC, relating to the Collateral Account.

“Deed of Trust” means the leasehold deed of trust under which the LLC will be the grantor and the Authority will be the beneficiary, encumbering the LLC’s leasehold interest in the Project and securing repayment of the KCHA Series A Loan and the KCHA Series B Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Draws” means incremental draws upon the Notes.

“Fixed Rate Interest Period” means a period equal to one, two, three, four, five, six, seven, eight, nine, ten, eleven or twelve month(s), provided that (i) if any Fixed Rate Interest

Period would end on a day other than a business day, such Fixed Rate Interest Period shall be extended to the next succeeding business day unless such next succeeding business day would fall in the next calendar month, in which case such Fixed Rate Interest Period shall end on the next preceding business day, and (ii) any Fixed Rate Interest Period that commences on the last business day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Fixed Rate Interest Period) shall end on the last business day of the last calendar month of such Fixed Rate Interest Period. No Fixed Rate Interest Period may extend beyond the Maturity Date.

“Fixed Taxable Note Rate” means the rate per annum equal to the LIBOR Fixed Rate Index for the applicable Fixed Rate Interest Period, plus 1.50%.

“Fixed Tax-Exempt Note Rate” means the rate per annum equal to 65.1% of the LIBOR Fixed Rate Index for the applicable Fixed Rate Interest Period, plus 1.25%.

“Floating Taxable Note Rate” means the variable rate of interest per annum equal to the LIBOR Floating Rate Index, plus 1.50%.

“Floating Tax-Exempt Note Rate” means the variable rate of interest per annum equal to 65.1% of the LIBOR Floating Rate Index, plus 1.25%.

“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 Notes 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.

“KCHA Series A Loan” means the loan to the LLC of proceeds of Draws on the Notes.

“KCHA Series B Loan” means the loan(s) to the LLC of Authority funds available therefor, other than proceeds of Draws on the Notes.

“LIBOR Fixed Rate Index” means the percentage rate arrived at by dividing (a) the London Inter-Bank Offered Rate, by (b) the difference of 1.00 minus the Reserve Percentage.

“LIBOR Floating Rate Index” means the percentage rate arrived at by dividing (a) the BBA LIBOR Daily Floating Rate, by (b) the difference of 1.00 minus the Reserve Percentage.

“LLC” means Green River Homes 2 LLC, a Washington limited liability company of which the Authority is the sole managing member.

“London Banking Day” means a day on which banks in London, England are open for business and dealing in offshore accounts.

“London Inter-Bank Offered Rate” means, for any applicable Fixed Rate Interest Period, the rate per annum equal to BBA LIBOR at approximately 11:00 a.m. London, England time two London Banking Days before the commencement of the Fixed Rate Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Fixed Rate Interest Period) with a term equivalent to such Fixed Rate Interest Period. If such rate is not available at such time for any reason, then the London Inter-Bank Offered Rate for that Fixed Rate Interest Period will be determined by such alternate method reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for the applicable Fixed Rate Interest Period.

“Master Loan Agreement” means the Master Loan Agreement by and between the Authority and the LLC, relating to the KCHA Series A Loan and the KCHA Series B Loan, including any supplements or amendments thereto made in conformity herewith and therewith.

“Note Fund” means the Authority’s Revenue Note Fund, 2011 (Green River Homes Project), 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 name and mailing address of the registered owners of the Notes.

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

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

“Pledge Agreement” means pledge agreement or agreements relating to the Collateral Account containing the provisions described in Section 9.

“Project” means, depending on the context, (1) the rehabilitation of Green River Homes located at 1103 Ninth Street SE, Auburn, Washington, leased, together with the underlying property, by the LLC from the Authority, or (2) the Green River Homes.

“Proposal Letter” means, as applicable, the proposal letter to the Authority from Specialized Lending, LLC dated November 1, 2011, as it may be amended, proposing to purchase the Tax-Exempt Note on the terms set forth therein and herein, and/or the proposal letter to the Authority from Bank of America, N.A. dated November 1, 2011, as it may be amended, proposing to purchase the Taxable Note on the terms set forth therein and herein.

“Regulatory Agreement” means the Regulatory Agreement executed by the LLC 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.

“Reserve Percentage” means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to

the nearest 1/100th of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentage.

“Taxable Note” means the Revenue Note, 2011 Series B (Taxable) (Green River Homes Project) of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Tax-Exempt Note” means the Revenue Note, 2011 Series A (Tax-Exempt) (Green River Homes Project) of the Authority, issued pursuant to, under the authority of and for the purposes provided in this resolution.

“Tax-Exempt Project” means any capital purpose in connection with the Project that qualifies for tax-exempt financing.

Section 2. Authorization of Notes and Application of Proceeds. For the purposes of providing financing for a portion of the costs of the Project and paying costs of issuing and interest and fees on the Notes, the Authority shall issue and sell the Notes in the aggregate principal amount of not to exceed \$13,000,000. Such Note financing is declared and determined to be important for feasibility of the Project. All proceeds of Draws on the Notes shall be lent to the LLC for those purposes. The Board finds that it is the best interest of the Authority to issue the Notes for the purposes set forth in this resolution. The Executive Director is hereby granted the discretionary authority to determine on behalf of the Authority whether to proceed with the issuance of one or both of the Notes.

Section 3. Description of Notes. The Notes shall be designated the Revenue Note, 2011 Series A (Tax-Exempt) (Green River Homes Project) (the “Tax-Exempt Note”) and the Revenue Note, 2011 Series B (Taxable) (Green River Homes Project) (the “Taxable Note”), of the

Authority; shall be issued in registered form; shall be dated their date of delivery to the Banks; and shall mature on December 31, 2021 (the "Maturity Date"), unless extended in accordance with Section 8.

The Authority or the LLC may make Draws upon the Notes in any amount on any business day up to and including December 31, 2013, for the Note purposes identified above, subject to the terms of this resolution and the Proposal Letter. Draws on the Tax-Exempt Note bearing interest at the Fixed Tax-Exempt Note Rate and Draws on the Taxable Note bearing interest at the Fixed Taxable Note Rate must be in minimum amounts of \$100,000. 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 or the LLC for such costs paid by the Authority or the LLC, as applicable. Draws on the Tax-Exempt Note may be used only to finance the Tax-Exempt Project and to pay interest on the Tax-Exempt Note and costs of issuing the Tax-Exempt Note. Draws on the Taxable Note may be used to finance the Project, pay costs of issuing the Notes and pay interest on the Notes. No Draw on the Tax-Exempt Note may be used to reimburse the LLC for costs paid by the LLC prior to May 14, 2011, except as and to the extent permitted by the Code.

Draws shall be recorded in such form as the Authority, the LLC and the Bank may agree. Draws on the Tax-Exempt Note shall be limited to an aggregate principal amount not to exceed \$9,500,000. Draws on the Taxable Note shall be limited to an aggregate principal amount of not to exceed \$3,500,000. Total Draws on the Notes shall be limited to an aggregate principal amount not to exceed \$13,000,000.

Each Draw on the Tax-Exempt Note shall initially bear interest at either the Floating Tax-Exempt Note Rate or the Fixed Tax-Exempt Note Rate, with such interest rate option chosen by

the Executive Director or his or her designee at the time of each Draw on the Tax-Exempt Note, and if the Fixed Tax-Exempt Note Rate is elected, for a Fixed Rate Interest Period selected by the Executive Director or his or her designee, subject to conversion to another interest rate type or Fixed Interest Rate Period, and also to adjustment upon default.

Each Draw on the Taxable Note shall initially bear interest at either the Floating Taxable Note Rate or the Fixed Taxable Note Rate, with such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw on the Taxable Note, and if the Fixed Taxable Note Rate is elected, for a Fixed Rate Interest Period selected by the Executive Director or his or her designee, subject to conversion to another interest rate type or Fixed Interest Rate Period, and also to adjustment upon default.

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 and actual days elapsed for the actual number of days the principal amount of the Draw is outstanding.

Draws on the Tax-Exempt Note bearing interest at the Floating Tax-Exempt Note Rate may be converted to bear interest at the Fixed Tax-Exempt Note Rate and Draws on the Taxable Note bearing interest at the Floating Taxable Note Rate may be converted to bear interest at the Fixed Taxable Note Rate, each at any time in minimum amounts of \$100,000. Draws on the Tax-Exempt Note bearing interest at the Fixed Tax-Exempt Note Rate may be converted to bear interest at the Floating Tax-Exempt Note Rate and Draws on the Taxable Note bearing interest at the Fixed Taxable Note Rate may be converted to bear interest at the Floating Taxable Note Rate, each such conversion to occur on the last day of the applicable Fixed Rate Interest Period. The conversion described in the preceding sentence shall occur unless the Authority notifies the Bank at least three business days prior to the end of the applicable Fixed Rate Interest Period that

the Authority wishes to begin another Fixed Rate Interest Period, and designates the new Fixed Rate Interest Period and principal amount to bear interest at such Fixed Note Rate. The Fixed Rate Interest Period applicable to principal bearing interest at the Fixed Tax-Exempt Note Rate or the Fixed Taxable Note Rate may also be changed on the last day of a Fixed Rate Interest Period to a different permitted Fixed Rate Interest Period, upon notice to the Bank given at least three business days prior to the last day of the Fixed Rate Interest Period.

Interest on the Notes shall be payable semi-annually in arrears, on the first day of each January and July, commencing July 1, 2012, to the maturity or earlier redemption of the Notes. Subject to the limitations described above, Draws may be used for the purpose of making interest payments. Principal on the Notes shall be payable annually on or before December 31, commencing December 31, 2014, in the amount necessary to reduce the outstanding principal balance of the applicable Note to the Maximum Principal Balance on such date as shown in the applicable Proposal Letter. At maturity, any remaining outstanding principal balance and accrued interest on the Notes shall be due and payable in full.

The Authority finds that the fixing of the interest rate formulae as described herein and in the Proposal Letter is in the best interest of the Authority and the LLC.

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 applicable 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 names and mailing addresses of the registered owners 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 Banks, except that each Bank may assign or transfer the Notes to any successor to the business and assets of such Bank, or to the other 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. The Authority may instruct the Bank to transfer and apply all or a designated portion of a Draw to the payment of interest on a Note. Upon the final payment of principal of and interest on a Note, the registered owner shall surrender that Note at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 7. Prepayment of Notes. The Authority reserves the right to prepay all or a portion of the principal of the Notes at any time. Draws bearing interest at a Floating Tax-Exempt Note Rate or a Floating Taxable Note Rate may be prepaid without premium or penalty.

Draws bearing interest at a Fixed Tax-Exempt Note Rate or a Fixed Taxable Note Rate are subject to the payment of a potential prepayment fee as described in the applicable Proposal Letter. Interest on the Notes or the portion thereof so prepaid shall cease to accrue on the date of such prepayment. Written notice to the Bank of any intended prepayment or redemption of the Notes shall not be required.

Section 8. Authorization for Extensions and Modifications of Notes. The Board has determined that it is in the best interest of the Authority to delegate to the Executive Director the authority to approve the extension of the Maturity Date of the Notes beyond the Maturity Date specified in Section 3, and future modifications of the Notes, including but not limited to changes in the number of series, series designations, principal amounts, date of the Notes, interest rates and interest rate formulae, payment dates and redemption provisions, with the consent of the respective Bank or Banks, provided that:

- A. The aggregate principal amount of the Notes does not exceed \$13,000,000, and
- B. The Maturity Date shall not be extended beyond December 31, 2026.

The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such modifications of the Notes. 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 or her approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 9. Collateral Account. The Authority hereby covenants to establish one or more account with one or both of the Banks (collectively, the "Collateral Account") pursuant to the Collateral Account Agreement, and to deposit into the Collateral Account funds in an amount

equal to the aggregate not to exceed principal amount of the Notes, less principal amounts that have been repaid. The Collateral Account shall be maintained as security for the Notes in accordance with the Collateral Account Agreement, Pledge Agreement and Control Agreement until both principal of and accrued interest on the Notes have been paid in full, and the Banks have no further obligations to pay Draws. The Collateral Account shall be drawn upon by the Banks in the event of default under the Notes for the purposes of paying the principal of and interest on the Notes, and upon request of the Authority, may be used to pay principal of and interest on the Notes, so long as after such use the market value of cash and investments in the Collateral Account will equal at least (i) 100% of the outstanding principal balance of the Notes plus (ii) up to and including December 31, 2013, all amounts remaining available for Draws (the "Collateral Margin"). All funds and investments in the Collateral Account shall be released to the Authority upon payment in full of the Notes and the expiration of all obligations of the Banks to pay Draws under the respective Notes. The Pledge Agreement shall (a) specify permitted investments for funds in the Collateral Account; and (b) permit the Authority to withdraw amounts from the Collateral Account if doing so will not reduce the amount in the Collateral Account below the Collateral Margin.

Section 10. 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 Revenue Note Fund, 2011 (Green River Homes Project). 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 amounts owed or paid by the LLC under the Master Loan Agreement with respect to the KCHA Series A Loan, funds on deposit in the Collateral Account and General Revenues, amounts sufficient to pay the

principal of and interest on the Notes when due, all of which amounts are pledged to the payment of the Notes.

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, so long as the covenants set forth in the Proposal Letters will not as a result be violated. 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, so long as the covenants set forth in the Proposal Letters will not as a result be violated.

The Notes shall not be a debt of King County, the State of Washington or any political subdivision thereof, and each 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 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 owners 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 Note. The Authority has no taxing power.

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

Section 11. Form and Execution of Notes. The Notes shall be prepared in forms 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, the Notes shall bear a Certificate of Authentication in the following form:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Revenue Note, 2011 Series [A/B] [(Tax-Exempt)/(Taxable)] (Green River Homes Project), 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 Notes ceases to be an officer of the Authority authorized to sign notes before the Notes are authenticated or delivered by the Note Registrar or issued by the Authority, the Notes 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 Notes. The Notes also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Notes, 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 Notes.

Section 12. Preservation of Tax Exemption for Interest on the 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 13. 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 60 days of each quarter end, the Authority's internally prepared quarterly financial statements (except the fiscal year-end quarter);
- Within 45 days of adoption, the Authority's annual budget;
- Within 60 days of each quarter end, the Authority's internally prepared Asset Management Report and Construction Management Report for the Project;
- Upon receipt, the Authority's annual state Audit Report.

The Authority further covenants and agrees to provide other financial information as the Banks may from time to time reasonably request.

Section 14. Authorization of Series B Loan. The Executive Director is authorized to take all actions required of the Authority in connection with making a loan or loans of Authority funds available therefor, other than proceeds of Draws on the Notes, to the LLC in an aggregate amount not to exceed \$3,500,000 (collectively, the "KCHA Series B Loan"), to provide financing for the Project, and to determine the terms of the KCHA Series B Loan.

Section 15. Authorization of Documents and Execution Thereof. The Board approves the Master 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 Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Notes, the Master Loan Agreement, the Collateral Account Agreement, the Pledge Agreement, the Control Agreement 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 and the documentation of the KCHA Series A Loan and the KCHA Series B Loan from the Authority to the LLC. 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 and deliver, on behalf of the Authority, the Master Loan Agreement, the Regulatory Agreement, the Notes, the Collateral Account Agreement, the Pledge Agreement, the Control Agreement and any other documents reasonably required to be executed in connection with the issuance of the Notes and the making of the KCHA Series A Loan and the KCHA Series B Loan to the LLC, to ensure the proper use and application of the proceeds of the Notes (the KCHA Series A Loan) and the KCHA Series B

Loan, and to effect any extension of the maturity of the Notes as described in Section 8 of this resolution.

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 16. Authorization of LLC Documents and Execution Thereof. The Board approves the Deed of Trust substantially in the form on file with the Executive Director of the Authority, with such changes as the Executive Director of the Authority shall deem necessary or appropriate, and authorizes and directs the Executive Director of the Authority to execute and deliver on behalf of the LLC the Deed of Trust, the Master Loan Agreement, the Regulatory Agreement and, if applicable, the Collateral Account Agreement, the Pledge Agreement and/or the Control Agreement, and such financing statements and other documents, instruments and agreements as may be necessary or desirable in connection with the KCHA Series A Loan, the KCHA Series B Loan, or the issuance of the Notes.

Section 17. Approval of Transaction. The Banks have offered to purchase the Notes at a price of par, under the terms and conditions contained in this resolution and the applicable Proposal Letter, including (1) with respect to the Tax-Exempt Note, the payment of a fee to Specialized Lending, LLC in the amount of \$5,000 plus the fees and expenses of Specialized Lending, LLC's legal counsel, not to exceed, together with the fees and expenses of Bank of America, N.A.'s counsel, \$3,000, and any other out-of-pocket costs incurred by Specialized Lending, LLC, each payable at closing; and (2) with respect to the Taxable Note, the payment of a fee to Bank of America, N.A. in the amount of \$5,000 plus the fees and expenses of the Bank of America, N.A.'s legal counsel, not to exceed, together with the fees and expenses of

Specialized Lending, LLC's counsel, \$3,000. The Board finds that the Banks' proposals are in the best interest of the Authority and the LLC, and therefore authorizes the Executive Director to accept an offer on the same terms and conditions as set forth in the Proposal Letters. The Authority covenants that it will comply with all terms and conditions of the Proposal Letters.

Section 18. 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.

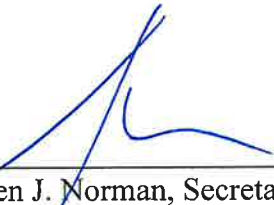
Section 19. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 20. 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 this 14th day of December, 2011.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By: _____
Nancy Holland-Young, Chair

_____
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. 5359 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners (the "Board") of the Authority, as adopted at a meeting of the Authority held on December 14, 2011, 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, and, to the extent required by law, due and proper notice of such meeting was given; 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 14th day of December, 2011.



Executive Director of the Authority

