

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5360

A RESOLUTION providing for the issuance of a revolving line of credit revenue note of the Authority in the aggregate principal amount of not to exceed \$15,000,000 at any one time outstanding, which note shall be issued to provide interim financing for the acquisition of and improvements to the Meadowbrook Apartment complex; determining the form, terms and covenants of the note; creating a note fund; and approving the sale and providing for the delivery of the note to KeyBank National Association.

Adopted December 14, 2011

This document was prepared by:

*FOSTER PEPPER PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

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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, the Authority intends to acquire and rehabilitate the Meadowbrook Apartment complex located in Shoreline, Washington, to provide housing for low-income persons within the County (the "Project"); and

WHEREAS, pursuant to RCW 35.82.130, 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 interim financing for the Project; and

WHEREAS, KeyBank National Association (the "Bank") has offered to extend a line of credit evidenced by a revolving line of credit note of the Authority on the terms set forth in this resolution to provide money for such interim financing; 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.

“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 (Meadowbrook Apartments) by and between the County and the Authority, providing credit enhancement for the Note and other obligations of the Authority relating to the Project and other projects of the Authority, together with any amendments or supplements thereto made in accordance with the terms thereof.

“County” means King County, Washington.

“County Credit Enhanced Rate” means the variable rate of interest per annum equal to 65.01% of the difference of the Prime Rate minus 10 basis points.

“Draws” means incremental draws upon the Note.

“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.

“Non County Credit Enhanced Rate” means the variable rate of interest per annum equal to 65.01% of the sum of the Prime Rate plus 15 basis points.

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

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2011 (Meadowbrook Apartments), 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 owner of the Note.

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

“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, depending on the context, (1) the acquisition and rehabilitation of Meadowbrook Apartments located at 1408 NW Richmond Beach Road, Shoreline, Washington, or (2) the Meadowbrook Apartments.

“Term Sheet” means, collectively, the term sheets with respect to the Note provided to the Authority by the Bank on December 5, 2011, as they may be amended, setting forth certain terms under which the Bank proposes to purchase the Note.

Section 2. Authorization and Description of Note. For the purpose of providing funds with which to finance or refinance all or part of the costs of the Project, and to pay costs of issuing and interest on the Note, the Authority may borrow money from time to time pursuant to a revolving line of credit extended by the Bank under the terms of this resolution and the Term Sheet, and shall issue the Note in a principal amount of not to exceed \$15,000,000 at any one time outstanding.

The Note shall be designated the Revolving Line of Credit Revenue Note, 2011 (Meadowbrook Apartments) of the Authority; shall be issued in registered form; shall be dated its date of delivery to the Bank; and shall mature on the date that is two years from its date of delivery to the Bank (the "Maturity Date"), unless extended in accordance with Section 3.

The Authority may make Draws upon the Note in any amount on any business day during the term of the Note for the purposes identified above, subject to the terms of the Term Sheet. 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 Note shall be limited to an aggregate principal amount of \$15,000,000 outstanding at any time.

Each Draw on the Note to which the Contingent Loan Agreement applies shall bear interest at the County Credit Enhanced Rate. Each Draw on the Note to which the Contingent Loan Agreement does not apply shall bear interest at the Non County Credit Enhanced Rate. The interest applicable to a Draw may be changed from the Non County Credit Enhanced Rate to the County Credit Enhanced Rate at any time that the Contingent Loan Agreement is in effect, or from the County Credit Enhanced Rate to the Non County Credit Enhanced Rate 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 and actual days elapsed for the actual number of days the principal amount of the Draw is outstanding.

Interest on the Note 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 Note. Draws may be used for the purpose of making interest payments on the Note. Principal of the Note together with all accrued and unpaid interest thereon, is payable on the Maturity Date.

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

Section 3. Authorization for Extension and Modification of Note. 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 Note beyond the Maturity Date specified in Section 2 to any date on or before December 31, 2018, to modify the interest rate formula applicable to Draws on the Note and to modify the designation of the Note, 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 Note 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 the interest rate formula and/or designation, including but not limited to the payment of Bank fees and execution of documents. The Executive Director's execution of documents in connection with the modification or extension of the Note 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 Note 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 Term Sheet.

Section 5. Note Registrar; Registration and Transfer of Note. The Executive Director of the Authority shall serve as 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 shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note 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 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 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 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 7. Optional Prepayment of Note. The Authority reserves the right to prepay all or a portion of the principal of the Note 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 Note 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 Note. 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 (Meadowbrook Apartments). 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 General Revenues and from the proceeds of any loans made by the County pursuant to the Contingent Loan Agreement, amounts sufficient to pay the principal of and interest on the Note when due.

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 Note. 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 Note with respect to that portion of the General Revenues so pledged.

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. 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 (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 Note.

Section 9. 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. To be valid or obligatory for any purpose or entitled to the benefits of this resolution, the 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 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 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 the Note. 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 it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, 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 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 Note from being included in gross income for federal income tax purposes.

Section 11. Term Sheet Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Note remains 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; and
- Within 10 days of receipt, the Authority's annual state Audit Report.

The Authority further covenants and agrees to provide a rent roll for the Project, including rent due, rent received, past due amounts and vacancies, upon the reasonable request of the Bank, 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 Note.

The Authority further covenants and agrees, for so long as the Note remains outstanding, that it will not encumber, pledge or grant any lien (whether voluntary or involuntary) against any of the Project real property, without the prior written consent of the Bank; however, this covenant shall not apply to construction and/or material liens filed in the ordinary course of business during development, renovation and rehabilitation of the Project.

Section 12. 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 Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of 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 the Note and any other documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note and modification of interest rate formula applicable to Draws on the Note as described in Section 3.

The Note 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 Note.

Section 13. Approval of Transaction. The Bank has proposed to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Term Sheet, including the payment of a fees to the Bank in the amount of \$25,000, plus the fees and expenses

of the Bank's legal counsel, 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 Term Sheet.

Section 14. 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 15. 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 16. 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. 5360 (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

