

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5611

(Refunding Revenue Bonds, 2019 (Somerset Gardens Project))

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of revenue bonds of the Authority in the aggregate principal amount of not to exceed \$15,000,000, the proceeds of which will be used to make a loan to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner; and determining related matters.

ADOPTED November 19, 2018

This document was prepared by:

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RESOLUTION NO. 5611

(Refunding Revenue Bonds, 2019 (Somerset Gardens Project))

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING PROVIDING FOR THE ISSUANCE OF REVENUE BONDS OF THE AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$15,000,000, THE PROCEEDS OF WHICH WILL BE USED TO MAKE A LOAN TO SOMERSET GARDENS APARTMENTS LLLP, A WASHINGTON LIMITED LIABILITY LIMITED PARTNERSHIP OF WHICH THE AUTHORITY IS THE SOLE GENERAL PARTNER; AND DETERMINING RELATED MATTERS.

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, pursuant to Resolution No. 5580 of the Authority, adopted by the Authority's Board of Commissioners on December 7, 2017, the Authority previously issued its Revenue Note, 2017 (Somerset Gardens Project) (the "2017 Note"), in the principal amount of \$20,000,000, the proceeds of which were lent to Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner (the "Borrower") to finance the acquisition (for federal income tax purposes) and rehabilitation of a multifamily rental housing project known as Somerset Gardens, containing a total of 186 dwelling units, located at 14700 NE 29th Place, Bellevue, Washington, to provide housing for low-income persons within King County, Washington (the "Project"); and

WHEREAS, the Borrower has applied to the Authority for financial assistance in the principal amount of up to \$15,000,000 for the purpose of refunding, on a current basis, a portion of the 2017 Note; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue the Bonds, in an aggregate principal amount not to exceed \$15,000,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, the Authority anticipates that KeyBanc Capital Markets Inc. will offer to purchase the Bonds under the terms and conditions set forth in this resolution; and

WHEREAS, RCW 35.82.040 provides that a housing authority may delegate to one or more of its agents or employees such powers or duties as it may deem proper;

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:

“Acquisition Date” means the date upon which the Authority acquires the Borrower’s interest in the Project or acquires the limited partners’ interest in the Borrower.

“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.

“Authority Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Authority and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, relating to the Bonds, including any supplements or amendments thereto.

“Authorized Officer” means the Chair of the Board, Executive Director of the Authority, or any Deputy Executive Director of the Authority.

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

“Bond” or “Bonds” means one or more of the Housing Authority of the County of King Refunding Revenue Bonds, 2019 (Somerset Gardens Project), or any replacement thereof authorized by, and at any time outstanding pursuant to, this resolution and the Indenture.

“Bond Registrar” means the entity serving as registrar, authenticating agent and paying agent under the Indenture, initially the Trustee.

“Bond Purchase Agreement” means Bond Purchase Agreement between the Underwriter and the Authority relating to the sale of the Bonds.

“Borrower” means Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership.

“Borrower Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Borrower and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, relating to the Bonds, including any supplements or amendments thereto.

“Code” means the Internal Revenue Code of 1986, as in effect on the date on which the Bonds are issued or as it may be amended to apply to obligations issued on the date on which the Bonds are issued, or any successor federal income tax statute or code, together with applicable proposed, temporary and final regulations promulgated with respect thereto, and applicable official guidance published thereunder.

“County” means King County, Washington.

“General Revenues” means all revenues of the Authority from any source (other than Loan Payments), but only to the extent that those revenues are available to pay debt service on the Bonds and are not now or hereafter pledged or restricted, 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.

“Indenture” means the Trust Indenture between the Authority and the Trustee relating to the Bonds as originally executed or as it may from time to time be supplemented, modified or amended.

“Loan” means the loan to be made by the Authority to the Borrower of the proceeds of the Bonds.

“Loan Agreement” means the Loan Agreement by and between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto.

“Loan Payments” means the payments of principal of and premium, if any, and interest on the Loan pursuant to the Loan Agreement allocable to payment of principal of and interest on the Bonds.

“Net Operating Income” shall have the meaning ascribed thereto in the Indenture.

“Project” means the multifamily rental housing project known as Somerset Gardens containing a total of approximately 186 dwelling units, located at 14700 NE 29th Place, Bellevue, Washington.

“Refunded Obligation” the Revenue Note, 2017 (Somerset Gardens Project) of the Authority.

“Regulatory Agreement” means the Regulatory Agreement by and between the Borrower and the Authority governing the use of the Project, including any supplements or amendments thereto.

“Promissory Note” means the promissory note to be made by the Borrower to the Authority to evidence the Loan.

“Tax Agreement” means the Federal Tax Exemption Certificate and Agreement between the Authority and the Borrower, pertaining to the Bonds, including any supplements or amendments thereto.

“Trustee” means the entity serving as trustee under the Indenture, initially The Bank of New York Mellon Trust Company, N.A.

“Underwriter” means KeyBanc Capital Markets Inc.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

Section 2. Authorization of Bonds and Application of Proceeds. The Authority shall issue the Bonds for the purpose of making the Loan to the Borrower to provide all or a

portion of the funds required to refund, on a current basis, a portion of the Refunded Obligation. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Bonds shall be lent to the Borrower for that purpose, and shall be deposited with the Trustee, all as provided in the Indenture. The Board finds that it is in the best interest of the Authority to issue the Bonds for the purposes set forth in this resolution.

Section 3. Description of Bonds. The Bonds shall be called the Refunding Revenue Bonds, 2019 (Somerset Gardens Project) of the Authority. The Bonds shall be issued in registered form, shall be in an aggregate principal amount not to exceed \$15,000,000; shall be in authorized denominations of \$5,000 or any integral multiple thereof; shall be dated such date, shall bear interest payable on such dates and at such rates, shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the terms of this resolution as shall be approved by any Authorized Officer and set forth in the Indenture. The execution of the Indenture by an Authorized Officer shall be conclusive evidence of approval by the Authority of the terms set forth therein.

Section 4. Security for the Bonds. The Bonds shall be special obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. The Trust Estate pledged under the Indenture shall include (a) the rights, title and interest of the Authority in Loan Payments received pursuant to the Loan Agreement or, upon and after the Authority Acquisition Date, all Net Operating Income, (b) General Revenues of the Authority, subject to the parity lien of other obligations, as described herein and in the Indenture, and (c) certain funds and accounts established under the Indenture and investment earnings thereon and money, securities and obligations therein (subject to disbursements from any such fund or account), (d) money and securities from time to time held by the Trustee under the Indenture

(except money and securities in the Rebate Fund), and (e) to the extent not covered, all proceeds of all of the foregoing, all set forth in the Indenture.

The Bonds shall not be a debt of the County, the State or any political subdivision thereof, and the Bonds shall so state on their face. Neither the County, the State nor any political subdivision thereof (except the Authority, from the sources identified herein and in the Indenture) shall be liable for payment of the Bonds nor in any event shall principal of, premium, if any, on and interest on the Bonds be payable out of any funds or assets other than those pledged to that purpose by the Authority herein and in the Indenture. The Authority has no taxing power.

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 of lien with the Bonds. At its option, the Authority may pledge any revenues that comprise a portion of the General Revenues to the payment of other obligations, such payments to have priority over the payments to be made under the Bonds with respect to that portion of the General Revenues so pledged.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bonds.

Section 5. Form and Execution of Bonds. The Bonds shall be in a form consistent with the provisions of this resolution, the Indenture 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.

The Bonds shall be authenticated by the Bond Registrar as set forth in the Indenture. No Bond shall be valid for any purpose until so authenticated. The authorized signing of a

Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 6. Preservation of Tax Exemption for Interest on Bonds. The Authority covenants that it will take all actions necessary to prevent interest on the Bonds 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 Bonds or other funds of the Authority treated as proceeds of the Bonds at any time during the term of the Bonds which would cause interest on the Bonds to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirement of Section 148 of the Code is applicable to the Bonds, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, 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 Bonds from being included in gross income for federal income tax purposes.

Section 7. Refunding of Refunded Obligation. The proceeds of the sale of Bonds shall be lent to the Borrower and then transferred immediately upon receipt thereof by the Trustee, along with other money of the Authority and/or the Borrower deposited with the Trustee for such purpose, if necessary, to the holder of the Refunded Obligation and used to discharge a portion of the obligations of the Authority relating to the outstanding Refunded Obligation. The proper officials of the Authority are authorized and directed to give or cause to be given such notices as are required (if any), at the times and in the manner required pursuant to the terms of the Refunded Obligation in order to effect the redemption of a portion of the Refunded Obligation.

Section 8. Authority Findings with Respect to Refunding. The Board finds and determines that the issuance and sale of the Bonds at this time is in the best interest of the

Authority. In making such findings and determination, the Board has given consideration to the proposed terms and maturities of the Bonds and the terms and maturities of the Refunded Obligation, and the costs of issuance of the Bonds.

Section 9 Authorization of Bond and Loan Documents and Execution Thereof.

The Board authorizes the Authorized Officers, and each of them acting alone, to negotiate and approve the Indenture, the Loan Agreement, the Promissory Note, the Authority Continuing Disclosure Agreement, the Regulatory Agreement, the Tax Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds, the sale of the Bonds and the making of the Loan to the Borrower. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bonds, the Indenture, the Loan Agreement, the Authority Continuing Disclosure Agreement, the Regulatory Agreement, the Tax 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 Bonds and making of the Loan. The Authorized Officers, and each of them acting alone, are authorized and directed to do everything necessary for the issuance, execution, sale and delivery of the Bonds, including “deeming final” of the preliminary official statement for the Bonds for the sole purpose of the Bond purchaser’s compliance with Securities and Exchange Commission Rule 15c2-12(b)(1); and to execute and deliver, on behalf of the Authority, the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Agreement, the Authority Continuing Disclosure Agreement, and any other documents that may be useful or necessary in connection with the issuance and sale of the Bonds or the making of the Loan, and to ensure the proper use and application of the proceeds from the sale of the Bonds. The Authorized Officers, and each of them acting alone, are further authorized to approve and execute an official statement for the Bonds on behalf of

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

Section 14. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form. .

Section 15 Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution or the Bonds.

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 THEREOF THIS 19TH DAY OF NOVEMBER, 2018.

HOUSING AUTHORITY OF THE COUNTY OF KING



DOUGLAS J. BARNES, Chair

ATTEST:



STEPHEN J. NORMAN, Executive Director

the Authority. The execution of any instrument by an Authorized Officer shall be conclusive evidence that such instrument has been duly approved by such Authorized Officer.

Section 10. Authorization of Borrower Documents and Execution Thereof. The Board authorizes and directs the Authorized Officers, and each of them acting alone, to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Borrower, the Loan Agreement, the Promissory Note, the Regulatory Agreement, the Borrower Continuing Disclosure Agreement, the Tax Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Bonds, the sale of the Bonds and the Loan to the Borrower.

Section 11. Authorization of Purchase Contract. It is anticipated that KeyBanc Capital Markets Inc. will present the Bond Purchase Contract to the Authority offering to purchase the Bonds under the terms and conditions provided herein and therein. The Board finds that entering into the Bond Purchase Contract is in the best interest of the Authority and the Borrower, and therefore authorizes the Authorized Officers of the Authority, and each of them acting alone, to accept the offer contained in the Bond Purchase Contract and to execute the Bond Purchase Contract on behalf of the Authority and the Borrower.

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


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. 5611 (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 November 19, 2018, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of the Authority present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of November, 2018.



Executive Director of the Authority