

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5630

(CREDIT ENHANCED POOLED HOUSING REFUNDING REVENUE BONDS, 2019)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of credit enhanced refunding revenue bonds of the Authority in the aggregate principal amount of not to exceed \$110,000,000, for the purpose of providing all or part of the funds with which to refinance a portion of the cost of acquiring the Emerson Apartments, the Kendall Ridge Apartments, and the Riverstone Apartments, and to pay costs of issuing the bonds and related bonds and the administrative costs of such refundings; delegating to officers of the Authority the authority to determine the form, terms and covenants of the bonds and to execute such documents as are useful or necessary to the purposes of this resolution; authorizing the Executive Director of the Authority to accept an offer from KeyBanc Capital Markets Inc. to purchase the bonds; and determining related matters.

Adopted September 16, 2019

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 affordable housing for low-income persons residing in King County, Washington; and

WHEREAS, RCW 35.82.070(2) provides that a housing authority may acquire and operate housing projects; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “own, hold, and improve real or personal property . . .,” “purchase, lease, obtain options upon . . . any real or personal property or any interest therein” and “lease or rent any dwellings, houses, accommodations, lands, buildings, structures or facilities embraced in any housing project”; and

WHEREAS, RCW 35.82.020 defines “housing project” to include, among other things, “any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks, or other living accommodations for persons of low income” and provides that the term “housing project” may be applied to the “acquisition of property, the

demolition of existing structures, the construction, reconstruction, alteration and repair of improvements and all other work in connection therewith”; 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, RCW 35.82.070(5) provides that a housing authority may pledge any interest in real property; and

WHEREAS, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

WHEREAS, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

WHEREAS, RCW 35.82.070(13) provides that a housing authority may exercise its powers within the boundaries of any city not included in its area of operation if the governing body of that city adopts a resolution declaring that there is a need for the housing authority to exercise its powers within the city; and

WHEREAS, pursuant to Resolution No. 5614 adopted December 17, 2018, the Authority previously issued its Non-Revolving Line of Credit Revenue Note, 2019 (Riverstone Apartments) (the “Riverstone Note”) in the principal amount of \$69,999,430 to finance the acquisition of a 308-unit apartment complex located at 27314 24th Avenue South, Federal Way, Washington, known as the Riverstone Apartments as a housing project of the Authority (the “Riverstone Project”); and

WHEREAS, pursuant to Resolution No. 5627 adopted August 29, 2019, the Authority previously issued its Non-Revolving Line of Credit Revenue Note, 2019 (Emerson Apartments)

(the “Emerson Note”) in the principal amount of \$66,000,000 to finance the acquisition of a 207-unit apartment complex located at 11010 NE 124th Lane, Kirkland, Washington, known as the Emerson Apartments as a housing project of the Authority (the “Emerson Project”); and

WHEREAS, as authorized by Resolution No. 5264 adopted May 20, 2019, the Authority expects to issue its Non-Revolving Line of Credit Revenue Note, 2019 (Kendall Ridge Apartments) (the “Kendall Ridge Note” and, collectively with the Riverstone Note and the Emerson Note, the “Refunded Obligations”) in the principal amount of up to \$75,000,000 to finance the acquisition of a 240-unit apartment complex located at 1910 154th Avenue Northeast, Bellevue, Washington, known as the Kendall Ridge Apartments, to be a housing project of the Authority; and

WHEREAS, the City Council of the City of Federal Way, Washington, the governing body of the City of Federal Way, adopted its Resolution No. 91-84 on October 15, 1991, declaring that there is a need for the Authority to function within the City of Federal Way; and

WHEREAS, the City Council of the City of Kirkland, Washington, the governing body of the City of Kirkland, adopted its Resolution No. 2747 on August 4, 1980, declaring that there is a need for the Authority to function within the City of Kirkland; and

WHEREAS, the location of the Kendall Ridge Project is within the area of operation of the Authority, as it is within the County and was not within the territorial boundaries of any city, including the City of Bellevue (incorporated in 1953), on the date on which the Authority was activated under the Act (as hereinafter defined); and

WHEREAS, the County and the Authority previously entered into a Credit Enhancement Agreement pursuant to which the County agreed to provide credit enhancement for up to \$200,000,000 of obligations of the Authority; and

WHEREAS, the Board of Commissioners of the Authority deems it necessary and advisable and in the best interest of the Authority to issue its Credit Enhanced Pooled Housing Refunding Revenue Bonds, 2019 (the “Bonds”), in an aggregate principal amount not to exceed \$110,000,000, to provide all or a portion of the funds required to (i) effect the refunding of all or a portion of the outstanding Refunded Obligations, and (ii) pay costs of issuance of the Bonds and related bonds and the administrative costs of such refundings; and

WHEREAS, the Authority anticipates that KeyBanc Capital markets Inc. will offer to purchase the Bonds on the terms set forth in this resolution; 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, except as otherwise expressly provided or unless the context otherwise clearly requires:

“Act” means chapter 35.82 of the Revised Code of Washington.

“Addendum to Credit Enhancement Agreement” means an Addendum to Credit Enhancement Agreement in substantially the form contemplated by the Credit Enhancement Agreement, entered into by the Authority and the County in connection with the issuance of the Bonds.

“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.

“Authorized Officers” means the Executive Director of the Authority and 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 Credit Enhanced Pooled Housing Refunding Revenue Bonds, 2019, authorized by, and at any time outstanding pursuant to, this resolution and the Indenture.

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

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

“Code” means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

“Credit Enhancement Agreement” means the Credit Enhancement Agreement between the County and the Authority dated as of October 26, 2017, pursuant to which the County has agreed to provide credit enhancement for up to \$200 million of obligations of the Authority.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Authority and the dissemination agent named therein, relating to the Bonds, including any supplements or amendments thereto made in conformity therewith.

“County” means King County, Washington.

“Emerson Apartments Project” means the apartment complex containing 207 dwelling units located at 11010 NE 124th Lane, Kirkland, Washington, known as the Emerson Apartments.

“Emerson Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Emerson Apartments) issued pursuant to Resolution No. 5627 of the Authority in the original principal amount of \$66,000,000.

“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 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.

“Kendall Ridge Apartments Project” means the apartment complex containing 240 dwelling units located at 1910 154th Avenue Northeast, Bellevue, Washington, known as the Kendall Ridge Apartments.

“Kendall Ridge Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Kendall Ridge Apartments) to be issued pursuant to Resolution No. 5264 of the Authority in the original principal amount of up to \$75,000,000.

“Projects” means, collectively, the Emerson Apartments Project, the Kendall Ridge Apartments Project, the Riverstone Apartments Project, and other housing projects as may be financed or refinanced with Bond proceeds.

“Refunded Obligations” means, collectively, the Emerson Note, the Kendall Ridge Note, and the Riverstone Note.

“Riverstone Apartments Project” means the apartment complex containing 308 dwelling units located at 27314 24th Avenue South, Federal Way, Washington, known as the Riverstone Apartments.

“Riverstone Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2019 (Riverstone Apartments) issued pursuant to Resolution No. 5614 of the Authority in the original principal amount of \$69,999,430.

“State” means the State of Washington.

“Tax Certificate” means the Tax Exemption and Nonarbitrage Certificate to be executed by the Authority in connection with the Bonds.

“Trustee” means the entity serving as trustee under the Indenture.

All other 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 in an aggregate principal amount not to exceed \$110,000,000, to provide all or a portion of the funds required to (i) effect the refunding of all or a portion of the outstanding Refunded Obligations, and (ii) pay costs of issuance of the Bonds and related bonds and the administrative costs of such refundings. Such financing with proceeds of the Bonds is declared and determined to be important for the feasibility of the Emerson Apartments Project, the Kendall Ridge Apartments Project, and the Riverstone Apartments Project. All proceeds of the Bonds shall be deposited with the Trustee for those purposes in accordance with 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 the Bonds. The Bonds shall be called the Housing Authority of the County of King Credit Enhanced Pooled Housing Refunding Revenue Bonds, 2019. The Bonds shall be issued in registered form; shall be in an aggregate principal amount not to exceed \$110,000,000; shall be in authorized denominations of \$5,000 or any integral multiple thereof; and shall be dated such date, bear interest payable on such dates and at such rates, mature at such times and in such amounts, have such prepayment or redemption provisions and have such other provisions consistent with the terms of this resolution as are set forth in the Indenture. The execution of the Indenture by an Authorized Officer shall be conclusive evidence of the 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, which shall include (a) all General Revenues of the Authority, (b) certain funds and accounts established under the Indenture and investment earnings thereon and money, securities and obligations therein (subject to disbursements from such fund or account upon the conditions set forth in the Indenture), (c) all rights, title and interest of the Authority in the proceeds of any loans made by the County with respect to the Bonds under the Credit Enhancement Agreement (except its obligations and its rights of consent or approval thereunder), (d) all money and securities from time to time held by the Trustee under the terms of the Indenture and any and all other real or personal property conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture, and (e) proceeds of the foregoing, all as defined and 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. The Authority may also pledge any specific revenues, which otherwise would be General Revenues, to the payment of other obligations, such payments to have priority over the payments to be made under the Bonds.

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 requirements of Section 148 of the Code are applicable to the Bonds, it will take all actions necessary to comply (or to be treated as having complied) with those requirements 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 the Refunded Obligations. The proceeds of the sale of the Bonds to be used to pay and redeem a portion of the Refunded Obligations shall be promptly transferred by the Trustee to the holder of each of the Refunded Obligations, and used, together with proceeds of the other Authority obligations issued for such purposes and, if necessary, other money of the Authority available for such purposes, to redeem all or a portion of the outstanding Refunded Obligations. The proper officials of the Authority are authorized and directed to give or cause to be given such notices as are required in order to effect the redemption of the Refunded Obligations prior to their respective maturities.

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 finding and determination, the Board has given consideration to the terms and maturities of the Refunded Obligations, the proposed terms and maturities of the Bonds, and the costs of issuance of the Bonds.

Section 9. Delegation; Authorization of Documents and Execution Thereof. The Board hereby delegates to the Authorized Officers, and each of them acting alone, the authority to negotiate and approve the forms of the Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, the Addendum to Credit Enhancement Agreement, and the Tax Certificate. 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 Bond Purchase Contract, the Continuing Disclosure Agreement, Addendum to Credit Enhancement Agreement, the Tax Certificate, 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 the refunding of the Refunded Obligations.

The Authorized Officers, and each of them acting alone, are further authorized and directed to do everything necessary for the issuance, execution and delivery of the Bonds, including, without limitation, appointing the Trustee, and “deeming final” 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, Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, the Addendum to Credit Enhancement Agreement, and the Tax Certificate and any other documents that may be useful or necessary in connection with the refunding of the Refunded Obligations, the issuance of the Bonds, 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.

The delegation to the Authorized Officers set forth in this resolution shall include setting the final principal amount, maturity dates, principal and interest payment dates, redemption

provisions, interest rates, and other terms for the Bonds; *provided* that (a) the aggregate principal amount of the Bonds does not exceed \$110,000,000, and (b) the final maturity of the Bonds does not exceed forty years from their date of issue.

Section 10. Credit Enhancement. The Authorized Officers, and each of them acting alone, are authorized and directed to do everything necessary to obtain credit enhancement for the Bonds under the Credit Enhancement Agreement, including, if necessary or desirable, negotiation, approval, execution, and delivery of amendments or supplement to the Credit Enhancement Agreement and the Addendum to Credit Enhancement Agreement. The Board has determined and, for purposes of satisfying the requirements of the Credit Enhancement Agreement, attests for the benefit of the County that the Authority has the legal authority under State law to enter into the Indenture and to issue the Bonds.

Section 11. 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 Deputy Executive Director of the Authority, respectively.

Section 12. Approval of Bond Purchase Contract. It is anticipated that KeyBanc Capital Markets Inc. will present a Bond Purchase Contract to the Authority offering to purchase the Bonds under the terms and conditions provided herein. The Board finds that entering into the Bond Purchase Contract is in the best interest of the Authority, and therefore authorizes the Authorized Officers, and each of them acting alone, to accept such offer on behalf of the Authority.

The Bonds will be prepared at the Authority's expense and will be delivered to the purchaser thereof, with the approving legal opinion of Foster Pepper PLLC (or its successor), bond counsel of Seattle, Washington, regarding the Bonds.

The proper Authority officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser thereof and for the proper application and use of the proceeds of the sale thereof.

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

Section 14. Changes to Titles or Parties; Omission of Documents. 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. The Authorized Officers, and each of them acting alone, in their discretion may omit any agreement described herein which is determined not to be necessary or desirable in connection with the issuance or sale of the Bonds.

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 provision 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 16TH DAY OF SEPTEMBER, 2019.**

HOUSING AUTHORITY OF THE COUNTY OF
KING

By 
DOUGLAS J. BARNES, Chair

ATTEST:


STEPHEN J. NORMAN, Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer 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. 5630 (the “Resolution”) is a true and correct copy of a resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on September 16, 2019, 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 16th day of September, 2019.

HOUSING AUTHORITY OF THE COUNTY
OF KING

By: _____

STEPHEN J. NORMAN

Executive Director and Secretary-Treasurer

CERTIFICATE