

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5636

(Abbell)

A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Abbell rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Seller Loan Documents, Authority Loan Documents and Deferred Development Fee Documents.

ADOPTED November 18, 2019

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WHEREAS, the Housing Authority of the County of King (the “*Authority*”) seeks to encourage the provision of long-term housing for low-income persons residing within King County, Washington; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . 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

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” (the “*Development Costs*”); and

WHEREAS, the Authority is the fee owner of certain real property located at (i) 3035 South 204th Street, SeaTac, Washington 98198 containing 146 units of housing (the “Abbey Ridge Project”), and (ii) 143 Bellevue Way SE, Bellevue, Washington 98004 containing 66 units of housing (the “Bellevue Manor Project” and together with the Abbey Ridge Project, the “*Project*”). The Authority desires to renovate the Project; and

WHEREAS, the Authority desires to utilize low income housing tax credits (“*Low Income Tax Credits*”) to finance a portion of the costs of the rehabilitation of the Project; and

WHEREAS, the Authority desires to utilize renewable energy tax credits (“*Energy Tax Credits*” with the *Low Income Credits* the “*Credits*”) to finance a portion of the costs of the rehabilitation of the Project; and

WHEREAS, the utilization of Low Income Tax Credits and the Energy Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

WHEREAS, the Authority desires to apply to the Washington State Housing Finance Commission (the “*Commission*”) for a reservation of Low Income Tax Credits; and

WHEREAS, the Authority desires to form Abbell LLLP, a Washington limited liability limited partnership (the “*Partnership*”); and

WHEREAS, the Authority will serve as the general partner of the Partnership; and

WHEREAS, the Authority desires to enter into a long term Financing Lease or leases (collectively the “*Lease*”) of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and

WHEREAS, the total lease payment (the “*Lease Payments*”) under the terms of the Lease will be in a principal amount equal to the fair market value of the property improvements which is currently estimated to be approximately \$48,600,000 and, if applicable, a minimal lease payment for the lease of the underlying fee interest in the Property.

WHEREAS, the Authority anticipates receiving cash Lease Payment from the Partnership in the approximate amount of \$34,300,000. The balance of the Lease Payment, in the approximate amount of \$14,300,000 will be payable to the Authority from the Partnership in the form of a loan accruing interest at the long term applicable federal rate (the “*Long Term Seller Financing*”). Terms of the Lease including the timing and amounts of the Long Term Seller Financing payments shall be determined by the Executive Director or Deputy Director; and

WHEREAS, in addition to the Long Term Seller Financing, the Authority will provide interim financing including seller financing in the approximate amount of \$32,500,000 (the “*Interim Seller Financing*”); a tax exempt line of credit in the approximate amount of \$24,000,000 (the “*Tax Exempt*

Line of Credit") a taxable line of credit in the approximate amount of \$16,000,000 (the "*Taxable Line of Credit*"); and pre-development advances in the approximate amount of \$700,000 (the "*Predevelopment Financing*") and

WHEREAS, the Authority anticipates a loan from King County in the approximate amount of \$3,650,000 (the "*King County Financing*"), the proceeds of which are intended to be re-loaned to the Partnership as a part of the Long Term Seller Financing.

WHEREAS, in addition to the Long Term Seller Financing, Interim Seller Financing, and Predevelopment Financing, the Authority will a subordinate loan in an approximate amount of \$17,550,000 (the "*Subordinate Loan*"); a yet to be determined deferred development fee (the "*Deferred Development Fee*"); and permanent financing using the proceeds of the Taxable and/or Tax Exempt Bonds the approximate amount of \$29,000,000 (the "*Permanent Bonds*") along with the Lease Payments, Long Term Seller Financing, Interim Seller Financing, Tax Exempt Line of Credit, Taxable Line of Credit Predevelopment Financing and King Count Financing, Interim Bonds, Deferred Development Fee and Subordinate Loan the "*Project Financing*"); and

WHEREAS, the Authority desires to seek an equity investment from a low income housing tax credit investor (the "*Tax Credit Investor*") pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

WHEREAS, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AS FOLLOWS:

Section 1. Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to (i) participate in the formation of, and become the general partner of the Partnership, and (ii) execute such documents as may be required to do so, including but not limited to a certificate of limited

liability limited partnership and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Partnership.

Section 2. Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents including but not limited to an Agreement of Limited Partnership or Amended and Restated Agreement of Limited Liability Limited Partnership, Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3. Lease and Project Financing. The Authority is authorized and directed to enter into the Lease and Project Financing substantially in accordance with the terms set forth above and the Authorized Representative of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself in its capacity as a public body corporate and politic, Lessor, Lender or as general partner of the Partnership, in connection with the Lease, the Project Financing and the execution of such documents as may be deemed reasonable by the Executive Director or Deputy Director with respect to the foregoing.

Section 4. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, file (or cause to be executed, delivered and, if applicable, filed), on behalf of the Authority and/or the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 5. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 6. Increase in the Project Financing Amounts. The aggregate amount of Project Financing may be increased by an amount not to exceed ten percent (10%) of the total Project Financing upon the determination by the Executive Director or Deputy Director that such increase is necessary for the development of the Project.

Section 7. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board ("Chair") or Executive Director of the Authority ("Executive Director") may be taken in the absence of each person respectively by the duly authorized acting Chair of the Board ("Acting Chair") or a Deputy Executive Director of the Authority ("Deputy Director" along with the Chair, Executive Director and Acting Chair an "Authorized Representative").

Section 8. 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 9. 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 18TH DAY OF
NOVEMBER, 2019.**

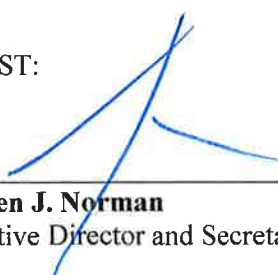
HOUSING AUTHORITY OF THE COUNTY OF
KING

By: _____



Douglas J. Barnes, Chair
Board of Commissioners

ATTEST:



Stephen J. Norman
Executive Director and Secretary-Treasurer

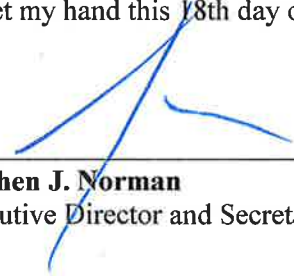
CERTIFICATE

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. 5636 (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 November 18, 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 18th day of November 2019.



Stephen J. Norman
Executive Director and Secretary-Treasurer

