

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5748

(KIRKLAND HEIGHTS APARTMENTS)

A RESOLUTION of the Housing Authority of the County of King authorizing the execution of financing, leasing, regulatory and related documents for the Kirkland Heights Low Income Housing Tax Credit development.

ADOPTED MAY 22, 2023

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(KIRKLAND HEIGHTS APARTMENTS)

A RESOLUTION of the Housing Authority of the County of King authorizing the execution of financing, leasing, regulatory and related documents for the Kirkland Heights Low Income Housing Tax Credit development.

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(19) 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, the Authority is the fee owner of certain real property known as Kirkland Heights Apartments, generally located at 13310 NE 133rd Street, Kirkland, Washington (the “*Project*”). The Authority desires to rehabilitate the existing structures within the Project and to construct and equip additional buildings within the Project; and

WHEREAS, the Authority desires to utilize low income housing tax credits (“*Low Income Housing Tax Credits*”) and renewable energy tax credits (“*Energy Tax Credits*” and, together with the Low Income Housing Tax Credits, collectively referred to herein as the “*Credits*”) to finance a portion of the costs of the rehabilitation and construction of the Project; and

WHEREAS, the utilization of Credits to provide a portion of the financing for the rehabilitation and construction 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 Housing Tax Credits; and

WHEREAS, the Authority has caused to be formed New Kirkland Heights LLLP, a Washington limited liability limited partnership (the “*Partnership*”), in order to own, construct and operate the Project; 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 approximately 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and

WHEREAS, the total lease payments (the “*Lease Payments*”) under the terms of the Lease will be in a principal amount equal to the fair market value of the property and improvements comprising the Project which is currently estimated to be approximately \$66,000,000; and

WHEREAS, the Authority anticipates receiving an initial cash Lease Payment from the Partnership as the Authority deems appropriate, with any remaining balance of the Lease Payments to be paid to the Authority by the Partnership in the form of a loan accruing interest at the long

term applicable federal rate (the “*Seller Financing*”). Terms of the Lease, including the timing and amounts of the Seller Financing payments shall be determined by Chair of the Authority’s Board of Commissioners (“*Chair*”), the Authority’s Executive Director (“*Executive Director*”), and the Authority’s Senior Director of Development and Asset Management (“*Senior Director*”), or each, acting alone (each, an “*Authorized Representative*”) ; and

WHEREAS, short-term acquisition financing of the initial cash Lease Payment will be provided to the Partnership by KeyBank National Association in the form of a loan to the Partnership in an approximate amount of \$7,000,000 (the “*KeyBank Loan*”) or such higher or lower amount as an Authorized Representative deems reasonably necessary or advisable;

WHEREAS, additional debt financing for the Project will be provided by the Authority through the issuance of tax-exempt and/or taxable bonds or revenue notes in the aggregate principal amount of up to \$130,000,000 (collectively, the “*Bonds*”) the proceeds of which will be used to fund one or more loans to the Partnership; and

WHEREAS, the Authority desires to apply for permanent long-term financing for the Project in an approximate amount of \$5,000,000 from the Washington State Department of Commerce (the “*State*”), or such higher or lower amount as an Authorized Representative deems reasonably necessary or advisable, which may be in the form of a loan from the State to the Partnership, a loan from the State to the Authority which is assigned to the Partnership, or a loan from the State to the Authority which is used to fund all or a portion of a loan from the Authority to the Partnership (the “*State Financing*”); and

WHEREAS, the Authority desires to utilize permanent long-term financing in an approximate amount of \$11,200,000 from King County (the “*County*”), or such higher or lower amount as an Authorized Representative deems reasonably necessary or advisable, which may be

in the form of a loan from the County to the Partnership, a loan from the County to the Authority which is assigned to the Partnership, or a loan from the County to the Authority which is used to fund all or a portion of a loan from the Authority to the Partnership (the “*County Financing*”); and

WHEREAS, the Authority desires to utilize permanent long-term financing in an approximate amount of \$2,132,200 from the City of Bellevue, as administering agency for A Regional Coalition for Housing (“*ARCH*”), or such higher or lower amount as an Authorized Representative deems reasonably necessary or advisable, a portion of which financing in an approximate amount of \$1,075,900 will be comprised of Community Development Block Grant funds, which financing may be in the form of one or more loans from ARCH or the County to the Partnership, a loan from ARCH or the County to the Authority which is assigned to the Partnership, or a loan from ARCH or the County to the Authority which is used to fund all or a portion of a loan from the Authority to the Partnership (the “*ARCH Financing*”); and

WHEREAS, in addition to the Seller Financing, the Authority may provide pre-development advances (collectively, the “*Predevelopment Financing*”); one or more subordinate loan(s) to the Partnership (collectively, the “*Subordinate Loan*”); and a deferred development fee (the “*Deferred Development Fee*” and, together with the Lease Payments, Bonds, KeyBank Loan, ARCH Financing, County Financing, State Financing, Seller Financing, Predevelopment Financing and Subordinate Loan, collectively, the “*Project Financing*”); and

WHEREAS, the Authority desires to seek an equity investment from a 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 capital contributions in an amount to be

determined by the Authority, which capital contributions 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.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON; as follows:

Section 1. Formation of Limited Liability Limited Partnership. The participation of the Authority in the formation of, and becoming the general partner of, the Partnership is hereby ratified and affirmed, and the Authority is authorized and directed to execute such documents as may be required in connection with the foregoing, including but not limited to a limited liability limited partnership agreement and such other documents as may be deemed reasonable by an Authorized Representative with respect to the formation of the Partnership.

Section 2. 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, (ii) take such steps as are necessary to obtain the Energy Tax Credits and (iii) seek and select the Tax Credit Investor. The Authorized Representative is authorized and directed to take any other action and to negotiate, execute, and deliver on behalf of the Authority 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 its limited partner(s), such documents including, but not limited to, an 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 an Authorized Representative with respect to the foregoing.

Section 3. KeyBank Loan. The Authority is authorized and directed to take such steps on behalf of itself, or as general partner of the Partnership, in connection with obtaining the KeyBank Loan, including, without limitation, submitting applications for funding. Each Authorized Representative is authorized and directed to negotiate, execute and deliver on behalf of the Authority, on its own behalf or in its capacity as general partner of the Partnership, those documents reasonably required to close on the KeyBank Loan, including but not limited to such contracts, loan agreements, notes, leasehold deeds of trust and such other documents as may be deemed reasonable by an Authorized Representative with respect to the KeyBank Loan.

Section 4. State, County and ARCH Financing. The Authority is authorized and directed to take such steps on behalf of itself, either in its individual capacity as a public body corporate and politic, or in its capacity as general partner of the Partnership, in connection with obtaining the State Financing, the County Financing and the ARCH Financing, including, without limitation, submitting applications for funding. Each Authorized Representative is authorized and directed to negotiate, execute and deliver on behalf of the Authority, either in its individual capacity as a public body corporate and politic, or in its capacity as general partner of the Partnership, those documents reasonably required to close on the State Financing, the County Financing and the ARCH Financing, including but not limited to, such contracts, loan agreements, notes, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by an Authorized Representative with respect to the State Financing, County Financing and the ARCH Financing.

Section 5. Lease and Project Financing. The Authority is authorized and directed to enter into the Lease and Project Financing, and each Authorized Representative is authorized and directed to take any other action and to execute such other documents on behalf of the Authority as may be required to be taken or executed by the Authority, on behalf of itself, in its individual capacity as a public body corporate and politic, as lessor, lender or in its capacity as general partner of the Partnership, in connection with the Lease and the Project Financing and the negotiation, execution, and delivery of such documents as may be deemed reasonable by an Authorized Representative with respect to the foregoing.

Section 6. Governmental Filings; Other Agreements. Each Authorized Representative is further authorized to take such further actions including, but not limited to, the execution, delivery and, if applicable, filing (or to 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 7. 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 8. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair or the Executive Director may, in the absence of such person, be taken by the duly authorized acting Chair of the Board ("**Acting Chair**") or a Deputy Executive Director of the Authority ("**Deputy Director**"), respectively.

Section 9. 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 10. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED AT A SPECIAL ANNUAL MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 22nd DAY OF MAY, 2023.

**THE HOUSING AUTHORITY OF THE
COUNTY OF KING, WASHINGTON**

By: 
DOUGLAS J. BARNES, Chair
Board of Commissioners

ATTEST:


ROBIN WALLS
Executive Director/CEO 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. 5748 (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 May 22, 2023, and duly recorded in the minute books of the Authority.

2. That such meeting was duly convened, included an opportunity for public comment, and was 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 22nd day of May 2023.



Executive Director of the Authority