

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5693

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King authorizing the extension and modification of the Authority's Revolving Line of Credit Revenue Note, 2011 (Tax-Exempt) and Revolving Line of Credit Revenue Note, 2011 (Taxable), establishing certain additional terms and covenants pertaining to the notes; authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted June 21, 2021

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 housing for low-income persons residing in King County, Washington (the “County”); 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(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, the Board of Commissioners (the “Board”) of the Housing Authority of the Authority previously adopted Resolution No. 5344, providing for the issuance of the Authority’s Revolving Line of Credit Revenue Note, 2011 (Tax-Exempt) (the “Tax-Exempt Note”) and the Authority’s Revolving Line of Credit Revenue Note, 2011 (Taxable) (the “Taxable Note” and, together with the Tax-Exempt Note, the “Notes”), Resolution No. 5563, which, among other things, authorized the extension of maturity and modification of the terms of the Notes, and Resolution No. 5671 which, among other things, authorized the modification of the principal amount of the Notes

to a combined amount of not to exceed \$30,000,000 at any one time outstanding (the principal of the Tax-Exempt Note continues to be limited to not more than \$10,000,000 outstanding at any one time); and

WHEREAS, pursuant to Resolution No. 5344, Resolution No. 5563, and Resolution 5671 (collectively, the “Note Resolutions”), the Authority has issued and delivered the Notes to KeyBank National Association (the “Bank”) in a combined principal amount of not to exceed \$30,000,000 at any one time outstanding, of which not more than \$10,000,000 shall be outstanding at any one time on the Tax-Exempt Note, and has extended the maturity dates and modified certain other terms of the Notes from time to time; and

WHEREAS, the Notes are currently scheduled to mature on June 30, 2021; and

WHEREAS, the Bank has offered to extend the maturity date of the Notes and to modify the interest rate formulae applicable to the Notes in a manner expected to provide interest rate savings to the Authority, upon compliance with certain terms and conditions, including the addition of certain covenants and terms applicable to the Notes; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to accept such offer and to authorize related modifications of the Notes, and to authorize future extensions and modifications of the terms of the Notes;

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

Section 1. Definitions. In addition to the terms defined in the recitals and elsewhere in this resolution, capitalized terms used, and not otherwise defined, in this resolution shall have the meanings ascribed thereto in the Note Resolutions.

Section 2. Authorization of Modifications and Extensions of Maturity of the Notes.

The Authority's Executive Director and any Deputy Executive Director of the Authority (each, an "Authorized Officer" and together, the "Authorized Officers"), and each of them acting alone, are authorized on behalf of the Authority from time to time, without further action of the Board but with the consent and approval of the Bank, in the Bank's sole discretion, to extend the then-current maturity date of the Notes to any date on or before December 31, 2028, and to modify the interest rates or interest rate formulae applicable to Draws on the Notes, if such Authorized Officer determines that such modification and/or extension is in the best interest of the Authority. The Authorized Officers, and each of them acting alone, are authorized to do everything necessary in connection with such extensions of maturity and modifications of the Notes, including but not limited to the negotiation, execution and delivery of documents and payment of Bank fees. An Authorized Officer's execution of documents in connection with a modification or extension of the Notes as described herein will constitute conclusive evidence of their approval of the extensions, modifications, and/or other terms described therein and the approval of the Authority of such extensions, modifications, and/or other terms.

Section 3. Events of Default. If an Event of Default occurs then, at the option of the Bank, the principal of and interest on the Notes shall become immediately due and payable. "Event of Default" means the declaration by the Bank of an event of default as a result of a determination by the Bank that:

- (i) there has been a failure to pay principal or interest on the Notes when due, as provided in the Notes;
- (ii) there has been a failure by the Authority to comply with any of its obligations, or to perform any of its duties, under the Notes or this resolution, which failure

continues, and is not cured, for a period of more than 60 days after the Bank has made written demand on the Authority to cure such failure;

(iii) there has been a material misrepresentation to the Bank by the Authority in the purchase of the Notes, as reasonably concluded by the Bank after investigation and discussion with the Authority; or

(iv) any event of default has occurred and is continuing under any other debt or capital lease obligation with Bank or an affiliate of Bank under which the Authority is an obligor (not including any debt or capital lease obligation in which the Authority is acting as a conduit issuer and the obligation is payable from loan or lease payments from a conduit borrower) where there is outstanding, owing or committed an aggregate amount in excess of \$500,000, if such default continues, and is not cured, or otherwise waived by the Bank or such affiliate within 15 days after written demand is made on the Authority to cure such default.

Notwithstanding the foregoing, as to item (iv), if the default is not a payment default and is not associated with the Authority's material ability to pay, when due, its obligations to the Bank (or affiliate of Bank, if applicable), the Authority may have up to 180 days to cure such default by providing the Bank (and the affiliate of Bank, if applicable) a written plan within 15 days after written notice of default is made to the Authority, describing the Authority's planned timeframe for the cure of the default. Item (iv) is not intended to preempt the terms set forth in any other agreement relating to borrowing money, lease financing of property, or provision of credit.

Failure of the Bank to enforce a covenant that the Authority has made under the Notes or this resolution shall not prevent Bank from subsequently enforcing such covenant against the Authority.

Section 4. 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 Notes, the Note Resolutions, and this resolution and the consummation by the Authority of all other transactions contemplated by the Note Resolutions and this resolution in connection with the issuance, modification, and extension of the Notes. The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver any credit agreement, loan agreement, and or such other instruments and agreements as may be necessary or desirable in connection with the modification or extension of the Notes. The Executive Director of the Authority is authorized to execute the modified and extended Notes and the Authorized Officers, and each of them acting alone, are authorized to negotiate, execute and deliver documents reasonably required to be executed in connection with the issuance of the Notes and to ensure the proper use and application of the proceeds of the Notes, and to effect any further extension of the maturity of the Notes and modification of interest rate and/ or interest rate formula applicable to the Notes as described in Section 2.

Section 5. Approval of Transaction. The Bank has offered to extend the maturity and modify that interest rate formulae applicable to the Notes, under the terms and conditions contained in this resolution, including the payment of a fee to the Bank, if any, 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 of the extension and modification. The Board finds that the Bank's offer is in the best interest of the Authority and accepts such offer.

Section 6. Reporting Requirements; Covenants. The Authority covenants and agrees that for so long as the Notes remain outstanding, and unless otherwise waived by the Bank, the Authority shall maintain a Debt Service Coverage Ratio of not less than 1.10 to 1.0, to be calculated

at the end of each fiscal year of the Authority. “Debt Service Coverage Ratio” means, with respect to the period of time for which calculated, the ratio determined by dividing: the sum of (a) the change in Authority (primary government) net assets, plus (b) interest expense, plus (c) depreciation expense, plus (d) amortization expense, plus (or minus) (e) the loss (or gain) on capital assets, plus (f) any non-cash charges to the extent deducted in determining the change in net assets, plus (g) payments from reserves or prior years’ revenues for programs or facilities, including, without limitation, as examples, payments made to forestall evictions due to delayed Section 8 housing payments from the federal government, mission driven initiatives or non-capitalized payments from reserves for replacement costs related to facilities, plus (h) non-recurring, one-time costs and expenses, not to exceed \$1,000,000 in any one fiscal year, minus (i) capital grants or contributions in any form; by the sum of interest expense and Scheduled principal payments made or incurred by the Authority during the preceding fiscal year, all as shown on the audited financial statements delivered to the Bank. “Scheduled” means all mandatory scheduled amortization payments (including without limitation mandatory redemptions) of outstanding indebtedness for borrowed money and excludes (a) voluntary prepayments, (b) revolver pay-downs, or (c) the refinance of existing debt.

The Authority further covenants and agrees for so long as the Notes remain outstanding, and unless otherwise waived by the Bank, to provide financial information to the Bank as follows:

- (A) the Authority’s internally prepared financial statements for such fiscal year within 180 days after the fiscal year end, prepared in accordance with generally accepted accounting principles applicable to housing authorities, which shall be accompanied by a certificate regarding compliance with the Debt Service Coverage Ratio covenant set forth above;

(B) the Authority's audited financial statements within 10 days after receipt of the Washington State Auditor's opinion letter, but no later than 290 days after fiscal year end;

(C) the Authority's internally prepared quarterly financial statements within 45 days after fiscal quarter end;

(D) the Authority's annual budget or any material amendments thereto within 45 days of adoption; and

(E) such other information relating to the ability of the Authority to satisfy its obligations under the Notes, as may be reasonably requested by the Bank from time to time.

Section 7. 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 8. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, applications, 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; (iii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution; and (iv) notwithstanding any other

Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 9. Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Notes and this resolution.

Section 10. Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or the duly authorized acting Executive Director of the Authority, respectively.

Section 11. 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 Notes.

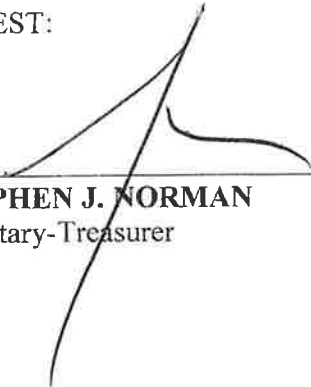
Section 12. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 21st
DAY OF JUNE, 2021.**

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

By: 
DOUGLAS J. BARNES, Chair
Board of Commissioners

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. 5693 (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 June 21, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) one or more options were provided for the public to attend the Meeting remotely, including by telephonic access, and (b) the means of attending the Meeting provided the ability for all persons attending the Meeting to hear each other at the same time;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website; and

4. The 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 the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, 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 21st day of June, 2021.



Stephen Norman
Executive Director and Secretary-Treasurer of the
Authority