

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5431

A RESOLUTION providing for the issuance of a revolving line of credit revenue note of the Authority in the principal amount of not to exceed \$5,000,000 at any one time outstanding, which note shall be issued to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation, the refunding of all of the outstanding Housing Authority of the County of King Revenue Bonds, 1994, Series A and B (Cascadian Apartments Project) and predevelopment and acquisition costs associated with a portfolio of nine Section 8 housing developments; determining the form, terms and covenants of the note; creating a note fund; and approving the sale and providing for the delivery of the note to Specialized Lending, LLC.

Adopted June 17, 2013

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 35.82.100 provides that "[a]ny two or more authorities may join or cooperate with one another in the exercise of any or all of the powers conferred hereby for the purpose of financing, planning, undertaking, constructing or operating a housing project or projects located within the area of operation of any one or more of said authorities;"

WHEREAS, pursuant to Resolution No. 5427 adopted on March 18, 2013, the Board of Commissioners of the Authority authorized the Executive Director of the Authority to enter into agreements with housing authorities in Bremerton, Yakima, Chelan County and Grays Harbor relating to the acquisition and operation of a portfolio of nine project-based Section 8 developments, four of which are located in King County, one of which is located in each of the City of Bremerton, the City of Yakima and the City of Hoquiam, and two of which are located in the City of Wenatchee (collectively, the "Section 8 Portfolio Properties"); and

WHEREAS, pursuant to Cooperation Agreements (collectively, the “Cooperation Agreements”) with the Housing Authority of the City of Bremerton, the Housing Authority of the City of Yakima, the Housing Authority of Chelan County and the City of Wenatchee, and the Housing Authority of Grays Harbor County (collectively, the “Other Authorities”), the Authority has agreed with each of the housing authorities in whose area of operation the five non-King County Section 8 Portfolio Properties are located to cooperate in the acquisition of the Section 8 Portfolio Properties; and

WHEREAS, in order to fulfill its obligations under the Cooperation Agreements and the purchase and sale agreement with respect to the Section 8 Portfolio Properties, the Authority will expend funds in connection with the acquisition of the Section 8 Portfolio Properties, including without limitation due diligence costs and the payment of all or a portion of the purchase price for Section 8 Portfolio Properties, and some of such costs may be reimbursed to the Authority by the Other Authorities; and

WHEREAS, the Authority previous issued its Revenue Bonds, 1994 (Cascadian Apartments Project) in the original aggregate principal amount of \$8,385,000 (the “Refunded Bonds”), a portion of which are currently outstanding; and

WHEREAS, the proceeds of the Refunded Bonds were lent to Cascadian-KCHA Limited Partnership, a Washington limited partnership of which the Authority was the sole general partner (the “Cascadian Partnership”), to finance or refinance the acquisition and rehabilitation of a 198-unit apartment complex known as the Cascadian Apartments located in Bellevue, Washington (the “Cascadian Project”) to provide housing for rental to low-income persons; and

WHEREAS, the Authority acquired the interests of Cascadian Partnership in the Cascadian Project and is currently the sole owner and operator of the Cascadian Project; and

WHEREAS, pursuant to an Assignment, Assumption and Consent Agreement (Cascadian-KCHA Limited Partnership), among Cascadian Partnership, the Authority and U.S. Bank National Association, as successor-in-interest to First Bank National Association, as trustee for the Refunded Bonds, the Authority succeeded to all of the Cascadian Partnership's rights and obligations under the documents executed in connection with the Refunded Bonds; and

WHEREAS, pursuant to RCW 35.82.130, the Authority is authorized to issue revenue bonds and notes from time to time and to use the proceeds of those obligations for any of its corporate purposes; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority borrow money to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation, to refund the Refunded Bonds on a current basis and to pay costs associated with the acquisition of the Section 8 Portfolio Properties; and

WHEREAS, Specialized Lending, LLC, a Delaware limited liability company, and Bank of America, N.A. have proposed to extend a line of credit evidenced by a revolving line of credit note of the Authority on the terms set forth in this resolution to provide money for those purposes; 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:

“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.

“Bank” means Specialized Lending, LLC, a Delaware limited liability company, as registered owner of the Note.

“BBA LIBOR” means the British Bankers Association LIBOR Rate (or any successor thereto approved by the Bank if the British Bankers Association is no longer making a LIBOR rate available).

“BBA LIBOR Daily Floating Rate” means a fluctuating rate of interest that can change on each banking day. The rate will be adjusted on each banking day to equal BBA LIBOR for U.S. Dollar deposits for delivery on the date in question for a one-month term beginning on that date. The Bank will use the BBA LIBOR Rate as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) as determined at approximately 11:00 a.m. London time two London Banking Days prior to the date in question. If such rate is not available at such time for any reason, then the rate will be determined by such alternate method as reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for a one-month interest period.

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

“Cascadian Project” means the 198-unit apartment complex located in Bellevue, Washington, within King County, Washington, known as the Cascadian Apartments.

“Commitment Letter” means the commitment letter with respect to the Note provided to the Authority by the Bank and Bank of America, N.A. dated May 7, 2013, as it may be amended, setting forth certain terms under which the Bank proposes to purchase the Note.

“Cooperation Agreements” means, collectively, the interlocal cooperation agreements entered into between the Authority and each of the Other Authorities, pursuant to which the parties have agreed to cooperate in the acquisition of the Section 8 Portfolio Properties.

“Draws” means incremental draws upon the Note.

“Fixed Rate Interest Period” means a period equal to one, two, three, six, seven, or twelve month(s), provided that (i) if any Fixed Rate Interest Period would end on a day other than a business day, such Fixed Rate Interest Period shall be extended to the next succeeding business day unless such next succeeding business day would fall in the next calendar month, in which case such Fixed Rate Interest Period shall end on the next preceding business day, and (ii) any Fixed Rate Interest Period that commences on the last business day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Fixed Rate Interest Period) shall end on the last business day of the last calendar month of such Fixed Rate Interest Period. No Fixed Rate Interest Period may extend beyond the Maturity Date.

“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 Note and are not now or hereafter pledged, 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.

“LIBOR Fixed Rate” means the rate per annum equal to 70% of the LIBOR Fixed Rate Index, plus 1.40%.

“LIBOR Fixed Rate Index” means the percentage rate arrived at by dividing (a) the London Inter-Bank Offered Rate for the applicable Fixed Rate Interest Period, by (b) the difference of 1.00 minus the Reserve Percentage.

“LIBOR Floating Rate” means the rate per annum equal to 70% of the LIBOR Floating Rate Index, plus 1.40%.

“LIBOR Floating Rate Index” means the percentage rate arrived at by dividing (a) the BBA LIBOR Daily Floating Rate, by (b) the difference of 1.00 minus the Reserve Percentage.

“London Banking Day” means a day on which banks in London, England, are open for business and dealing in offshore dollars.

“London Inter-Bank Offered Rate” means, for any applicable Fixed Rate Interest Period, the rate per annum equal to BBA LIBOR at approximately 11:00 a.m. London, England time two London Banking Days before the commencement of the Fixed Rate Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Fixed Rate Interest Period) with a term equivalent to such Fixed Rate Interest Period. If such rate is not available at such time for any reason, then the London Inter-Bank Offered Rate for that Fixed Rate Interest Period will be determined by such alternate method reasonably selected by the Bank to be substantially equivalent to BBA LIBOR for the applicable Fixed Rate Interest Period.

“Maturity Date” means the date that is three years from the date of initial delivery of the Note, as such date may be extended in accordance with Section 3.

“Note” means the Authority’s Revolving Line of Credit Revenue Note, 2013 (Cascadian and Housing Portfolio Project).

“Other Authorities” means, collectively, the Housing Authority of the City of Bremerton, the Housing Authority of the City of Yakima, the Housing Authority of Chelan County and the Housing Authority of Grays Harbor County.

“Note Fund” means the Authority’s Revolving Line of Credit Revenue Note Fund, 2013 (Cascadian and Housing Portfolio Project), created by this resolution for the purpose of paying principal of and interest on the Note.

“Note Register” means the books or records maintained by the Note Registrar containing the name and mailing address of the registered owner of the Note.

“Note Registrar” means the Executive Director of the Authority.

“Project” means the acquisition, construction and rehabilitation of housing and related facilities, including but not limited to the current refunding of the Refunded Bonds and the payment of costs or making of loans to Other Authorities for costs associated with the acquisition and rehabilitation of the Section 8 Portfolio Properties, but specifically excluding the making of loans to non-governmental entities or the financing of housing or related facilities to be used in the trade or business of non-governmental entities unless the Authority has received written confirmation from its Bond Counsel to the effect that the use of proceeds of Draws on the Note for such purpose will not cause interest on Draws on the Note to be included in gross income for federal income tax purposes.

“Refunded Bonds” means the Housing Authority of the County of King Revenue Bonds, 1994 (Cascadian Apartments Project).

“Reserve Percentage” means the total of the maximum reserve percentages for determining the reserves to be maintained by member banks of the Federal Reserve System for Eurocurrency Liabilities, as defined in Federal Reserve Board Regulation D, rounded upward to

the nearest 1/100th of one percent. The percentage will be expressed as a decimal, and will include, but not be limited to, marginal, emergency, supplemental, special, and other reserve percentage.

“Section 8 Portfolio Properties” means nine project-based Section 8 housing developments, four of which are located in King County, one of which is located in each of the City of Bremerton, the City of Yakima and the City of Hoquiam, and two of which are located in the City of Wenatchee, currently owned by a group of related entities and expected to be sold as one portfolio.

Section 2. Authorization and Description of Note. For the purpose of providing funds with which to finance all or part of the costs of the Project and pay costs of issuing the Note, the Authority may borrow money from time to time pursuant to a revolving line of credit extended by the Bank under the terms of this resolution and the Commitment Letter, and shall issue the Note in a principal amount of not to exceed \$5,000,000 at any one time outstanding. The Note shall be designated the Revolving Line of Credit Revenue Note, 2013 (Cascadian and Housing Portfolio Project) of the Authority; shall be issued in registered form; shall be dated its date of delivery to the Bank; and shall mature on the Maturity Date.

The Authority may request Draws upon the Note in any amount on any business day during the term of the Note for the purposes identified above, subject to the terms of the Commitment Letter. All Draws will be subject to approval by the Bank, in its sole discretion, and subject to receipt of such supporting information as the Bank may require. Draws bearing interest at the LIBOR Fixed Rate must be in minimum amounts of \$100,000, and notice thereof must be given to the Bank no later than the London Banking Day preceding the day on which the London Inter-Bank Offered Rate will be set for such Draw (*i.e.*, the London Banking Day

preceding the date that is two London Banking Days before the commencement of the Fixed Rate Interest Period for such Draw). No Draw may exceed the total amount of the costs to be paid from such Draw, and the proceeds of each Draw shall be used immediately to pay those costs, or to reimburse the Authority for such costs paid by the Authority. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount outstanding at any one time of \$5,000,000.

Interest on each Draw shall accrue from the date of that Draw and shall be computed on the principal amount of the Draw outstanding on the basis of a 360-day year and actual days elapsed for the actual number of days the principal amount of the Draw is outstanding.

Each Draw on the Note to shall bear interest at the LIBOR Floating Rate or the LIBOR Fixed Rate, with such interest rate option chosen by the Executive Director or his or her designee at the time of each Draw, and if the LIBOR Fixed Rate is elected, for a Fixed Rate Interest Period selected by the Executive Director or his or her designee at the time of each Draw, subject to conversion to another interest rate type or Fixed Rate Interest Period at the conclusion of the then-current Fixed Rate Interest Period, and also to adjustment upon default as described herein.

Draws bearing interest at the LIBOR Floating Rate may be converted to bear interest at the LIBOR Fixed Rate at any time, in minimum amounts of \$100,000, upon notice to the Bank given no later than the London Banking Day preceding the day on which the London Inter-Bank Offered Rate will next be set for such Draw (*i.e.*, the London Banking Day preceding the date that is two London Banking Days before the commencement of the next Fixed Rate Interest Period for such Draw). Draws bearing interest at a LIBOR Fixed Rate will automatically be converted to bear interest at the LIBOR Floating Rate on the last day of the applicable Fixed Rate Interest Period unless the Authority elects to continue the applicable LIBOR Fixed Rate and

provides notice of such election to the Bank by the London Banking Day preceding the day on which the London Inter-Bank Offered Rate will next be set for such Draw (*i.e.*, the London Banking Day preceding the date that is two London Banking Days before the commencement of the next Fixed Rate Interest Period for such Draw). The Fixed Rate Interest Period applicable to principal bearing interest at a LIBOR Fixed Rate may also be changed on the last day of Fixed Rate Interest Period to a different permitted Fixed Rate Interest Period, if notice of the new Fixed Rate Interest Period is given to the Bank prior to the London Banking Day preceding the day on which the London Inter-Bank Offered Rate would be set for such new Fixed Rate Interest Period (*i.e.*, the London Banking Day preceding the date that is two London Banking Days before the commencement of the new Fixed Rate Interest Period). The rate applicable to outstanding Draws bearing interest at a LIBOR Floating Rate shall be adjusted on each banking day to correspond with fluctuations in the BBA LIBOR Daily Floating Rate.

Interest on the Note shall be payable quarterly in arrears, on the interest payment dates specified in the Note, to the maturity or earlier redemption of the Note. Principal of the Note, together with all accrued and unpaid interest thereon, is payable on the Maturity Date, subject to prepayment as described in Section 7 hereof.

If the Note is not paid when properly presented at the Maturity Date, the Authority shall be obligated to pay interest on the Note from and after the Maturity Date until the principal of and interest on the Note is paid in full.

If an event of default occurs in the payment to the Bank of principal, interest, fees or other amounts when due, including failure to repay the Note in full on or before the Maturity Date, or in the maintenance the tax-exempt status of interest on the Note (each, an “Event of

Default”), the Bank may increase the applicable interest rate spread by 3.0 percentage points per annum.

The Authority finds that the fixing of the interest rate indices described herein and in the Commitment Letter is in the best interest of the Authority.

Section 3 Authorization for Extension and Modification of Note. The Executive Director is authorized, without further action of the Board but with the consent and approval of the Bank, in the Bank’s sole discretion, to (A) extend the then-current Maturity Date of the Note to any date on or before June 30, 2020, (B) increase the principal amount of the Note to an amount not to exceed \$10,000,000 at any one time outstanding, (C) modify the interest rate formulae applicable to Draws on the Note, so long as the interest rate formula selected to be applicable to the Note immediately after such modification does not cause the Note to bear interest at a rate in excess of 5% per annum, and (D) modify the designation of the Note, if the Executive Director determines that such extension and/or modification is in the best interest of the Authority, all as long as such modifications do not cause interest on the Note to be included in gross income for federal income tax purposes and the provisions of Section 8 of this resolution regarding security for the Note are not changed in any material respect. The Executive Director is authorized to do everything necessary for the execution and delivery of such documents as are useful or necessary to such extension of maturity and modification of the interest rate formula and/or designation, including but not limited to the payment of Bank fees and execution of documents. The Executive Director’s execution of documents in connection with the modification or extension of the Note as described herein will constitute conclusive evidence of his or her approval of the extensions and/or modifications described therein and the approval of the Authority of such extensions and/or modifications.

Section 4. Designation of Officers to Make Draws. The Board authorizes the Executive Director or his designee to make Draws against the Note in such amounts, at such times and with such interest rate option as he or she may determine hereafter, those Draws to be made in accordance with the terms and provisions set forth herein and in the Commitment Letter.

Section 5. Note Registrar; Registration and Transfer of Note. The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, at his or her office in Tukwila, Washington, sufficient books for the registration of the Note (the "Note Register"), which shall contain the name and mailing address of the registered owner of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

The Note shall be issued only in registered form as to both principal and interest and recorded on the Note Register. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank.

Section 6. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund. Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by check or draft of the Authority mailed or by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and

interest on the Note, the registered owner shall surrender the Note at the principal office of the Note Registrar in Tukwila, Washington, for destruction or cancellation in accordance with law.

Section 7. Prepayment of Note. The Authority reserves the right to prepay all or a portion of the principal of the Note at any time. Prepayments of Draws bearing interest at the LIBOR Floating Rate may be prepaid without premium or penalty. Draws bearing interest at a LIBOR Fixed Rate are subject to the payment of a potential prepayment fee in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, excluding any loss of anticipated profits, but including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the funding of the Note or from fees payable to terminate the deposits from which such funds were obtained. The Authority shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. The Bank may in its sole discretion waive any prepayment fee. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 8. Note Fund; Security for the Note. The Note Fund is created as a special fund of the Authority and is to be known as the Revolving Line of Credit Revenue Note Fund, 2013 (Cascadian and Housing Portfolio Project). The Note Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. The Authority pledges to deposit into the Note Fund, from General Revenues, from the proceeds of bonds or other permanent financing or refinancing for all or a portion of the Project, from amounts received from the Other Authorities allocable to reimbursements or repayments of acquisition costs of the Section 8 Portfolio Properties originally paid or financed with proceeds of Draws on the Note, from sale

proceeds derived from sale of any portion of the Project for which Draws under the Notes are used to acquire a fee ownership interest, and the proceeds of repayment of any loan made by the Authority to another party from the proceeds of any Draws, amounts sufficient to pay the principal of and interest on the Note when due.

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 with payments on the Note, provided that such issuance does not cause an Event of Default under the Note. At its option, the Authority may pledge any portion of the General Revenues to the payment of other obligations of the Authority, such payments to have priority over the payments to be made on the Note with respect to that portion of the General Revenues so pledged, provided such pledge does not cause an event of default under the Note.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Note shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources specified herein) shall be liable for payment of the Note nor in any event shall principal of and interest on the Note be payable out of any funds other than the Note Fund. The owner of the Note shall not have recourse to any other fund of the Authority other than the Note Fund, or to any other receipts, revenues or properties of the Authority other than as described herein and in the Note. The Authority has no taxing power.

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

Section 9. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of this resolution 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.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, each of the Note shall bear a Certificate of Authentication in the following form:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Revolving Line of Credit Revenue Note, 2013 (Cascadian and Housing Portfolio Project), of the Authority described in the Note Resolution.



Executive Director of the Authority and Note Registrar

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

If any officer whose facsimile signature appears on the Note ceases to be an officer of the Authority authorized to sign notes before the Note are authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign the Note. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 10. Preservation of Tax Exemption for Interest on the Note. The Authority covenants that it will take all actions necessary to prevent interest on the Note 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 Note or other funds of the Authority treated as proceeds of the Note at any time during the term of the Note which would cause interest on the Note to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Note, 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 Note from being included in gross income for federal income tax purposes.

Section 11. Commitment Letter Reporting Requirements; Covenants. The Authority covenants and agrees for so long as the Note remain outstanding to deliver to the Bank the following financial information and statements:

- Within 10 days of receipt, the Authority's annual State Audit Report.
- Within 60 days of each quarter end (including the last quarter in each fiscal year), the Authority's internally prepared quarterly financial statements; and
- Within 45 days of adoption, the Authority's annual budget.

The Authority further covenants and agrees, for so long as the Note remains outstanding, as follows:

(a) It will provide other financial information as the Bank may from time to time reasonably request.

(b) On or before the Maturity Date, it shall issue debt obligations in an amount sufficient to generate net proceeds, together with other available resources of the Authority, to pay the Note in full.

(c) Without the prior written consent of the Bank, it will not encumber, pledge or grant any lien (whether voluntary or involuntary) against any portion of the Project for which Draws under the Note were used by the Authority to acquire fee ownership interest.

(d) It shall establish, maintain and collect rents and charges sufficient for payment of (i) all costs of operation and maintenance, and (ii) for payment of all amounts which the Authority is obligated to pay from its General Revenues.

(e) The Authority will pay the Bank, on demand, for the Bank's costs or losses arising from any Change in Law that are allocated to the line of credit evidenced by the Note (the "Facility") or any credit outstanding under the Facility. The allocation will be made as determined by the Bank, using any reasonable method. The costs include, without limitation, the following:

(i) any reserve or deposit requirements (excluding any reserve requirement already reflected in the calculation of the interest rate under the Facility); and

(ii) any capital requirements relating to the Bank's assets and commitments for credit.

"Change in Law" means the occurrence, after the date of the Bank's commitment to provide the Facility, of the adoption or taking effect of any new or changed law, rule, regulation or treaty, or the issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives issued in connection with that Act, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

Section 12. 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 Note and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The appropriate Authority officials are authorized and directed to do everything necessary

for the issuance, execution and delivery of the Note. The Executive Director of the Authority is authorized to execute the Note and any other documents reasonably required to be executed in connection with the issuance of the Note and to ensure the proper use and application of the proceeds of the Note, and to effect any extension of the maturity of the Note as described in Section 3.

The Note will be prepared at the Authority's expense and will be delivered to the Bank together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Note.

Section 13. Approval of Transaction. The Bank has issued a Commitment Letter proposing to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Commitment Letter, including the payment of a fee to the Bank in the amount of \$5,000 plus the fees and expenses of the Bank's legal counsel, estimated to be \$1,200, and any other out-of-pocket costs incurred by the Bank, each payable at closing, and payment of an unused commitment fee to be paid to the Bank quarterly in arrears on each interest payment date in the amount of 0.25% per annum of the difference between \$5,000,000 and the average aggregate principal amount outstanding under the Note for the preceding quarterly period, calculated on the basis of the actual number of days elapsed in a 360-day year. The Board finds that the Bank's proposal is in the best interest of the Authority and authorizes the Executive Director of the Authority to accept an offer on the same terms and conditions as contained in the Commitment Letter, and covenants that it will comply with all terms and conditions of the Commitment Letter. The Authority covenants that it will pay or cause to be paid, when due, the fees described in this Section 13 and Section 11(e), and pledges its General Revenues to the payment of such fees.

Section 14. 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 a Deputy Executive Director of the Authority, respectively.

Section 15. 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.

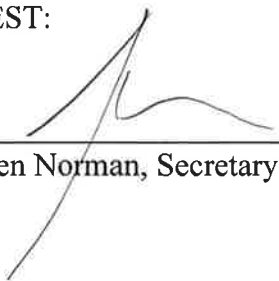
Section 16. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this 17th day of June, 2013.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: 
Douglas, Barnes, Chair

ATTEST:



Stephen Norman, Secretary