

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5444

A RESOLUTION providing for the issuance of a single revenue note of the Authority in the principal amount of not to exceed \$85,000,000, the proceeds of which will be used to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation, the refunding of outstanding bonds and notes, and to pay the costs of issuing the note; determining the form, terms and covenants of the note; authorizing the execution and delivery of a loan agreement and other agreements documents and certificates in connection with the note; creating a note fund; providing for the call, payment and redemption of the outstanding obligations to be refunded; and approving the sale and providing for the delivery of the note to Key Government Finance, Inc. and/or other financial institutions.

Adopted September 23, 2013

This document was prepared by:

*FOSTER PEPPER PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

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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 35.82.070(2) provides that a housing authority may acquire and operate housing projects; 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 35.82.040 provides that a housing authority may 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 of the Authority (the "Board") finds it necessary and advisable and in the best interest of the Authority to issue the Note to finance and/or refinance the acquisition, construction and rehabilitation of housing and related facilities including, without limitation to provide the funds required to effect the refunding of certain outstanding bonds and

notes issued to finance or refinance the acquisition and construction of housing and related facilities (the “Refunded Obligations”), and pay the administrative costs of such refundings, and to pay costs of issuing the Note; and

WHEREAS, the Authority anticipates that Key Government Finance, Inc. in participation with other financial institutions reasonably acceptable to the Authority, will offer to purchase the Note 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:

“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 Key Government Finance, Inc., as registered owner of the Note.

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

“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.

“Initial Reset Date” means the date that is ten years from the date of initial delivery of the Note.

“Loan Agreement” means the loan agreement entered into in connection with the Note between the Bank and the Authority.

“Maturity Date” means the date that is 20 years from the date of initial delivery of the Note.

“Note” means the Pooled Housing Revenue and Refunding Revenue Note, 2013 of the Authority issued pursuant to, under the authority of, and for the purposes provided in this resolution.

“Note Fund” means the Authority’s Pooled Housing Revenue and Refunding Revenue Note Fund, 2013.

“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, depending on the context, (1) the acquisition, construction and/or rehabilitation of housing and related facilities, including but not limited to the refunding of the Refunded Obligations, 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 the Note for such purpose will not cause interest on the Note to be included in gross income for federal income tax purposes; or (2) the housing and related facilities so acquired, constructed and/or rehabilitated.

“Project Revenues” means all amounts due to or received by the Authority for the account of the Authority pursuant or with respect to the Project, including without limitation all

payments on contractors' bonds, all lease payments, insurance proceeds and condemnation awards, and all investment earnings thereon.

"Proposal Letter" means the proposal letter with respect to the Note provided to the Authority by KeyBank National Association, and approved by the Authority as of September 4, 2013, as it may be amended or supplemented.

"Refunded Obligations" means outstanding bonds and notes previously issued by the Authority to finance and/or refinance housing and related improvements, such Refunded Obligations to be selected by the Authority.

"Registered Owner" means the Bank, as registered owner of the Note, or any subsequent owner of the Note.

"Reset Date" means the Initial Reset Date and any subsequent reset date agreed upon by the Authority and the Bank.

Section 2. Authorization and Description of Note. The Authority shall issue the Note as a single revenue note designated Pooled Housing Revenue and Refunding Revenue Note, 2013, in the principal amount of not to exceed \$85,000,000 for the purpose of providing financing for the Project and paying certain costs of issuing the Note. The Note shall be issued in fully registered form; shall be dated its date of issue; shall be numbered R-1; and shall mature on the Maturity Date, subject to prepayment as described in Section 6 and acceleration prior to maturity. From the date of issuance through the Initial Reset Date, the Note shall bear interest at a fixed rate of interest not to exceed 5% per annum, to be determined as described in the Proposal Letter, and calculated on the basis of a 360-day year and actual days elapsed. From and after each Reset Date, if the Bank elects, in its sole discretion, not to tender the Note for purchase by the Authority on such Reset Date, the interest rate for the Note shall be reset as described in

the Loan Agreement. The interest rate on the Note shall be subject to adjustment upon default or an event of taxability, as set forth in the Note and described in the Loan Agreement.

Principal of and interest on the Note shall be payable quarterly, or at such other times as may be agreed to by the Bank and the Authority, in the amount necessary to amortize the principal of and interest on the Note over a 20-year period, to maturity or payment in full of the Note. At maturity, any remaining outstanding principal balance and accrued interest on the Note shall be due and payable in full.

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

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 or Initial Reset Date of the Note to any date on or before October 1, 2043, and to determine additional Reset Dates for the Note, (B) increase the principal amount of the Note to an amount not to exceed \$95,000,000, and (C) determine the interest rate or interest rate formulae and payment provisions to be applicable to the Note from and after the Reset Date, if the Executive Director determines that such extension and/or modification is in the best interest of the Authority, all as long as such extensions and/or modifications do not cause interest on the Note to be included in gross income for federal income tax purposes and the provisions of Section 7 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 in connection with such extension of maturity, modification, or determination

of the interest rate or interest rate formulae, 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. Note Registrar; Registration and Transfer of the 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 transferred by the Bank without the prior written consent of the Authority (which consent shall not be unreasonably withheld), except that the Bank may (a) sell participating interests in the Note to other financial institutions that are "qualified institutional buyers" or "accredited investors" as defined in the Securities Act of 1933 and the regulations thereunder, and (b) assign or transfer the Note, in whole, to a successor to the business and assets of the Bank, to an affiliate of the Bank, or, in accordance with the Loan Agreement, to another financial institution that is a "qualified institutional buyer" or an "accredited investor" as defined in the Securities Act of 1933 and the regulations thereunder, in any such case upon completion and delivery to the Authority of the assignment form and

certificate of transferee attached to the Note. Any transfer shall be without cost to the Registered Owner or transferee, except for governmental charges imposed on any such transfer or exchange. The Note Registrar shall not be obligated to exchange or transfer any Note during the five days preceding any interest payment date, prepayment date, or the Maturity Date.

Section 5. 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, tender, 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 or in accordance with wire transfer instructions provided by the Registered Owner. 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 6. Prepayment and Optional Tender of Note. The Authority reserves the right to prepay the Note, in whole, at any time, upon provision of notice and prepayment of a prepayment fee, if any, each as required by the Loan Agreement. The Bank may in its sole discretion waive any prepayment fee. Interest on the Note shall cease to accrue on the date such prepayment is received by the Registered Owner. The Note shall be subject to optional tender by the Bank for purchase by the Authority, in whole, on each Reset Date. The Authority may request that the Bank, in its sole discretion, waive its right to tender the Note for purchase, and if the Bank does not waive such right in writing, it will be deemed to have tendered the Note for purchase on each Reset Date.

Section 7. 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 Pooled Housing Revenue and Refunding Revenue Note Fund, 2013. 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 General Revenues into the Note Fund in 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, so long as the covenants set forth in the Loan Agreement will not as a result be violated. At its option, the Authority may pledge any portion of the General Revenues (other than Project 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, so long as the covenants set forth in the Loan Agreement will not as a result be violated.

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.

The Note will not be secured by a lien on or security interest in the Project or any portion thereof. The Authority will agree in the Loan Agreement not to assign, transfer, convey, mortgage or encumber any portion of the Project while the Note remains outstanding.

Section 8. 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, the Note shall bear a Certificate of Authentication in the following form, manually signed by the Note Registrar:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Pooled Housing Revenue and Refunding Revenue Note, 2013, of the Authority described in the Note Resolution.

[specimen]
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 is 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 notes. 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 9. 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 10. Calls for Redemption of the Refunded Obligations. The Executive Director of the Authority is authorized and directed to give or cause to be given notices of redemption, at the times and in the manner required by the governing documents with respect to the Refunded Obligations, in order to effect the redemption prior to maturity of the Refunded Obligations, to be redeemed in accordance herewith. Such calls for redemption shall be irrevocable after the delivery of the Note to the initial purchaser thereof.

Section 11. 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, the Proposal Letter (including the covenants set forth therein), the Loan Agreement 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 Chair of the Board and Executive Director of the Authority are authorized to execute the Note, the Executive Director of the Authority, as Note Registrar, is authorized to authenticate the Note, and the Executive Director of the Authority is authorized to execute the Loan Agreement 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 or modification 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 12. Approval of Transaction. It is anticipated that the Bank will present a loan agreement (the "Loan Agreement") to the Authority pursuant to which the Bank will purchase the Note under the terms and conditions provided herein, therein and in the Proposal Letter, including payment of all costs and expenses in connection with the issuance and delivery Note, which may include, without limitation, an origination fee of 0.40% of the principal amount, the Bank's legal fees, bond counsel fees and costs of documentation. The Board finds that entering into the Loan Agreement is in the best interest of the Authority, and therefore authorizes the Executive Director to negotiate and accept the Loan Agreement on behalf of the Authority.

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Secretary and 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 copy of Resolution No. 5444 (the "Resolution") is a full, 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 September 23, 2013, and duly recorded in the minute books of the Authority;

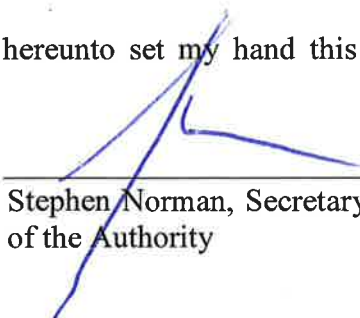
2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix I;

3. That the written notice described above was also posted on the Authority's website and prominently displayed at the main entrance of the Authority's office at 600 Andover Park W., Tukwila, Washington 98188 and at the meeting site, if different, at least 24 hours prior to the special meeting;

4. That the written notice described above was given to each local radio or television station and to each newspaper of general circulation that has on file with the Authority a written request to be notified of special meetings and to any others to which such notices are customarily given by the Authority; and

5. That such meeting was duly convened and held in all respects in accordance with law; 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 23rd day of September, 2013.



Stephen Norman, Secretary and Executive Director
of the Authority

CERTIFICATE

Section 13. 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 14. 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 15. 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 23rd day of September, 2013.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: Donald Barnes
Chair

ATTEST:

[Signature]
Executive Director