

RESOLUTION NO. 5508

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King authorizing the issuance of a tax-exempt revenue note in the principal amount of not to exceed \$43,000,000 for the purpose of refinancing three existing multifamily housing projects; approving the sale of such note to Columbia State Bank in accordance with its offer to purchase; and authorizing the Executive Director of the Authority to execute such other documents as are necessary to issue the note.

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 in 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, "own, hold, and improve real or personal property. . . purchase, lease, obtain options upon . . . any real or personal property or any interest therein;" and ". . . sell real property to a low-income person or family. . .;" 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, the Authority intends to refinance three existing multifamily housing projects known as the Gilman Square Apartments, Windsor Heights Apartments and Meadowbrook Apartments, located in Issaquah, SeaTac and Shoreline, King County, respectively (together, the "Projects"); and

WHEREAS, Columbia State Bank has proposed to extend to the Authority, in a single advance to be made at closing (the "Loan") to refinance the Projects, subject to certain conditions stated in the Proposal; and

WHEREAS, the Board of Commissioners of the Authority deems it to be in the best interest of the Authority to refinance the Projects and to issue its Revenue Note (Pooled Loan Projects), Series 2015 (the “Note”), in the principal amount of not to exceed \$43,000,000, evidencing the Loan, for the purpose of refinancing the Projects; and

WHEREAS, King County, Washington (the “County”) has agreed to enter into a Contingent Loan Agreement with the Authority pursuant to RCW Chapter 35.83 under which the County will make a loan or loans to the Authority to pay debt service on the Note, when due, at certain times and upon certain conditions, which Contingent Loan Agreement will be assignable to and enforceable by the holder of the Note; and

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, unless a different meaning clearly appears from the context:

“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 Columbia State Bank, its successors or assigns.

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

“Business Day” means any day, other than a Saturday or Sunday, on which banking institutions are open in the state of Washington.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contingent Loan Agreement” means the Contingent Loan Agreement between the County and the Authority dated as of July 1, 2015.

“County” means King County, Washington.

“Executive Director” means the Executive Director of the Authority, or his or her designee.

“Federal Reserve Rate” means the Federal Reserve H.15 10 Year Interest Rate Swap Rate published at <http://www.federalreserve.gov/releases/h15/update/default.htm>.

“Fixed Rate” means a rate per annum equal to 2.68%.

“General Revenues” means all revenues of the Authority from any source (including revenues of the Projects), 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 related to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Initial Term” means the period of the first 40 quarterly Note payments, ending on the Reset Date.

“Interest Payment Date” means each March 31, June 30, September 30, and December 31, commencing September 30, 2015.

“Loan” means the term loan made by the Bank and evidenced by the Note.

“Maturity Date” means June 30, 2035.

“Note” means the Revenue Note (Pooled Loan Projects), Series 2015 of the Authority issued pursuant to, under the authority of and for the purposes provided in this resolution.

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

“Project Revenues” means all amounts due to or received by the Authority for the account of the Authority on an annual basis pursuant or with respect to the Projects, but subject to any deeds of trust or similar security instrument securing loans or grants for the Projects from local, state and federal governmental funding sources.

“Proposal” means the proposal letter dated May 15, 2015, submitted by the Bank to purchase the Note.

“Reset Date” means June 30, 2025.

“Reset Rate” means 70% of the sum of (a) the Federal Reserve Rate plus (b) 2.00%.

Section 2. Authorization and Description of Note. For the purpose of providing all or part of the money required to refinance the Projects and to pay costs of issuing the Note, the Authority shall issue its Revenue Note (Pooled Loan Projects), Series 2015, in the maximum principal amount of not to exceed \$43,000,000. The Board finds that it is in the best interest of the Authority to issue the Note for the purposes set forth in this resolution. The Projects shall continue to be rented to residents in accordance with the provisions of RCW 35.82.070(5) and 35.82.

The Note shall be issued in fully registered form; shall be dated July 1, 2015, shall be in a denomination equal to the par amount and shall mature on the Maturity Date. The Note shall bear interest during the Initial Term at the Fixed Rate and thereafter at the Reset Rate, calculated on the basis of a 360-day year and 12 thirty-day months, as determined on the Reset Date. Principal and interest shall be payable quarterly, commencing September 30, 2015, and thereafter on each Interest Payment Date until the Maturity Date or upon prepayment of the Note in full. If any principal or interest payment comes due on a day that is not a Business Day, the Authority

may make the payment on the first Business Day following the payment date, with accrual of interest to be extended to the actual payment date. Principal amortization will be in equal quarterly payments amortized over a thirty year period. On the Reset Date, the interest rate on the Note shall be reset to a fixed rate equal to the Reset Rate as determined for the Reset Date unless (1) the Bank and the Authority mutually agree to amend the terms of the Note, or (2) the Bank notifies the Authority in writing that prepayment of the Note must be made in full on the Reset Date or (3) the Authority elects to prepay the Note in full on or before the Reset Date. If the Bank notifies the Authority in writing no less than 150 days in advance of the Reset Date that prepayment of the Note must be made in full on the Reset Date, or if the Bank fails to give such notice, all principal of and interest due on the Note shall be due and payable in full on the Reset Date. If no such notice has been given as to the obligation to prepay, the Bank may override such prepayment obligation at any time prior to the Reset Date by notifying the Authority in writing that it will not require prepayment of the Note on the Reset Date.

The Authority reserves the right to prepay all or a portion of the principal of the Note at any time. Prepayment fees shall apply to both full and partial prepayments of the Note, to be more fully set forth in the Note.

Principal of and interest on the Note shall be payable as described in Section 3 below. If the Note is not redeemed when properly presented at its maturity, or if the Authority fails to pay any installment of principal or interest when due under the Note or if interest on the Note is no longer exempt from federal income taxation, the Authority shall be obligated to pay interest on the Note at the election of the Bank at a rate equal to the interest rate otherwise applicable to the Note, divided by 0.6538 (the "Grossed-Up Rate"), until the Note, both principal and interest, is

paid in full. Interest on the Note will be deemed no longer exempt from federal income taxation if the Bank receives an opinion to that effect from a nationally-recognized bond counsel firm, and if interest on the Note is (or is so deemed to be) no longer exempt from federal income taxation, the adjustment to the interest rate on the Note may, at the election of the Bank, be retroactive to the date interest becomes or would become so taxable. The Authority shall also make a payment to the Bank equal to (a) the interest that would have accrued at the Grossed-Up Rate from the date that interest on the Note became includable in the gross income of the holder of the Note for federal income tax purposes until the date that such rate increase described in the preceding sentence became effective; minus (b) the interest that actually accrued at the Fixed Rate from the date that interest on the Note became includable in the gross income of the holder of the Note for federal income tax purposes until the date that such rate increase described in the preceding sentence became effective. The Note shall have such other provisions consistent with the purposes of this resolution as are set forth herein and in the Proposal.

Section 3.     Security for the Note. The Note shall be secured by a pledge of the Project Revenues and the General Revenues of the Authority; provided, however, that the Authority retains the right to issue other obligations secured by a pledge of any portion of its General Revenues and that may be paid prior to the payment of the Note with respect to the portion of the General Revenues so pledged, provided that such issuance does not result in an event of default under the Note. The Authority may not pledge the real property constituting the Projects other than to the Bank without the prior written consent of the Bank, which may be withheld in the Bank's sole discretion, subject to the Authority's right to grant deeds of trust or similar security

instruments to secure loans or grants for the Projects from local, state and federal governmental funding sources.

The Bank shall also be a third party beneficiary of the Contingent Loan Agreement with respect to a loan or loans to be made to the Authority to pay debt service on the Note, when due.

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 identified herein and in this Section 3 and King County, to the extent provided under the terms of the Contingent Loan Agreement) shall be liable for payment of the Note nor in any event shall principal of, premium, if any, on and interest on the Note be payable out of any funds or assets other than those pledged to that purpose by the Authority herein. 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 4.     Application of Note Proceeds. Note proceeds shall be used to refinance the Projects pursuant to Section 2 and to pay costs of issuing the Note.

Section 5.     Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed after delivery to the Registered Owner, the Note Registrar may execute and deliver a new Note of like date and tenor to the Registered Owner upon the Registered Owner paying the expenses and charges of the Authority and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of the

Registered Owner's ownership thereof, and upon furnishing the Authority with indemnity reasonably satisfactory to the Authority.

Section 6.     Note Registrar. The Note Registrar shall keep, or cause to be kept, at the office of the Executive Director, sufficient records for the registration and transfer 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.

Section 7.     Preservation of Tax Exemption for Interest on 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.

The Note is not a "private activity bond" as such term is defined in the Code. The Authority has not designated the Note as a "qualified tax-exempt obligation" under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions.

The Authority hereby authorizes the execution of a federal tax certificate evidencing its agreement to meet the requirements of the Code applicable to the Note.

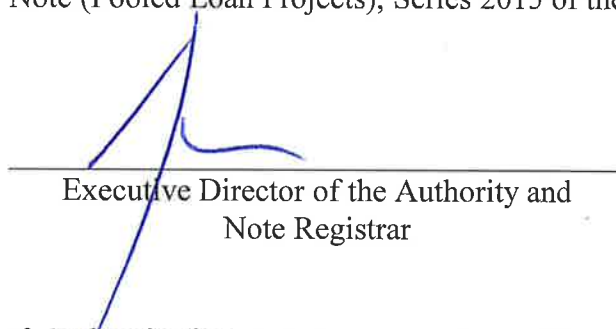


Section 8. Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of the Proposal, this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal 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 Revenue Note (Pooled Loan Projects), Series 2015 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 signature appears on the Note ceases to be an officer of the Authority authorized to sign bonds before the Note bearing his or her signature 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 bonds. 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 bonds, although he or she did not hold the required office on the date of issuance of the Note.

Section 9. Sale of Note. The Board hereby authorizes the sale of the Note to the Bank pursuant to the terms of the Bank's Proposal attached hereto and ratifies the acceptance of the Proposal dated May 15, 2015 by the Senior Director of Development and Asset Management. Upon delivery of the Note, the Authority shall pay to the Bank a fee of \$21,500, and reimburse the Bank for its legal fees in an amount not to exceed \$5,000, which payments shall be made by check, wire transfer or other mutually acceptable means.

Section 10. Reporting Requirements. The Authority hereby covenants and agrees for as long as the Note remains outstanding that it will provide to the Bank: (a) copies of the Authority's annual budget, within 45 days of adoption; (b) the Authority's audited financial statements for each fiscal year, within ten days of receipt from the State Auditor; and (c) an annual income statement for the Projects no later than ten days after completion of the annual audit.

Section 11. Contingent Loan Agreement. The Executive Director and other appropriate officers of the Authority are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to enter into the Contingent Loan Agreement with the County.

Section 12. Ratification; General Authorization. The Executive Director and other appropriate officers of the Authority, acting singly or together, are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out

the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 13. 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 provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

Section 14. Legal Action. Any legal action concerning the enforcement of the terms of this resolution or the Note may be brought only in the Superior Court of King County, Washington, or in the United States District Court for the Western District of Washington. In any such legal action (including any arbitration, appeal, or insolvency proceeding), the nonprevailing party shall pay or reimburse the prevailing party for the reasonable attorneys' fees and other expenses incurred.

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 a special meeting thereof this 22<sup>nd</sup> day of June, 2015.

HOUSING AUTHORITY OF THE  
COUNTY OF KING

By   
Chair

ATTEST:

  
Secretary/Treasurer



**SPECIAL MEETING  
OF THE  
BOARD OF COMMISSIONERS**

**June 22, 2015 at 8:30 a.m.**

Valli Kee  
Conference Room  
23401 104<sup>th</sup> Avenue S.E.  
Kent, WA 98031

**A G E N D A**

- I. Call to Order**
- II. Roll Call**
- III. Welcome to Valli Kee**
- IV. Public Comment**
- V. Approval of Minutes**  
Board Special Annual Meeting Minutes – May 18, 2015
- VI. Approval of Agenda**
- VII. Consent Agenda**
  - A. Voucher Certification Reports for April 2015
  - B. Resolution No. 5507: Authorizing the Executive Director to enter into an Interlocal Agreement with the City of Seattle for the purchase of Cleaning Products
- VIII. Resolutions for Discussion & Possible Action**
  - A. Resolution No. 5508: A Resolution of the Board of Commissioners of the Housing Authority of the County of King authorizing the issuance of a tax-exempt revenue note issuance of a tax-exempt revenue note in the principal

amount of not to exceed \$43,000,000 for the purpose of refinancing three existing multifamily housing projects; approving the sale of such note to Columbia State Bank in accordance with its offer to purchase; authorizing the Executive Director of the Authority to execute such other documents as are necessary to issue the note

**IX. Briefings & Reports**

- A. New Bank Accounts
- B. Energy Performance Contract Update
- C. Overview of Valli Kee

**X. Executive Director's Report**

**XI. KCHA in the News**

**XII. Commissioner Comments**

**XIII. Adjournment**

Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to notify the Board Coordinator, Jessica Olives, in writing at 600 Andover Park West, Seattle, WA 98188 or by calling 206-574-1194 prior to the meeting date.

Next Board Meeting:

Monday, July 20, 2015