

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5528

A RESOLUTION providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2016 (Spiritwood Manor Project), in the principal amount of not to exceed \$24,000,000, the proceeds of which will be used to make a loan to Spiritwood Manor Limited Liability Limited Partnership, a Washington limited liability limited partnership of which the Authority is the sole general partner, for the purpose of providing a portion of the funds with which to finance the acquisition and rehabilitation of a 128-unit multifamily housing complex, known as Spiritwood Manor, to provide housing for low-income persons in King County, Washington; authorizing the execution and delivery of a loan agreement, a regulatory agreement, a credit agreement and other note and loan documents; approving the sale and providing for the delivery of the note to Bank of America, N.A.; and authorizing and directing appropriate officers of the Authority to execute such other documents as are useful or necessary to the purposes of this resolution.

Adopted December 14, 2015

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 defines "housing project" to include, among other things, "any work or undertaking . . . to provide decent, safe and sanitary urban or rural dwellings, apartments, mobile home parks or other living accommodations for persons of low income"; and

WHEREAS, RCW 35.82.070(5) provides that a housing authority may, among other things, "lease any . . . lands . . . embraced in any housing project and . . . establish and revise the rents or charges therefor"; and "sell, lease, exchange, transfer . . . or dispose of any real or personal property or any interest therein . . ."; and

WHEREAS, RCW 35.82.070(18) provides that a housing authority may, among other things and if certain conditions are met, “make . . . loans for the . . . acquisition, construction . . . rehabilitation, improvement . . . or refinancing of land, buildings, or developments for housing for persons of low-income”; and

WHEREAS, 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, Spiritwood Manor Limited Liability Limited Partnership, a Washington limited liability limited partnership of which the Authority is the sole general partner (the “Borrower”), has applied to the Authority for the financial assistance in the principal amount of up to \$24,000,000 for the purpose of providing a portion of the funds with which to finance the acquisition and rehabilitation of a 128-unit multifamily housing complex, known as Spiritwood Manor, located at 1424 148th Avenue SE, Bellevue, Washington, to provide housing for low-income persons in the County (the “Project”); and

WHEREAS, the Borrower has requested that the Authority issue and sell its non-revolving line of credit revenue note for the purpose of assisting the Borrower in financing the Project; and

WHEREAS, the Project will be used by the Borrower to provide housing for low-income persons, and no more than an insubstantial portion of the proceeds of the Note (defined below) will be used in connection with the financing or refinancing of any portion of the Project to be used by the Borrower for any other purpose; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is necessary and advisable that the Authority issue the Note, in a principal amount not to exceed

\$24,000,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, Bank of America, N.A. (the “Bank”) has proposed to extend a non-revolving line of credit evidenced by a line of credit note of the Authority on the terms set forth in this resolution to provide money for those 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;

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 Bank of America, N.A., as registered owner of the Note.

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

“Borrower” means Spiritwood Manor Limited Liability Limited Partnership, a Washington limited liability limited partnership.

“Credit Agreement” means the credit agreement between the Authority and the Bank setting forth certain covenants and conditions relating to the Note, as such terms are generally described in the Proposal Letter, including such variation and further description of such terms as the Bank may require and as may be acceptable to the Executive Director of the

Authority, including any supplements or amendments thereto made in conformity herewith and therewith.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“County” means King County, Washington.

“Draws” means incremental draws upon the Note.

“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.

“Lease” means the lease agreement by and between the Authority and the Borrower relating to the lease of the Project to the Borrower, and including any supplements or amendments thereto.

“Loan” means the loan to the Borrower of proceeds of Draws on the Note.

“Loan Agreement” means the Loan Agreement between the Authority and the Borrower providing for, evidencing and securing the obligation of the Borrower to repay the Loan, and including any supplements or amendments thereto made in conformity herewith and therewith.

“Note” means the Authority’s Non-Revolving Line of Credit Revenue Note, 2016 (Spiritwood Manor Project).

“Note Fund” means the Authority’s Non-Revolving Line of Credit Revenue Note Fund, 2016 (Spiritwood Manor Project), created by this resolution for the purpose of paying principal of and interest on the Note.

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

“Permanent Loan” means a permanent loan to the Borrower, from the Authority’s own funds, to be used for such purposes as the Authority and the Borrower may determine.

“Project” means, depending on the context, (1) the acquisition and rehabilitation of the 128-unit multifamily housing complex known as Spiritwood Manor located at 1424 148th Avenue SE, Bellevue, Washington, or (2) Spiritwood Manor.

“Proposal Letter” means the proposal letter to the Authority from the Bank dated November 24, 2015, as it may be amended, proposing to purchase the Note on the terms set forth therein and herein.

“Regulatory Agreement” means the Regulatory Agreement executed by the Borrower for the benefit of the Authority in connection with the Loan, governing the use of the Project, and including any supplements or amendments thereto made in conformity herewith and therewith.

All capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement.

Section 2. Authorization of Note and Application of Proceeds. The Authority shall issue the Note in a principal amount not to exceed \$24,000,000 for the purpose of making a loan to the Borrower to provide a portion of the funds required to accomplish the Project and pay costs of issuing the Note. Such Note financing is declared and determined to be important for the feasibility of the Project. All proceeds from Draws of the Note shall be lent to the Borrower for

those purposes. 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.

Section 3 Description of the Note. The Note shall be called the Non-Revolving Line of Credit Revenue Note, 2016 (Spiritwood Manor Project), of the Authority; shall be in a principal amount of not to exceed \$24,000,000; shall be dated its date of delivery; and shall be numbered R-1. The Note shall bear interest payable on such dates and at such rate or rates selected by the Authority as described in the Proposal Letter (which may include variable rates based London interbank offered rate and/or fixed rates), and, as more fully described in the Credit Agreement, shall mature at such time, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are set forth in the Note and the Credit Agreement. The Authority finds that the fixing of the interest rate indices described in the Proposal Letter is in the best interest of the Authority and the Borrower.

If the Note is not paid when properly presented at its maturity date, the Authority shall be obligated to pay interest on the Note at then-applicable default rate of interest thereon from and after the maturity date until the Note, both principal and interest, is paid in full.

Section 4. Draws on the Note. The Board authorizes the Executive Director, or his or her designee, to make Draws on the Note in such amounts, at such times and with such interest rate option as he or she may determine, those Draws to be made in accordance with the terms and provisions set forth herein and in Loan Agreement and Credit Agreement. Draws shall be recorded in such form as the Authority and the Bank may agree. Draws shall be limited to an aggregate principal amount of \$24,000,000.

Section 5. Note Registrar; Registration and Transfer of Note. The Note shall be issued only in registered form as to both principal and interest and shall be recorded on books or records

maintained for the Note by the Note Registrar (the “Note Register”). The Executive Director of the Authority shall serve as Note Registrar for the Note. The Note Register 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 may be assigned or transferred only (i) to another financial institution, (ii) if endorsed in the manner provided thereon and surrendered to the Note Register, and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Note. 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. The consent of the Authority will be required for any transfer or assignment of the Note, unless (i) an event of default with respect to the Note has occurred and is continuing, or (ii) the assignment is to an affiliate of the Bank or an Approved Fund (as such term shall be defined in the Credit Agreement).

Section 6. Payment of the Note. Both principal of and interest on the Note shall be payable in lawful money of the United States of America and shall be paid by check mailed to arrive on or before each payment date, or in immediately available funds delivered on or before each payment date, to the Registered Owner at the address appearing on the Note Register on the date payment is mailed or delivered. 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 in accordance with law.

Section 7. Note Fund; Security for the Note. The Note Fund is hereby established as a special fund of the Authority designated the Non-Revolving Line of Credit Revenue Note Fund, 2016 (Spiritwood Manor 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 amounts owed or paid by the Borrower under the Loan Agreement, (a) from amounts received by the Borrower from one or more limited partners of the Borrower from the sale by the Borrower of low-income housing tax credits in connection with the Project and used by the Borrower to repay the Loan under the terms of the Loan Agreement, (b) from amounts owed or paid by the Borrower under the Permanent Loan, and (c) from General Revenues, 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. 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.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof (except the Authority from the sources specified herein), 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 of the Authority established herein. 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.

Neither the Authority (except to the extent of the pledge of its General Revenues) nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

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.

Only a Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Non-Revolving Line of Credit Revenue Note, 2016 (Spiritwood Manor Project), 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 bearing his or her facsimile signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note

nevertheless may be authenticated, issued and delivered 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. Subject to the last paragraph of this section, 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 requirements of Section 148 of the Code are applicable to the Note, take all actions necessary to comply (or to be treated as having complied) with those requirements 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 (but only from amounts received by the Authority from the Borrower as payments for those purposes).

The Borrower will agree in the Loan Agreement to reimburse the Authority for all costs to the Authority of its compliance with the covenants contained in this section, and the Authority

shall not be required to expend any funds, other than such amounts to be reimbursed or other money received under the terms of the Loan Agreement, in so complying.

Section 10. Authorization of Documents and Execution Thereof. The Board authorizes the Executive Director to negotiate and approve the Regulatory Agreement, the Loan Agreement, the Credit Agreement and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the sale of the Note to the Bank and the making of the Loan to the Borrower. The Board authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Note, the Loan Agreement, the Credit Agreement, other documents executed by the Authority in connection with the Note, and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Note. The Board authorizes and directs the Executive Director of the Authority to execute on behalf of the Authority and to deliver the Regulatory Agreement, the Loan Agreement, the Credit Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the sale of the Note to the Bank and the Loan to the Borrower. The Board further authorizes the Executive Director to do everything necessary or appropriate for the issuance, execution and delivery of the Note to the purchaser thereof and to execute and deliver any other documents that may be useful or necessary to ensure the proper use and application of the proceeds from the sale of the Note.

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 11. Authorization of Borrower Documents and Execution Thereof. The Board authorizes and directs the Executive Director of the Authority to negotiate, execute and deliver, on behalf of the Authority in its capacity as general partner of the Borrower, the Loan Agreement, the Regulatory Agreement, and such other documents, instruments and agreements as may be necessary or desirable in connection with the issuance of the Note, the sale of the Note to the Bank and the Loan to the Borrower.

Section 12. Approval of Transaction. The Bank has offered to purchase the Note at a price of par, under the terms and conditions contained in this resolution and the Proposal Letter, including the payment of fees to the Bank, the fees and expenses of the Bank's legal counsel, and other out-of-pocket costs incurred by the Bank, and payment of an unused commitment fee as described in the Proposal Letter and to be fully documented in the Credit Agreement. The Board finds that the Bank's proposal is in the best interest of the Authority and the Borrower, and therefore authorizes the Executive Director to accept an offer on the same terms and conditions as set forth in the Proposal Letter. The Authority covenants that it will comply with all terms and conditions of the Proposal Letter.

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. Changes to Titles or Parties. While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

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 14th day of December, 2015.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By: Douglas Barnes
Chair

ATTEST:

[Signature]
Secretary-Treasurer

APPENDIX I



SPECIAL MEETING OF THE BOARD OF COMMISSIONERS

December 14, 2015 at 8:30 a.m.

King County Housing Authority
Snoqualmie Conference Room
700 Andover Park W
Tukwila, WA 98188

A G E N D A

- I. **Call to Order**
- II. **Roll Call**
- III. **Public Comment**
- IV. **Approval of Minutes**
 - Special Board Meeting Minutes – November 16, 2015 1
- V. **Approval of Agenda**
- VI. **Consent Agenda**
 - A. Voucher Certification Reports for October 2015 2
 - B. **Resolution No. 5523:** Evidencing the intent of the Housing Authority of the County of King to operate Patricia Harris Manor as housing for persons 55 years of age or older under the terms of the Housing for Older Persons Act 3
 - C. **Resolution No. 5524:** Authorizing the Executive Director to take actions that ensure the successful New Market Tax Credits unwind of the Greenbridge Early Learning Center Project 4

VII. Resolutions for Discussion & Possible Action	
A. Resolution No. 5525: Authorizing approval of the Comprehensive Operating and Capital Budgets for Calendar Year beginning January 1, 2016	5
B. Resolution No. 5526: Authorizing the Executive Director to negotiate and approve the execution on KCHA's behalf by the Washington State Department of Enterprise Services of an Energy Services proposal with Johnson Controls, Inc.	6
C. Resolution No. 5527: Authorizing the issuance of a Revenue Bond of the Authority in a maximum principal amount of \$5,500,000 to finance the acquisition and rehabilitation of the Corinthian Apartments; authorizing the execution of documents in connection with the Board; and determining related matters	7
D. Resolution No. 5528: Authorizing the issuance of a Revenue Bond of the Authority in a maximum principal amount of \$24,000,000 to finance the acquisition and rehabilitation of the Spiritwood Manor Apartments; authorizing the execution of documents in connection with the Bond; and determining related matters	8
VIII. Executive Session	
A. To review the performance of a public employee (RCW 42.30.110 (1) (g))	
IX. Resolutions for Discussion & Possible Action (Continued)	
E. Resolution No. 5529: Extending the Executive Director's Employment Contract for up to 60 days	9
X. Briefings & Reports	
A. Commitments of Moving To Work - Working Capital Funds	10
XI. Executive Director's Report	
XII. KCHA in the News	11
XIII. Commissioner Comments	
XIV. 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.

****REVISED 12/10/2015****

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. 5528 (the "Resolution") is a full, true and correct copy of the resolution of the Board of Commissioners of the Authority, as adopted at a special meeting of the Authority held on December 14, 2015, and duly recorded in the minute books of the Authority;

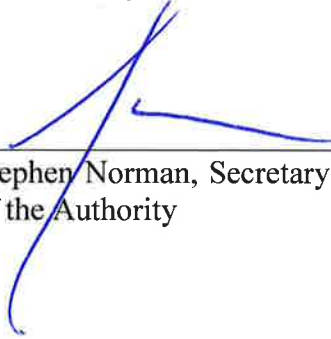
2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which 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 administrative 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 14th day of December, 2015.



Stephen Norman, Secretary and Executive Director
of the Authority