

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5530

(Summerfield Apartments)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed \$10,500,000, the proceeds of which will be used to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Summerfield Apartments, to provide housing for low income residents in King County, Washington, and to pay costs of issuing the bond; delegating to the Executive Director the authority to determine the form, terms and covenants of the bond and to execute such documents as are useful or necessary to the purposes of this resolution.

ADOPTED January 19, 2016

This document was prepared by:

Pacifica Law Group LLP
1191 Second Avenue, Suite 2000
Seattle, Washington 98101

RESOLUTION NO. 5530

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of a revenue bond of the Authority in the principal amount of not to exceed \$10,500,000, the proceeds of which will be used to make a loan to Summerfield Rehab LLLP, a Washington limited liability limited partnership, for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of the Summerfield Apartments, to provide housing for low income residents in King County, Washington, and to pay costs of issuing the bond; delegating to the Executive Director the authority to determine the form, terms and covenants of the bond and to execute such documents as are useful or necessary to the purposes of this resolution.

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 35.82.020 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 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, the Young Women’s Christian Association of Seattle-King County-Snohomish County (the “YWCA”), a Washington nonprofit corporation, is a member and the

manager of Summerfield Admin GP LLC (the “General Partner”), and is the initial limited partner of Summerfield Rehab LLLP (the “Borrower”), and has applied to the Authority for financial assistance in the principal amount of up to \$10,500,000 for the purpose of providing all or a portion of the funds with which to finance the acquisition and rehabilitation of a 52-unit housing project, known as Summerfield Apartments, located at 14710 NE 1st Place in Bellevue, Washington, to provide housing for low-income persons in the County (the “Project”); and

WHEREAS, the YWCA has requested that the Authority issue and sell its revenue bond for the purpose of assisting the Borrower in financing and refinancing 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 Bond (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 deems it necessary and advisable and in the best interest of the Authority to issue the Bond, in a principal amount not to exceed \$10,500,000, the proceeds of which will be lent to the Borrower for the purposes described herein; and

WHEREAS, the Board of Commissioners anticipates that it will receive an offer to purchase the Bond from a financial lending institution and the schedule of Board meetings may make timely acceptance of the offer by the Board impractical; 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, unless a different meaning clearly appears from the context, 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 a national banking association or state chartered financial institution with experience in similar transactions, as the Registered Owner of the Bond, and any subsequent Registered Owner.

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

“Bond” means the Housing Authority of the County of King Revenue Bond, 2016 (Summerfield Apartments Project), issued pursuant to, under the authority of and for the purposes provided in this resolution.

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

“Bond Fund” means the Authority's Revenue Bond Fund, 2016 (Summerfield Apartments Project).

“Bond 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.

“Bond Registrar” the Executive Director of the Authority.

“Borrower” means Summerfield Rehab LLLP, a Washington limited liability limited partnership.

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

“County” means King County, Washington.

“Draws” means incremental draws on the Bond.

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

“Loan” means the loan from the Authority to the Borrower of the proceeds of Draws on the Bond.

“Loan Documents” means the Bond Loan Agreement, the Regulatory Agreement and any other documents related to the Loan to be executed by the Borrower.

“Project” means, depending on the context, (1) the acquisition and rehabilitation of the 52-unit housing project known as Summerfield Apartments located at 14710 NE 1st Place in Bellevue, Washington, or (2) the Summerfield Apartments housing project.

“Registered Owner” means the owner of the Bond registered as such on the registration books maintained by the Bond Registrar.

“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 Bond Loan Agreement.

Section 2. Authorization of Bond and Application of Proceeds. For the purpose of providing all or part of the money required to accomplish the Project and to pay costs of issuing the Bond, the Authority shall issue its Revenue Bond, 2016 (Summerfield Apartments Project), in the maximum principal amount of not to exceed \$10,500,000. Such Bond financing is declared and determined to be important for the feasibility of the Project. All proceeds of the Draws shall be lent to the Borrower for those purposes. The Board finds that it is in the best interests of the Authority to issue the Bond for the purposes set forth in this resolution.

Section 3. Description of Bond. The Bond shall be called the Revenue Bond, 2016 (Summerfield Apartments Project), of the Authority; shall be in a principal amount not to exceed \$10,500,000; shall be dated its date of delivery; and shall be numbered R-1. The Bond shall be dated such date, shall bear interest payable on such dates and at such rates (which may include variable rates based on the prime rate and/or fixed rates), shall mature at such times and in such amounts, shall have such prepayment or redemption provisions and shall have such other provisions consistent with the purposes of this resolution as are approved by the Executive Director.

Section 4. Draws on the Bond. Draws on the Bond shall be made in accordance with the terms and provisions as approved by the Executive Director and to be set forth in the Loan Documents. Draws shall be recorded in such form as the Borrower and the Bank may agree. Draws shall be limited to a maximum aggregate principal amount of \$10,500,000.

Section 5. Registration and Transfer of Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained for the Bond by the Bond Registrar (the "Bond Register"). The Executive Director of the Authority

shall serve as Bond Registrar for the Bond. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond may be assigned or transferred only (i) in whole to a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) if endorsed in the manner provided thereon and surrendered to the Bond Registrar and (iii) upon the assignee or transferee delivering to the Authority an executed Certificate of Transferee in the form attached to the Bond. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the five days preceding any interest payment date, prepayment date or the maturity date.

Section 6. Payment of Bond. Both principal of and interest on the Bond 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 Bond Register on the day payment is mailed or delivered. Upon the final payment of principal of and interest on a Bond, the Registered Owner shall surrender the Bond at the principal office of the Bond Registrar in Tukwila, Washington, for destruction in accordance with law.

Section 7. Bond Fund; Security for the Bond. The Bond Fund is hereby established as a special fund of the Authority designated the Revenue Bond Fund, 2016 (Summerfield Apartments Project). The Bond Fund shall be drawn upon for the sole purpose of paying the

principal of and interest on the Bond. The Authority irrevocably obligates and binds itself to set aside and pay into the Bond Fund any money received by it for such purpose under the Loan Documents to make payments required to be made under the Bond, and no other payments into the Bond Fund shall be required.

Upon the issuance of the Bond, the Borrower will execute the Loan Documents for the benefit of the Authority and/or the Bank, as applicable, and the Authority shall assign its rights under the Loan Documents to which it is a party to the Bank, as security for the Authority's payment of the principal of and interest on the Bond, except that the Authority shall retain certain rights under the Bond Loan Agreement as will be described therein. Upon that assignment, the Bank shall collect, on behalf of the Authority and the Bond Fund, the principal and interest payments received under the Loan Documents, and shall apply the same to the payment of the principal of and interest on the Bond, and the Authority shall have no obligation to make principal and interest payments on the Bond except from those payments collected by the Bank on the Authority's behalf.

The Registered Owner shall not charge the Authority, in its capacity as issuer of the Bond, and, in such capacity, the Authority shall not be obligated to pay to the Registered Owner, any fees for or costs of collection and application of principal and interest payments under the Loan Documents or the Bond, including any fees for or costs of collecting such payments or exercising the power of sale or any other power under a deed of trust, nor shall the Authority be obligated to pay for the application of such payments to the payment of principal of and interest on the Bond. If the Bond is assigned and transferred to a new Registered Owner, the security interest in the Loan Documents shall be assigned to such new Registered Owner, and such new

Registered Owner shall have the rights to carry out all of the duties of the prior Registered Owner as set forth in this resolution, including the duty to collect principal and interest payments under the Loan Documents and apply the same to the payment of principal of and interest on the Bond.

The Bond shall not be a debt of the County, the State of Washington or any political subdivision thereof, and the Bond shall so state on its face. Neither the County, the State of Washington nor any political subdivision thereof shall be liable for payment of the Bond nor in any event shall the principal of and interest on the Bond be payable out of any funds or assets of the Authority other than the Bond Fund. The Bond shall be secured solely by payments received by or on behalf of the Authority from the Borrower under the terms of the Loan Documents, and the Registered Owner shall have no recourse to any fund of the Authority other than the Bond Fund, or to any receipts, revenues or properties of the Authority other than payments under the terms of the Loan Documents. The Authority has no taxing power.

Neither the Authority nor any of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bond.

Section 8. Form and Execution of Bond. The Bond shall be 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 the Executive Director 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 Bond shall bear a Certificate of Authentication in the following form, manually signed by the Bond Registrar:

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered Revenue Bond, 2016 (Summerfield Apartments Project) of the Authority described in the Bond Resolution.

[Specimen]

Executive Director of the Authority and
Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond 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 Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her signature is authenticated or delivered by the Bond Registrar or issued by the Authority, the Bond 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 Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Bond, 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 Bond.

Neither the Commissioners of the Authority nor any person signing the Bond shall be liable personally by reason of the issuance and sale of the Bond.

Section 9. Preservation of Tax Exemption of Interest on Bond. Subject to the last paragraph of this section, the Authority covenants that it will take all actions necessary to prevent interest on the Bond 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 Bond or other funds of the Authority treated as proceeds of the Bond at any time during the term of the Bond which would cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bond, 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 Bond 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 has agreed or 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 reimbursement or other money received under the terms of the Loan Agreement, in so complying.

Section 10. Delegation; Authorization of Documents and Execution Thereof. The Board hereby delegates to the Executive Director the authority to approve forms of a Bond Loan Agreement, the Regulatory Agreement, and No Arbitrage Certificate, with such changes as the Executive Director of the Authority shall deem necessary or appropriate and in the best interest of the Authority. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Bond, Bond Loan Agreement, the Regulatory Agreement, the No Arbitrage Certificate and this resolution and the

consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the Bond.

The Executive Director of the Authority is further authorized and directed to execute and deliver, on behalf of the Authority, any other documents that may be useful or necessary in connection with the issuance of the Bond and to ensure the proper use and application of the proceeds from the sale of the Bond. Any action required by this resolution to be taken by the Chairperson, Vice Chairperson or Executive Director of the Authority may, in the absence of such person, be taken by the duly authorized acting Chairperson, acting Vice Chairperson or acting Executive Director of the Authority, respectively.

The delegation to the Executive Director set forth in this resolution shall include setting the final principal amount, maturity date, principal and interest payment dates, redemption provisions and interest rates for the Bond, in consultation with the Authority's Financial Advisor; *provided* that (a) the aggregate principal amount of the Bond does not exceed \$10,500,000, (b) the final maturity of the Bond shall not exceed forty years, and (c) the interest rate on the Bond does not exceed 6.00%.

The authority granted to the Executive Director by this Section 10 shall expire 90 days after the date of final approval of this resolution. If the Bond does not close 90 days after the date of final approval of this resolution, the authorization for the issuance the Bond shall be rescinded, and the Bond shall not be issued nor its sale approved unless the Bond shall have been re-authorized by resolution of the Board of Directors. The resolution re-authorizing the issuance and sale of such Bond may be in the form of a new resolution repealing this resolution or may be

in the form of an amendatory resolution approving a sale or establishing terms and conditions for the authority delegated under this Section 10.

Section 11. Approval of Sale of Bond to Bank. The Board finds that the sale of the Bond to a Bank selected by the Borrower is in the best interest of the Authority, and therefore authorizes and delegates to the Executive Director of the Authority to accept an offer on behalf of the Authority from a Bank selected by the Borrower. The Bond will be delivered to the Bank with the approving legal opinion of Pacifica Law Group LLP, bond counsel of Seattle, Washington.

Section 12. 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 by a Deputy Executive Director, respectively.

Section 13. Ratification and Confirmation. Any actions of the Authority or its officers taken prior to the date of this resolution and consistent with its terms are hereby ratified and confirmed.

Section 14. 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 Bond.

Section 15. Legal Action. Any legal action concerning the enforcement of the terms of this resolution or the Bond 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 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 a regular meeting thereof this 19th day of January, 2016.

HOUSING AUTHORITY OF THE
COUNTY OF KING

By  _____
Chair

ATTEST:



Executive Director

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting 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 Resolution No. 5530 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners (the "Board") of the Authority, as adopted at a meeting of the Authority held on January 19, 2016, and duly recorded in the minute books of the Authority.
2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; 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 19th day of January, 2016.



Executive Director of the Authority