

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5541**

*(Project Transfer Resolution – Southwood Square Apartments)*

A RESOLUTION of the Housing Authority of the County of King (the “Authority”) authorizing (i) the transfer of the Southwood Square Apartments project (the “Project”) to the Authority through the acquisition of the interests of the limited partners of the Partnership by the Authority and/or the acquisition of the leasehold interest of KCHA Southwood Square Limited Partnership (the “Partnership”) in the Premises (as hereinafter defined) by the Authority and/or; (ii) the submission to the Washington State Housing Finance Commission of a request for consent to transfer the Project; (iii) the assignment and assumption by the Authority of the obligations of the Partnership with respect to the Project and bonds issued to finance the Project; (iv) the approval, execution and delivery of all documents necessary to effectuate the foregoing; and (v) determining related matters.

**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 within King County, Washington; and

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may, among other things, “prepare, carry out, acquire, lease and operate housing projects; . . .”; 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, “own, hold, and improve real or personal property” and “sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein”; and

**WHEREAS**, RCW 35.82.080(1) provides that a housing authority may, among other things, “make and execute contracts and other instruments, . . . necessary or convenient to the exercise of the powers of the authority”; and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

**WHEREAS**, the Authority is the general partner of KCHA-Southwood Square Limited Partnership, a Washington limited partnership (the “Partnership”), and John Hancock Corporate Tax Credit Fund VI Limited Partnership, a Massachusetts limited partnership (“Investment Limited Partner”), and John Hancock Realty Management, Inc., a Delaware corporation (“Special Limited Partner,” together with Investment Limited Partner, the “Limited Partner”) are the limited partner; and

**WHEREAS**, the Authority is the fee owner of the real property located at 26224-106<sup>th</sup> Place SE, Kent, King County, Washington (the “Property”), and pursuant to the terms of that certain Lease Agreement between the Authority and the Partnership dated as of October 1, 2001 (the “Lease”), the Partnership has a long-term leasehold interest in the Property and that certain 104-unit multi-family apartment complex located on the Property now commonly known as Southwood Square Apartments (the “Project,” and together with the Property, the “Premises”) with the intent that the Partnership would be treated as the owner of the Premises for federal income tax purposes and that the full burdens and benefits associated with the Premises would pass to the Partnership during the term of the Lease; and

**WHEREAS**, the Project was financed in part with low income housing tax credits (“LIHTC”) and proceeds of the Authority’s Housing and Revenue Bonds, 2001 (Southwood Square Apartments Project) (the “Bonds”), its Tax Credit Revolving Line of Credit Note, 2001,

and its Tax-Exempt Tax Credit Line of Credit Note, 2001(Southwood Square Apartment Project); and

**WHEREAS**, the Project has been operating as “qualified low income housing” pursuant to Section 42 of the Internal Revenue Service Code (“Code”) and, as such, the Partnership has been receiving LIHTC during the compliance period pursuant to the Code (“Compliance Period”); and

**WHEREAS**, the Compliance Period for the Project has or will soon expire; and

**WHEREAS**, the Authority desires to own the Project and continue its operation as affordable low income housing; and

**WHEREAS**, the Authority has determined that the Limited Partner is willing to transfer its interest in the Partnership (the “Limited Partnership Interests”) or consent to the transfer of the Partnership’s leasehold estate to the Authority; and it is in the best interest of the Authority to acquire such Limited Partnership Interests and/or to acquire the Partnership’s leasehold interest in the Premises, resulting in a transfer of the Project to the Authority; and

**WHEREAS**, the Authority, in its own capacity and as general partner of the Partnership, desires to take such steps as are reasonably necessary to acquire the Limited Partnership Interests and/or the leasehold interest of the Partnership in the Premises for consideration of the assumption of the debt encumbering the Project, including the Bonds (the “Debt”); and

**WHEREAS**, the Authority, in its own capacity and as general partner of the Partnership, desires to take such steps as are reasonably necessary to obtain consents necessary to effectuate the Authority’s assumption of the Debt, and to negotiate, execute and deliver such documents as may be required in connection with the foregoing, including, without limitation, any loan

assumption documents, Partnership interest transfer agreement, amendments to the Partnership Agreement, Indemnities, and Guaranties; and

**WHEREAS**, the Washington State Housing Finance Commission (“Commission”) must approve the transfer of the Premises from the Partnership to the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING as follows:

Section 1. Approval of Transfer of Limited Partnership Interests and/or Leasehold Interest. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps that are reasonably necessary to acquire the Limited Partnership Interests with respect to the Partnership, to effectuate the transfer of the leasehold interest in the Premises from the Partnership to the Authority, resulting in a transfer of the Project to the Authority, and to negotiate, execute, and deliver such documents as may be reasonably required to effectuate such transfer, including, without limitation, any loan assumption documents, Partnership interest transfer agreement, amendments to the Partnership Agreement, Indemnities, and Guaranties.

Section 2. Authorization of Assignment and Assumption. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary or desirable for (1) the Authority to assume all of the Partnership’s obligations with respect to the Debt, including, without limitation, the Partnership’s obligations under any lease, hazardous substances agreement, continuing disclosure agreement, loan and regulatory agreement, and any other document executed in connection with the applicable series of Bonds (the “Bond Documents”); and (2) the Partnership to assign to the Authority all of its rights and obligations under the Bond Documents. The Authority, in its own

capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary or desirable to obtain consent from the lenders of the Debt, the trustee for the Bonds, King County, as a provider of credit enhancement for the Bonds, or other necessary parties, and to negotiate, execute and deliver such documents as may be required of such parties in connection with the foregoing, including, without limitation, any loan assumption documents, Partnership interest transfer agreement, amendments to the Partnership Agreement, Indemnities, and Guaranties.

Section 3. Lease and Bond Document Amendments. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to make any amendments to the Lease or the Bond Documents as may be necessary or desirable in connection with the transaction contemplated by this resolution.

Section 4. Commission Approval. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to take such steps as may be necessary to obtain the Commission's approval of the transfer of the Project from the Partnership to the Authority, and to negotiate, execute and deliver such documents as may be required by the Commission in connection with the foregoing, including, without limitation, submitting a request to the Commission for the Commission's consent to transfer the Project from the Partnership to the Authority, and paying any transfer fee required by the Commission.

Section 5. Documents to be Executed by Executive Director. Any and all documents contemplated by this resolution which are authorized to be executed by or on behalf of the Authority, in its own capacity or as general partner of a Partnership, are authorized to be executed by the Executive Director of the Authority.

Section 6. Governmental Filings; Other Agreements. The Executive Director is further authorized to execute, deliver and, if applicable, file (or cause to be executed, delivered and, if applicable, filed) on behalf of the Authority, in its own capacity and as general partner of the Partnership, any government forms, affidavits, certificates, letters, documents, agreements and instruments that he determines to be necessary or advisable to give effect to this resolution and to consummate the transaction contemplated herein.

Section 7. Acting Officers Authorized. Any action required by this resolution to be taken by the Executive Director of the Authority may be taken by a Deputy Executive Director of the Authority.

Section 8. Expenditures. The Authority, in its own capacity and as general partner of the Partnership, is authorized, empowered and directed to make any reasonable expenditures, including, but not limited to, attorney's fees and costs necessary or required in conjunction with actions authorized by this resolution.

Section 9. 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 10. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

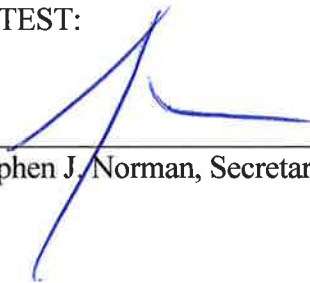
ADOPTED by the Board of Commissioners of the Housing Authority of the County of King at an open public meeting this \_\_\_25th\_\_\_ day of \_\_\_July\_\_\_, 2016.

HOUSING AUTHORITY OF THE COUNTY OF KING



By: Douglas J. Barnes, Chair  
Board of Commissioners

ATTEST:



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Stephen J. Norman, Secretary

**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. 5541 (the "Resolution") is a 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 July 25, 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; 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   25th   day of   July  , 2016.

  
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Secretary-Treasurer and Executive Director of the Authority