

**HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5577**

**(Highland Village)**

**A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to approve, execute and deliver all documents relating to the Highland Village rental housing project including but not limited to Limited Liability Limited Partnership Documents, Lease Documents, Low Income Housing Tax Credit Documents, Authority Loan Documents, Deferred Development Fee Documents, State Loan Documents, County Loan Documents and City Loan Documents.**

**ADOPTED December 7, 2017**

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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(5) provides that a housing authority may, among other things and if certain conditions are met, "lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project"; 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(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" (the "Development Costs"); and

WHEREAS, the Authority is the fee owner of certain real property located at 600 146<sup>th</sup> Avenue NE, Bellevue, Washington currently containing 64 units of low income housing which the Authority desires to renovate and to construct an additional 36 units for a total of 100 units of low income housing (the "Project"); and

WHEREAS, the Authority desires to utilize low income housing tax credits ("Tax Credits") to finance a portion of the costs of the rehabilitation of the Project; and

WHEREAS, the utilization of Tax Credits to provide a portion of the financing for the rehabilitation of the Project will require the creation of a limited liability limited partnership to acquire and own (for federal tax purposes) the Project; and

WHEREAS, the Authority desires to apply to the Washington State Housing Finance Commission (the "Commission") for a reservation of Tax Credits; and

WHEREAS, the Authority desires to form Highland Village Apartments LLLP, a Washington limited liability limited partnership (the "Partnership"); and

WHEREAS, the Authority will serve as the general partner of the Partnership; and

WHEREAS, the Authority desires to enter into a long term Financing Lease (the "Lease") of the Project with the Partnership for a term of up to 99 years, pursuant to which the Partnership will acquire for federal tax purposes ownership of the Project; and;

WHEREAS, the Lease will be in a principal amount equal to the fair market value of the property which is currently estimated to be approximately \$20,000,000; and

WHEREAS, the lease payments shall be made in installments in such amounts as determined by the Authority. Deferred lease payments will accrue interest at a rate no less than the applicable federal rate (the "Seller Financing"). Terms of the Lease shall be determined by the Authority; and

WHEREAS, the Authority intends to provide additional financing to the Partnership for the benefit of the Project which shall include a short-term tax-exempt loan in the amount of \$25,000,000 (the "Tax-Exempt Loan"); a subordinate loan of approximately \$16,000,000 (the "Subordinate Loan"); a permanent loan of approximately \$11,000,000 used to refinance a portion of the Tax-Exempt Loan (the "Permanent Financing"); a deferred development fee (the "Deferred Development Fee") of approximately \$1,750,000, which final amount will be determined upon receipt of the final 8609 issued by the Commission; and other loans and grants as may be available from public funders including the City of Bellevue, King County and the state of Washington in the anticipated aggregate amount of \$7,000,000 (the "Soft Loans"); and

WHEREAS, the Authority desires to seek an equity investment from a low income housing tax credit investor (the “Tax Credit Investor”) pursuant to which the Tax Credit Investor will acquire a 99.99% limited partnership interest in the Partnership in exchange for a capital contribution in an amount to be determined by the Authority which will provide a significant source of financing for the Project; and

WHEREAS, the Authority has requested financing from the State of Washington Department of Commerce (the “State”) in the amount of \$1,500,000.00; and

WHEREAS, the Authority has received a commitment of permanent long term financing from King County (the “County”) in the amount of \$3,500,000.00; and

WHEREAS, the Authority has received a commitment of permanent long term financing from the City of Bellevue (the “City”) in the amount of \$2,000,000.00; and

WHEREAS, the Authority wishes to undertake any and all steps as may be necessary to accomplish the foregoing.

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

Section 1. Formation of Limited Liability Limited Partnership. The Authority is authorized and directed to participate in the formation of, and become the general partner of, the Partnership, and to execute such documents as may be required to do so, including but not limited to a certificate of limited liability limited partnership and such other documents as may be deemed reasonable by the Executive Director with respect to formation of the Partnership.

Section 2. Low Income Housing Tax Credits and Tax Credit Investor. The Authority is authorized and directed to (i) apply to the Commission for a reservation of low income housing tax credits and (ii) seek and select the Tax Credit Investor. The Executive Director is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself or as general partner of the Partnership, in connection with the tax credit application, the selection of the Tax Credit Investor and the admission of the Tax Credit Investor into the Partnership as a limited partner, such documents to include but not be limited to an Agreement of Limited

Partnership (or Amended and Restated Agreement of Limited Liability Limited Partnership), Development Agreement, Property Management Agreement, Investor Services Agreement, Purchase Option and Right of First Refusal and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 3. Lease and Seller Financing. The Authority is authorized and directed to enter into the Lease substantially in accordance with the terms set forth above and the Executive Director of the Authority is authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, on behalf of itself as Lessor or as general partner of the Partnership, in connection with the Lease and associated Seller Financing, and such other documents as may be deemed reasonable by the Executive Director with respect to the foregoing.

Section 4. Tax Exempt Loan. The Authority is authorized and directed to take such steps as are necessary to loan the proceeds of Tax Exempt Loan to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, in its capacity as the issuer of the Tax Exempt Loan and as the general partner of the Partnership to facilitate the issuance the Tax Exempt Loan and loaning of the proceeds to the Partnership.

Section 5. Permanent Financing. The Authority is authorized and directed to take such steps as are necessary for the issuance of the Permanent Financing and to loan the proceeds of the Permanent Financing to the Partnership. The Executive Director is further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, in its capacity as the issuer of the Permanent Financing and in its capacity as the general partner of the Partnership, to facilitate the issuance and lending of the Permanent Financing proceeds to the Partnership.

Section 6. Subordinate Loan. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Subordinate Loan. The Executive Director of the Authority is authorized and directed to execute and

deliver, as lender or in its capacity as general partner of the Partnership, those documents reasonably required to close on the Subordinate Loan including but not limited to such loan agreements, notes, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Subordinate Loan.

Section 7. Deferred Development Fee. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as lender and as general partner of the Partnership in connection with the Deferred Development Fee. The Executive Director of the Authority is authorized and directed to execute and deliver, as lender or in its capacity as general partner of the Partnership, those documents reasonably required with respect to the Deferred Development Fee including but not limited to such development agreements, notes and leasehold deeds of trust and such other documents as may be deemed reasonable by the Executive Director with respect to the Deferred Development Fee.

Section 8. Soft Loans. The Authority is authorized and directed to take such steps as are necessary on behalf of itself as general partner of the Partnership in connection with the Soft Loans, including without limitation entering into and executing such documents necessary to secure such financing. The Executive Director of the Authority is authorized and directed to execute and deliver, in its capacity as general partner of the Partnership, those documents reasonably required to close on the Soft Loans, including but not limited to, such contracts, loan agreements, notes, covenants, leasehold deeds of trust, regulatory agreements and such other documents as may be deemed reasonable by the Executive Director with respect to the Soft Loans.

Section 9. Governmental Filings; Other Agreements. The Executive Director is further authorized to take such further actions including but not limited to the execution, delivery and, if applicable, filing (or to cause the execution, delivery and, if applicable, filing), on behalf of the Authority and/or the Partnership, of any government forms, affidavits, certificates, letters, documents, agreements and instruments that either the Executive Director determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 10. Expenditures. The Authority is authorized to expend such funds as are necessary to pay for all filing fees, application fees, registration fees, legal fees and other costs relating to the actions authorized by this resolution.

Section 11. 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 be taken, in the absence of each such person respectively by the duly authorized acting Chair of the Board or a Deputy Executive Director of the Authority.

Section 12. 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 13. 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 7th day of December, 2017.

HOUSING AUTHORITY OF THE COUNTY OF  
KING

By:   
Chair

ATTEST:

  
Executive Director





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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. 5577 (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 special meeting of the Authority held on December 7, 2017, 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 7th day of December 2017.



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Executive Director of the Authority