

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5585

(Highland Village and Somerset Gardens)

A RESOLUTION authorizing the transfer of the Highland Village Apartments to Somerset Garden Apartments LLLP; authorizing the execution and delivery of all documents relating to the acquisition, rehabilitation, construction, and financing of the Highland Village Project; and determining related matters.

ADOPTED: February 26, 2018

This document was prepared by:

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A RESOLUTION authorizing the transfer of the Highland Village Apartments to Somerset Garden Apartments LLLP; authorizing the execution and delivery of all documents relating to the acquisition, rehabilitation, construction, and financing of the Highland Village Project; and determining related matters.

WHEREAS, pursuant to Resolution No. 5577 of the Authority adopted December 7, 2017, the Housing Authority of the County of King (the "Authority") formed Highland Village Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, and authorized the Authority to seek and select a tax credit investor to serve as limited partner of Highland Village Apartments LLLP; to lease the real property and improvements located at 600 146th Avenue NE, Bellevue, Washington, known as the Highland Village Apartments (the "Highland Village Project", which currently contain 76 units of low income housing, and which after rehabilitation and construction is expected to include an additional 24 additional units of low income housing), to Highland Village Apartments LLLP; to obtain construction, permanent, subordinate and seller financing to finance the acquisition, rehabilitation and construction of the Highland Village Project; and to take such other actions necessary or desirable in connection with the transactions described in Resolution No. 5577 of the Authority; and

WHEREAS, pursuant to Resolution No. 5578 of the Authority adopted December 7, 2017, the Authority authorized the issuance of its Revenue Note, 2017 (Highland Village Project), in a principal amount not to exceed \$25,000,000 (the "Highland Village Note") the proceeds of which were authorized to be used to make a loan to Highland Village Apartments LLLP, to pay the costs of acquiring, constructing and rehabilitating the Highland Village Project; and

WHEREAS, the Highland Village Note was issued on December 15, 2017, and sold to Bank of America, N.A., with certain additional terms provided in a Term Loan Agreement (Highland Village) dated December 15, 2018 (the “Highland Village Term Loan Agreement”), between the Authority and Bank of America, N.A.; and

WHEREAS, pursuant to Resolution No. 5579 of the Authority adopted December 7, 2017, the Authority formed Somerset Gardens Apartments LLLP, a Washington limited liability limited partnership of which the Authority is the sole general partner, and authorized the Authority to seek and select a tax credit investor to serve as limited partner of Somerset Gardens Apartments LLLP; to lease the real property and improvements located at 14700 NE 29th Place, Bellevue, Washington (the “Somerset Gardens Project,” which includes 198 units of low income housing), known as the Somerset Garden Apartments, to Somerset Gardens Apartments LLLP; to obtain construction, permanent, subordinate and seller financing to finance the acquisition and rehabilitation of the Somerset Gardens Project; and to take such other actions necessary or desirable in connection with the transactions described in Resolution No. 5579 of the Authority; and

WHEREAS, pursuant to Resolution No. 5580 of the Authority adopted December 7, 2017, the Authority authorized the issuance of its Revenue Note, 2017 (Somerset Gardens Project), in a principal amount not to exceed \$20,000,000 (the “Somerset Gardens Note”) the proceeds of which were authorized to be used to make a loan to Somerset Gardens Apartments LLLP, to pay the costs of acquiring and rehabilitating the Somerset Gardens Project; and

WHEREAS, the Somerset Gardens Note was issued on December 15, 2017, and sold to Bank of America, N.A., with certain additional terms provided in a Term Loan Agreement (Somerset Gardens) dated December 15, 2018 (the “Somerset Gardens Term Loan Agreement”), between the Authority and Bank of America, N.A.; and

WHEREAS, in the process of seeking tax credit investor limited partners for each of Highland Village Apartments LLLP and Somerset Gardens Apartments LLLP, the Authority has concluded that more favorable terms are available if the Highland Village Project and Somerset Gardens Project are owned by a single partnership; and

WHEREAS, the Board of Commissioners of the Authority wishes to authorize the lease of the Highland Village Project to Somerset Gardens Apartments LLLP, to authorize Somerset Gardens Apartments LLLP to obtain construction, permanent, subordinate and seller financing to finance the acquisition, rehabilitation and construction of the Highland Village Project, to authorize the proceeds the Highland Village Note to be used to make a loan to Somerset Gardens Apartments LLLP to pay the costs of acquiring, constructing and rehabilitating the Highland Village Project, and to authorize such other actions necessary or desirable in connection with the transactions described in Resolution No. 5577 and Resolution No. 5578 of the Authority and herein; and

WHEREAS, the Board of Commissioners of the Authority wishes to authorize the assignment by Highland Village Apartments LLLP to Somerset Gardens Apartments LLLP of all contracts entered into and all work product undertaken by or on behalf of Highland Village Apartments LLLP with respect to the Highland Village Project; and

WHEREAS, the Board of Commissioners of the Authority wishes to authorize the assumption by Somerset Gardens Apartments LLLP from Highland Village Apartments LLLP of all contracts entered into and all work product undertaken by or on behalf of Highland Village Apartments LLLP with respect to the Highland Village Project; and

WHEREAS, the Board of Commissioners of the Authority has determined that it is in the best interest of the Authority to provide supplemental authority to permit the acquisition,

construction, rehabilitation and financing of both the Highland Village Project and Somerset Gardens Project by Somerset Gardens Apartments LLLP; NOW, THEREFORE,

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

Section 1. Lease and Financing of Highland Village Apartments by Somerset Gardens Apartments LLLP. The Authority is authorized to enter into a long term lease of the Highland Village Project with Somerset Gardens Apartments LLLP for a term of up to 99 years, pursuant to which Somerset Gardens Apartments LLLP will acquire (for federal tax purposes) ownership of the Highland Village Project. Such lease may be combined with or in a separate instrument from the long term lease of the Somerset Gardens Project to Somerset Gardens Apartments LLLP authorized by Resolution No. 5579 of the Authority. The authorization and direction provided by Sections 2 through 10 (inclusive) of Resolution No. 5577 of the Authority including, without limitation, authorization with respect to the Tax Exempt Loan, the Permanent Financing, the Subordinate Loan, the Deferred Developer Fee and the Soft Loans (each as defined in Resolution No. 5577 of the Authority), shall be amended to change the definition of “Partnership” to refer to Somerset Gardens Apartments LLLP. Further, the authorizations included in Resolution No. 5577, Resolution No. 5578, Resolution No. 5579 and/or Resolution No. 5580 of the Authority shall each be expanded to permit any instrument authorized by any such resolution to be combined with an instrument authorized by another such resolution or this resolution, at the discretion of the Executive Director.

Section 2. Loan of Proceeds of Highland Village Note to Somerset Gardens Apartments LLLP; Amendments to Term Loan Agreements. In recognition that both the Somerset Gardens Project and Highland Village Project will be owned (for federal tax purposes)

by Somerset Gardens Apartments LLLP, all references in Resolution No. 5577 and Resolution No. 5578 of the Authority to “Highland Village Apartments LLLP” or the “Partnership” shall be amended to refer to “Somerset Gardens Apartments LLLP.” In furtherance of, and not in limitation of the foregoing, all proceeds of the Highland Village Note will be lent to Somerset Gardens Apartments LLLP to pay costs of the acquisition, construction and rehabilitation of the Highland Village Project, Somerset Gardens Apartments LLLP will enter into a Regulatory Agreement with respect to the Highland Village Project, and the Loan Agreement (as defined in Resolution No. 5578 of the Authority) will be between the Authority and Somerset Gardens Apartments LLLP. The Authorized Officers (as defined in Resolution No. 5578), and each of them acting alone, are authorized to negotiate, execute and deliver one or more amendments to the Highland Village Term Loan Agreement, Somerset Gardens Term Loan Agreement, and other instruments pertaining to the Somerset Garden Note and Highland Village Note as may be necessary or desirable to give effect to this resolution.

Section 3. Assignment and Assumption. The Executive Director and any Deputy Executive Director of the Authority (collectively, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of Somerset Gardens Apartments LLLP or Highland Village Apartments LLLP) to negotiate, execute and deliver one or more amendments, assignments or assumptions as may be necessary for the assignment by Highland Village Apartments LLLP to and the assumption by Somerset Gardens Apartments LLLP of all contracts entered into and all work product undertaken by or on behalf of Highland Village Apartments LLLP with respect to the Highland Village Project.

Section 4. No Other Changes. Except as modified by this resolution, all other provisions of Resolution No. 5577, Resolution No. 5578, Resolution No. 5579, and Resolution No. 5580 of the Authority shall remain in full force and effect.

Section 5. Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority (acting on its own behalf or as general partner of Somerset Gardens Apartments LLLP or Highland Village Apartments LLLP) to execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein and/or further the acquisition, development, financing, construction, rehabilitation, and leasing of the Somerset Gardens Project and/or the Highland Village Project. The Board authorizes and directs the Authority's Executive Director to cause the Authority (whether acting on its own behalf or in its capacity as general partner Somerset Gardens Apartments LLLP, as applicable) to fulfill the Authority's duties and obligations, and cause Somerset Gardens Apartments LLLP to fulfill such partnership's duties and obligations under the various transaction documents.

Section 6. Acting Officers Authorized. Any action authorized by this resolution to be taken by the Executive Director of the Authority, may in his absence be taken by a duly authorized Deputy Executive Director of the Authority. Any action authorized by this resolution to be taken by a Deputy Executive Director of the Authority, may in his or her absence be taken by a duly authorized acting Deputy Executive Director of the Authority.

Section 7. Ratification and Confirmation. Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution, including execution of

any agreements pertaining to the construction and/or rehabilitation of the Highland Village Project and/or Somerset Gardens Project, are ratified and confirmed.

Section 8. 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 special meeting thereof, of which due notice was given as provided by law, this 26th day of February 2018.

HOUSING AUTHORITY OF THE COUNTY OF
KING

By



Douglas J. Barnes, Chair

ATTEST:



Stephen J. Norman, Secretary

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. 5585 (the "Resolution") is a full, 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 January 26, 2018, and duly recorded in the minute books of the Authority;

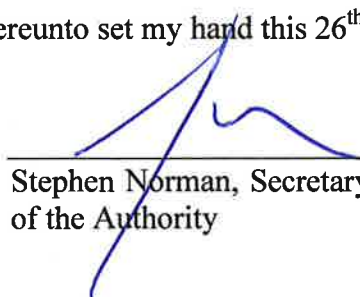
2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Commissioners by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which 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 26th day of January, 2018.



Stephen Norman, Secretary and Executive Director
of the Authority

CERTIFICATE

APPENDIX I



**SPECIAL MEETING OF THE
BOARD OF COMMISSIONERS**

February 26, 2018 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** **1**
 - A. Board Meeting Minutes – December 18, 2017
 - B. Board Retreat Minutes - January 26 & 27, 2018
- V. Approval of Agenda**
- VI. Consent Agenda**
 - A. Voucher Certification Report for November 2017 **2**
 - B. Voucher Certification Report December 2017 **3**
- VII. Resolutions for Discussion & Possible Action**
 - A. **Resolution No. 5584:** Evidencing the intent to operate Friendly Village Mobile Home Park as housing for persons 55 years of age or older under the terms of the Housing for Older Persons Act (HOPA) **4**
 - B. **Resolution No. 5585:** Authorizing the transfer of the Highland Village Apartments to Somerset Garden Apartments LLLP; authorizing the execution and delivery of all documents relating to the acquisition, **5**

rehabilitation, construction, and financing of the Highland Village Project;
and determining related matters.

C. **Resolution No. 5586:** Authorizing the Executive Director to amend, 6
rescind, restructure and/or enter into new agreements with HomeSight
related to the HomeSight Phase III affordable homeownership project
located adjacent to the Greenbridge community

D. **Resolution No. 5587:** Acceptance of Washington State Auditor's Office 7
Report on Financial Statements and Federal Single Audit (No. 1020005)
and the Accountability Audit Report (No. 1020479), both for the Period
Ended December 31, 2016

VIII. Briefings & Reports

- A. 2017 Year End Investment Report 8
- B. Fourth Quarter 2017 Procurement Report 9
- C. Fourth Quarter 2017 Summary Write-off Report 10

IX. Debrief Board Retreat Discussion

X. Executive Session

- A. To review the performance of a public employee (RCW 42.30.110 (1) (g))

XI. Executive Director 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.