

Port of Port Angeles

Port Angeles, Washington

Commissioners' Resolution No. 10-1005

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR IMPROVEMENTS TO PORT FACILITIES WITHIN ITS COMPREHENSIVE PLAN; PROVIDING THE DATE, FORM AND CERTAIN TERMS OF SAID BONDS; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; AND AUTHORIZING THE DESIGNATED PORT REPRESENTATIVE TO APPROVE THE INTEREST RATES, MATURITY DATES AND PRINCIPAL MATURITIES FOR THE BONDS UNDER THE TERMS AND CONDITIONS SET FORTH HEREIN AND APPROVING THE SALE OF SUCH BONDS.

WHEREAS, the Port Commission (the "Commission") of the Port of Port Angeles, Washington (the "Port"), a municipal corporation of the State of Washington, owns and operates industrial properties; and

WHEREAS, it is in the best interest of the Port to undertake improvements to Port facilities within and as part of its comprehensive plan (herein defined as the "Project"); and

WHEREAS, the Commission has authorized the Projects as a part of its comprehensive plan; and

WHEREAS, the Port is authorized by RCW 53.36.030 to issue its general obligation bonds to pay the costs of the Projects; and

WHEREAS, it is in the best interest of the Port to issue limited tax general obligation bonds in the aggregate principal amount of not to exceed \$5,000,000 (the "Bonds") in order to obtain long-term financing for the Projects; and

WHEREAS, the Port has determined to delegate to its Executive Director and/or the Director of Finance and Administration the authority to accept a purchase offer for a limited time and under the conditions specified herein;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context.

Bond Fund means a special fund of the Port known as the “Port of Port Angeles LTGO Bond Fund – 2010” (the “Bond Fund”) maintained in the office of the Treasurer pursuant to Section 8 of the Resolution.

Bond Insurance Commitment means the commitment(s) of the Insurer, if any, to insure one or more series, if applicable or certain principal maturities thereof, of the Bonds.

Bond Insurance Policy means the policy(ies) of municipal bond insurance, if any, delivered by the Insurer at the time of issuance and delivery of Bonds to be insured pursuant to the Bond Insurance Commitment.

Bond Register means the registration books maintained by the Registrar setting forth the names and addresses of owners of the Bonds in compliance with Section 149 of the Code.

Bond Registrar means the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean, the Port of Port Angeles, Washington Limited Tax General Obligation Bonds, 2010, to be issued in the aggregate principal amount of not to exceed \$5,000,000 pursuant to this resolution.

Build America Bonds means bonds issued under authority of Section 54AA of the Code, enacted by the American Recovery and Reinvestment Act of 2009.

Code means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

Commission means the Port Commission, as general legislative authority of the Port as the same shall be duly and regularly constituted from time to time.

Designated Port Representative means the Executive Director of the Port, the Director of Finance and Administration or other Port officer designated by the Executive Director in writing.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 4 hereof.

Government Obligations mean those obligations now or hereafter defined as such in chapter 39.53 RCW.

Insurer means the bond insurance company or companies, if any, selected pursuant to Section 13 of this Resolution to issue the Bond Insurance Policy.

Letter of Representations means the Blanket Issuer Letter of Representations from the Port to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Port means the Port of Port Angeles, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

Projects mean a manufacturing facility and related improvements and/or other capital improvement projects approved by the Commission within the Port's approved comprehensive scheme of improvements.

Purchase Contract means, the bond purchase agreement between the Port and the Underwriter provided for in Section 10 of this resolution.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Rule means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC means the Securities and Exchange Commission.

Tax Certificate means the Federal Tax Certificate(s) executed and delivered by the Port at the time of issuance and delivery of the Bonds of a series.

Treasurer means the Director of Finance and Administration of the Port or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

Underwriter means Seattle-Northwest Securities Corporation, Seattle, Washington.

Rules of Interpretation. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Projects. The Port shall undertake construction of a manufacturing facility and related improvements and/or other capital improvements to its facilities as approved by the Commission from time to time and within and as a part of the Port’s comprehensive scheme of improvements.

Section 3. Authorization of Bonds and Bond Details. For the purpose of providing financing for the costs of the Projects and paying costs of issuance, the Port shall issued in one or more series its limited tax general obligation bonds in the aggregate principal amount of not to exceed \$5,000,000, and may be designated 2010A, and 2010B, as necessary, with additional designations as requested and approved by the Designated Port Representative (the “Bonds”).

The Bonds shall be general obligations of the Port, shall be designated “Port of Port Angeles, Washington, Limited Tax General Obligation Bonds, 2010”; shall be dated as of their initial date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification

and control, and shall bear interest if rates are set forth in the Purchase Contract approved by the Designated Port Representative pursuant to Section 10 of this resolution; and shall mature in the years and principal amounts set forth in the Purchase Contract and as approved by the Designated Representative pursuant to Section 10 of this resolution.

Section 4. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The Port hereby requests that the Treasurer specify and adopt the system of registration approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The Port shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Director of Finance and Administration upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Director of Finance and Administration. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the Port, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The Port and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 12 of this resolution), and neither the Port nor the Bond Registrar shall be affected by any

notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the Port upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the Port nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the Port to the Bond Registrar or to DTC (or any successor depository))), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the Port on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Director of Finance and Administration pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Director of Finance and Administration to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Director of Finance and Administration may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Director of Finance and Administration, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Director of Finance and Administration.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Director of Finance and Administration determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Director of Finance and Administration shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Director of Finance and Administration to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal

aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the

Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds may be subject to optional and extraordinary optional redemption on dates and terms, if any, as set forth in the Purchase Contract and the manner of selection of Bonds for redemption shall be as set forth in the Purchase Contract.

(b) *Mandatory Redemption.* The Bonds may be subject to mandatory and/or extraordinary mandatory redemption on dates and terms as set forth in the Purchase Contract and the manner of selection of Bonds for mandatory and/or extraordinary redemption shall be as set forth in the Purchase Contract.

(c) *Purchase of Bonds.* The Port reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Director of Finance and Administration.

(d) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (d). If the Port redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the Port and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by

\$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the Port nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the Port by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(D) that (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the redemption date if and to the extent that funds have been provided to the Bond Registrar for the redemption of Bonds) on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the Port shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the Port as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder

shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive notice pursuant to Section 12, and to the Underwriter and with such additional information as the Port shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) CUSIP Number. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
PORT OF PORT ANGELES
LIMITED TAX GENERAL OBLIGATION BOND, 2010[A][B][TAXABLE
BUILD AMERICA BONDS – DIRECT PAYMENT]

INTEREST RATE: % MATURITY DATE: CUSIP NO.: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE PORT OF PORT ANGELES, WASHINGTON (the "Port"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from December ____, 2010, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 2011, and semiannually thereafter on the first days of each succeeding _____ and _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the Port to DTC. The Port has specified and adopted the registration system for the bonds of this issue specified by the State Finance Committee, and the fiscal agency of the state will act as the registrar, authenticating agent and paying agent (the "Bond Registrar"). Capitalized terms used in this bond that are not otherwise defined have the meanings given in such terms in the hereinafter defined Bond Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Resolution No. 10-1002 of the Port (the "Bond Resolution") until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$ _____, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to pay the costs of certain capital improvements to Port facilities.

The bonds of this issue are [not] subject to redemption prior to their stated maturities as stated in the Purchase Contract, dated December ____, 2010, between the Underwriter and the Port (the "Purchase Contract").

The bonds of this issue are [not] "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The bonds of this issue have [not] been designated by the Port as "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The Port hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the Port within the levy limits permitted to port districts without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax

levies may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar or its duly designated agent.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions duly adopted by the Port Commission including the Bond Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the Port may incur.

IN WITNESS WHEREOF, the Port of Port Angeles, Washington has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port imprinted, impressed or otherwise reproduced thereon as of this ___ day of December, 2010.

PORT OF PORT ANGELES,
WASHINGTON

By _____
President, Port Commission

ATTEST:

Secretary, Port Commission

The Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the Limited Tax General Obligation Bonds, of the Port of Port Angeles, Washington, dated December _____, 2010.

WASHINGTON STATE FISCAL
AGENCY, as Registrar

By _____

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port imprinted, impressed or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the Port before the Bonds so signed shall have been authenticated or delivered by the Registrar, or issued by the Port, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Bond may also be signed and attested on behalf of the Port by such persons who are at the actual date of delivery of such Bond are the proper officers of the Port although at the original date of such Bond any such person shall not have been such officer of the Port.

Section 8. Bond Fund and Provision for Tax Levy Payments. A fund of the Port known as the "Port of Port Angeles LTGO Bond Fund – 2010" (the "Bond Fund") shall be maintained in the office of the Treasurer. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on general obligation bonds of the Port.

The Port hereby further irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part

of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 9. Defeasance. In the event that money and/or Government Obligations maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special account of the Port to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the bond redemption fund of the Port for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and except the right to receive the moneys so set aside and pledged, such Bonds shall be deemed not to be outstanding hereunder.

The Bond Registrar shall provide notice of defeasance of Bonds to Registered Owners and to each party entitled to receive notice in accordance with Section 12 of this resolution

Section 10. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriter, pursuant to the terms of the Purchase Contract. The Designated Port Representative is hereby authorized to evaluate and determine whether the bonds of a series are to be sold as Build America Bonds (including Recovery Zone Economic Development Bonds which are Build America Bonds) or governmental bonds (the interest on which is exempt from federal income taxation) or private activity bonds (including Recovery Zone Facility Bonds) (the

interest on which is exempt from federal income taxation and not subject to alternative minimum taxes) or taxable bonds (the interest on which is includible in federal gross income for taxation purposes). The Designated Port Representative is further authorized to make an irrevocable designation under Section 54AA of the Code of any Bonds that are to be sold as Build America Bonds, and the Port will take such additional actions as are required to qualify such Bonds as Build America Bonds and maintain such qualification and further to seek reimbursement of the applicable federal subsidy in the future on a timely basis. The Designated Port Representative is further authorized to approve the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds of all series does not exceed \$5,000,000; and (ii) the aggregate true interest cost for the Bonds (net of any federal subsidy) does not exceed 6.00%.

In determining whether the bonds will be sold in one or more series, or will be issued as as Build America Bonds (including Recovery Zone Economic Development Bonds which are Build America Bonds) or governmental bonds (the interest on which is exempt from federal income taxation) or private activity bonds (including Recovery Zone Facility Bonds) (the interest on which is exempt from federal income taxation and not subject to alternative minimum taxes) or taxable bonds (the interest on which is includible in federal gross income for taxation purposes), and in determining the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, the Designated Port Representative, in consultation with its financial advisor and Port staff, shall take into account those factors that, in his judgment, will result in the overall lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds.

The Designated Port Representative also will take into account the added complexities associated with the issuance of Build America Bonds or similarly structured bonds. Subject to the terms and conditions set forth in this Section 10, the Designated Port Representative is hereby authorized to execute the final form of the Purchase Contract, upon the Designated Port Representative approval of the structure, series designation, final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, set forth therein. Following the execution of a Purchase Contract, the Designated Port Representative shall provide a report to the Commission, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative by this Section 10 shall expire 60 days after the date of approval of this resolution. If a Purchase Contract for the Bonds has not been executed within 60 days after the date of final approval of this resolution, the authorization for the issuance the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the Commission. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 10.

The proper officials of the Port are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to the purchaser at such sale and for the proper application and use of the proceeds of sale thereof.

The Designated Port Representative is hereby authorized to review and approve on behalf of the Port the preliminary and final Official Statements relative to the Bonds with such additions and changes as may be deemed

necessary or advisable to them. The Designated Port Representative is hereby further authorized to deem final preliminary Official Statement for purposes of the Commission's Rule 15c2-12. The proper Port officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to said purchaser and for the proper application and use of the proceeds of sale thereof.

The proper Port officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of sale thereof.

Section 11. Tax Covenants. The Port hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the Port which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The Port will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout the term of the Bonds. In addition, the Port will comply with its covenants and representations made in the Tax Certificate.

The Designated Port Representative shall be authorized to determine and execute a designation, if applicable of Bonds of one or more series under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 12. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the Port's written undertaking for the benefit of the beneficial owners of the Bonds to assist the Underwriters in complying with the Rule. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

(b) *Financial Statements/Operating Data.*

(1) *Annual Disclosure Report.* The Port covenants and agrees that not later than the first day of the ninth month after the end of each fiscal year (the "Submission Date"), commencing September 1, 2011 for the fiscal year ending December 31, 2010, the Port shall provide or cause to be provided to the MSRB, if any, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (2) of this subsection (b). The Port may adjust such date if the Port changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (2) of this subsection (b); provided that any audited annual financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such audited financial statements are not available by the Submission Date. If the Port's fiscal year changes, the Port shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection 12(c) hereof, and if

for any fiscal year the Port does not furnish an Annual Disclosure Report to the MSRB, if any, by the Submission Date, the Port shall send to the MSRB notice of its failure to furnish such report pursuant to Section 12(d).

(2) *Content of Annual Disclosure Reports.* The Port's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited financial statements.* Audited financial statements, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Port, and the Port's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available.

(B) *Operating Data and Financial Information.* Updated versions of the type of information contained in the Official Statement and identified in a closing certificate executed by the Designated Port Representative and referencing this section.

In lieu of providing the information in such Annual Disclosure Report, the Port may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB. The Port shall identify clearly each document so included by reference.

(c) *Material Events.* The Port agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves

reflecting financial difficulties;

- Unscheduled draws on credit enhancements

reflecting financial difficulties;

- Substitution of credit or liquidity providers or their

failure to perform;

- Adverse tax opinions, the issuance by the Internal

Revenue service of proposed or final determinations of taxability,

Notices of Proposed Issue (IRS Form 5701-TEB) or other material

notices or determinations with respect to the tax status of the

security, or other material or events affecting the tax-exempt status

of the Bonds;

- Modifications to rights of owners if material;

- Optional, contingent or unscheduled Bond calls

other than scheduled sinking fund redemptions for which notice is

given pursuant to Exchange Act Release 34-23856, if material, and

tender offers;

- Defeasances;

- Release, substitution or sale of property securing the

repayment of the Bonds if material;

- Rating changes;

- Bankruptcy, insolvency, receivership or similar

event of the Port;

- The consummation of a merger, consolidation, or

acquisition of the Port or the sale of all or substantially all of the

assets of the Port, other than in the ordinary course of business, the

entry into a definitive agreement to undertake such an action or the

termination of a definitive agreement to undertake such an actions,

other than pursuant to its terms, if material; and

- Appointment of a successor or additional trustee or the change of name of the trustee, if material.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the Port will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Bonds. The Port shall promptly determine whether the events described above are material.

(d) *Notice Upon Failure to Provide Financial Data.* The Port agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the Submission Date.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The Port's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the Port may amend this Section 12 (including the items in the closing certificate referenced above) and any provision of this Section 12 may be waived, in accordance with the Rule; *provided that* (A) if the amendment or waiver relates to

the provisions of subsections (b)(1), (b)(2) or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (B) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (C) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of this Section 12, the Port shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Registered Owner's and Beneficial Owners' Remedies Under this Section.* A Registered Owner's and the beneficial owners' right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Port's obligations hereunder, and any failure by the Port to comply with the provisions of this undertaking shall not be a default under this resolution.

(g) *Additional Information.* Nothing in this Section 12 shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Section 12 or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a material event, in addition to that which is required by this Section 12. If the Port chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a material event in addition to that specifically required by this Section 12, the Port shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a material event.

Section 13. Bond Insurance. The payments of the principal of and interest on a series, if applicable or principal maturities within a series, of the Bonds may be insured by the issuance of a Bond Insurance Policy. The Designated Port Representative, with the assistance of the Underwriter and the Port's financial advisor, shall solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal, if any, that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment and other agreements with the Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 14. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Registrar may execute and deliver a

new Bond or Bonds of like date, number and tenor to the owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his filing with the Port evidence satisfactory to the Port that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the Port with indemnity satisfactory to the Port.

Section 15. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.


Section 16. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Port Angeles, Washington held this 22nd day of November, 2010.

PORT OF PORT ANGELES
BOARD OF COMMISSIONERS

By: 
George H. Schoenfeldt, President

By: 
Jim McEntire, Vice President

By: 
John M. Calhoun, Secretary

CERTIFICATE

I, the undersigned, Secretary of the Port Commission of the Port of Port Angeles, Washington (the "Port") and keeper of the records of the Port Commission (the "Commission"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 10-_____ of the Port Commission (the "Resolution"), duly adopted at a special meeting thereof held on the 22nd day of November, 2010;

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given, that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission 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 22nd day of November, 2010.


Secretary, Port Commission