

Port of Port Angeles

Port Angeles, Washington

Commissioners' Resolution No. 12-1039

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF PORT ANGELES, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$2,100,000 FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE PORT; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AUTHORIZING PRELIMINARY AND FINAL OFFICIAL STATEMENTS; AND AUTHORIZING THE DESIGNATED PORT REPRESENTATIVE TO APPROVE THE FINAL PRINCIPAL AMOUNT, INTEREST RATES, MATURITY DATES AND PRINCIPAL MATURITIES FOR THE BONDS; PROVIDING FOR CONTINUING DISCLOSURE; AND PROVIDING FOR A NEGOTIATED SALE OF THE BONDS TO SEATTLE-NORTHWEST SECURITIES CORPORATION.

WHEREAS, the Port of Port Angeles, Washington (the "Port") has outstanding its Limited Tax General Obligation and Refunding Bonds, 2002 Series B, issued under date of March 1, 2002, pursuant to Resolution No. 879 adopted by the Port Commission on March 11, 2002 (the "2002 Bond Resolution"), maturing in principal amounts and bearing interest as follows:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2012	\$ 410,000	4.40%
2013	430,000	4.55
2014	445,000	4.70
2015	470,000	4.80
2016	495,000	4.90

(the "2002 Bonds"); and

WHEREAS, the 2002 Bond Resolution provides that the 2002 Bonds maturing on or after December 1, 2013 (the "Refunded Bonds") are subject to redemption at the option of the Port in whole or in part at any time after June 1, 2012, at the price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, the Port has determined that all of the Refunded Bonds shall be refunded, thereby saving amounts of debt service, through the issuance of the limited tax general obligation refunding bonds authorized herein (the "Bonds");

and

WHEREAS, the bonds to be authorized by this resolution shall be sold by negotiated sale to Seattle-Northwest Securities Corporation (the “Underwriter”); and

WHEREAS, this Commission has determined to delegate authority to the Port’s Executive Director and/or the Director of Finance and Administration (each, a “Designated Port Representative”) to negotiate the final terms of the Bonds, including the final principal amount, interest rates, maturity dates, and principal maturities for a limited time;

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.

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Fund means a special fund of the Port known as the “Port of Port Angeles General Obligation Bond Redemption Fund” (the “Bond Fund”) created or maintained in the office of the Treasurer pursuant to Section 7.

Bond Purchase Agreement means the Purchase Agreement relating to the Bonds between the Port and the Underwriter as approved by the Designated Port Representative pursuant to Section 10.

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

Bond Registrar means, initially, 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.

Bond Year means each one-year period that ends on the date selected by the Port. The first and last Bond Years may be a shorter period. If no day is selected by the Port before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

Bonds mean the Port of Port Angeles, Washington Limited Tax General Obligation Refunding Bonds, 2012, to be issued in the aggregate principal amount of not to exceed \$2,100,000 pursuant to this resolution.

Code means the federal Internal Revenue Code of 1986, as amended from time to time, and shall include all applicable regulations and rulings relating thereto.

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

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 3 hereof, or any successor depository for the Bonds.

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.

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

Letter of Representations mean the blanket issuer letter of representations from the Port to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org.

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

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Refunded Bonds mean the 2002 Bonds maturing on and after December 1, 2013.

Registered Owner means the person in whose name a Bond is registered on the Bond Register. For so long as the Port utilizes the book-entry system for the Bonds, DTC shall be deemed to be the sole Registered Owner.

Rule means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Savings Target means a dollar amount at least equal to three percent (3.00%) of the principal amount of the Refunded Bonds.

SEC means the United States Securities and Exchange Commission.

2002 Bonds mean the Port's Limited Tax General Obligation and Refunding Bonds, 2002 Series B, issued under date of March 1, 2002.

2002 Bond Resolution means Resolution No. 879 adopted by the Commission on March 11, 2002, authorizing the issuance of the 2002 Bonds.

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:

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;

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;

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;

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;

All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

Words importing the singular number include the plural number and vice versa.

Section 2. Authorization and Description of Bonds. For the purpose of refunding the Refunded Bonds and thereby effecting a savings to the Port and paying the costs of issuance of the Bonds, the Port shall issue its limited tax general obligation refunding bonds in the aggregate principal amount of not to exceed \$2,100,000 (the “Bonds”).

The Bonds shall be designated as the “Port of Port Angeles, Washington Limited Tax General Obligation Refunding Bonds, 2012,” shall be dated as of their date of initial 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 Registrar deems necessary for purposes of identification; and shall bear interest from their date of issuance, payable on the first days of each June and December, commencing on December 1, 2012, at rates set forth in the Bond Purchase Agreement; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Agreement and as approved by the Designated Port Representative pursuant to Section 10.

Section 3. Registration, Payment and Transfer.

(a) *Registrar/Bond Register.* The Port hereby adopts the system of registration and transfer for the Bonds 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 Registrar. So long as any Bonds remain outstanding, the Registrar shall make all necessary provisions to permit the exchange and registration of transfer of Bonds at its principal corporate trust office. The Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Registrar, DTC, each party entitled to receive notice pursuant to Section 12, and a successor Registrar appointed by the Treasurer. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The 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 Registrar’s powers and duties under this resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The Port and the 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 Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 3(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/Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the Port has executed and delivered to DTC a Letter of Representations.

Neither the Port nor the 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 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 (except as provided in Section 12), 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 such Bond 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 for 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 Designated Port Representative 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 Designated Port Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Port Representative 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 Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Designated Port Representative, issue a single new Bond for each maturity of the Bonds 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 Designated Port Representative.

(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 Designated Port Representative 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 Designated Port Representative shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Registrar of all then outstanding Bonds together with a written request

on behalf of the Designated Port Representative to the 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 such Bond is surrendered to the 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 Registrar. Upon such surrender, the 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 canceled Bond. Any Bond may be surrendered to the 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 or denominations. The Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the 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 of the Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of the Bonds 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 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest 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 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$100,000 principal amount of the Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 4. Redemption and Purchase of Bonds.

(a) *No Redemption.* The Bonds shall not be subject to redemption in advance of their scheduled maturities.

(b) *Purchase of Bonds.* The Port reserves the right to purchase any of the Bonds offered to the Port at any time at a price deemed reasonable by the Port.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

STATE OF WASHINGTON
PORT OF PORT ANGELES
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2012

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 _____, 2012, 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 December 1, 2012, and semiannually thereafter on the first days of each succeeding June and December.

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 fiscal agency of the state of Washington is acting as the registrar, authenticating agent and paying agent for the bond of this issue (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 is one of an authorized issue of bonds of like date, tenor and redemption provisions, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of \$_____, and is issued pursuant to Resolution No. 12-1039 of the Port Commission (the "Bond Resolution") for the purpose of refunding certain outstanding general obligation bonds of the Port.

The bonds of this issue are not subject to redemption in advance of their scheduled maturity.

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 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 the Port 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 Bond 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 facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port to be impressed, imprinted or otherwise reproduced hereon, as of the ____ day of _____, 2012.

[SEAL]

PORT OF PORT ANGELES,
WASHINGTON

By: _____ /s/

President, Port Commission

ATTEST:

/s/
Secretary, Port Commission

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

CERTIFICATE OF AUTHENTICATION

Date 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 Refunding Bonds, 2012 of the Port of Port Angeles, Washington, dated _____, 2012.

WASHINGTON STATE FISCAL
AGENCY as Bond Registrar

By: _____
Authorized Signer

In the event any Bonds are no longer in fully immobilized form, the form of such Bonds may be modified to conform to printing requirements and the terms of this resolution.

Section 6. 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 shall be impressed, imprinted 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 7. Bond Fund and Provision for Tax Levy Payments. A special fund of the Port known as the “Port of Port Angeles General Obligation Bond Redemption Fund” (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 the Port 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 8. 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 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.

Section 9. Refunding Procedures. The net proceeds of the Bonds, together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem Refunded Bonds and/or shall be paid at the direction of the Treasurer to an escrow agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

The Designated Port Representative is hereby authorized to establish a redemption date, (which may be on a conditional basis) for the Refunded Bonds, which redemption date shall occur within 45 days of the date of sale of the Bonds in accordance with the provisions of the 2002 Bond Resolution authorizing the issuance, redemption and retirement of the Refunded Bonds prior to their stated maturities.

Said call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Bonds.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Bonds. The Port shall be authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the amounts sufficient to pay and redeem the Refunded Bonds.

Section 10. Sale of Bonds.

(a) *Bond Sale.* The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Agreement. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Bonds and to execute the Bond Purchase Agreement, with such terms (including the designation of the Refunded Bonds) as are approved by the Designated Port Representative pursuant to this section and consistent with this resolution. The Port

Commission has been advised by the Port's financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Designated Port Representative for a limited time the authority to approve the final interest rates, maturity dates (not later than the final maturity of the Refunded Bonds), aggregate principal amount, principal amounts and prices of each maturity (within the parameters required to achieve the Savings Target), and other terms and conditions of the Bonds. The Designated Port Representative is hereby authorized to approve the final interest rates, maturity dates (not later than the final maturity of the Refunded Bonds), aggregate principal amount, principal amounts and prices of each maturity (within the parameters required to achieve the Savings Target) for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed \$2,100,000 and (ii) the net present value aggregate savings with respect to all Refunded Bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance, is at least equal to the Savings Target.

In determining the final interest rates, maturity dates (not later than the final maturity of the Refunded Bonds), aggregate principal amount, principal amounts and prices of each maturity (within the parameters required to achieve the Savings Target), the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his or her judgment, will result in the 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. Subject to the terms and conditions set forth in this section, the Designated Port Representative is hereby authorized to execute the final form of the Bond Purchase Agreement. Following the execution of the Bond Purchase Agreement, 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 shall expire

on August 1, 2012. If a Bond Purchase Agreement for the Bonds has not been executed by August 1, 2012, the authorization for the issuance of such Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the 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 Bond Purchase Agreement or establishing terms and conditions for the authority delegated under this section.

(b) *Delivery; Documentation.* Upon the adoption of this resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Agreement.

The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Underwriter and for the proper application and use of the proceeds of sale of the Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter's discount, the fees and expenses specified in the Bond Purchase Agreement, including fees and expenses of Underwriter and other retained services, including Bond Counsel, rating agencies, fiscal agency, financial advisory services, and other expenses customarily incurred in connection with issuance and sale of bonds.

(c) *Preliminary and Final Official Statements.* The Designated Port Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the Port, the Official Statement (and any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate. The Designated Port Representative is

authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the Official Statement (and to approve, deem final and deliver any Preliminary Official Statement) and any supplement thereto relating to the issuance and sale of the Bonds and the distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 11. Tax Covenants.

(a) *Arbitrage Covenant.* 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.

(b) *Private Person Use Limitation for Bonds.* The Port covenants that for as long as the Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The Port further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments

(whether or not made to the Port) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects refinanced with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such projects relates. The Port further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

(c) *Designation under Section 265(b).* The Port hereby designates the Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions. The Port does not anticipate issuing more than \$10,000,000 in qualified tax-exempt obligations during 2012 (excluding obligations permitted by the Code to be excluded for purposes of the Port’s qualification as a qualified small issuer).

Section 12. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the Port’s written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The Port agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing in 2013 for the fiscal year ended December 31, 2012):

(1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the Port’s general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the

Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds under the headings “Statement of Revenues, Expenses and Changes in Net Position” and “Statement of Net Position”;

- (2) The assessed valuation of taxable property in the Port;
- (3) Ad valorem taxes due and percentage of taxes collected;
- (4) Property tax levy rate per \$1,000 of assessed valuation; and
- (5) Outstanding general obligation debt of the Port.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before nine months after the end of the Port’s fiscal year. The Port’s current fiscal year ends December 31. The Port may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the Port may cross-refer to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the Port shall provide the Port’s audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(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 determines 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 Bondholders, if material;
- Bond calls, 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, and not intending to modify this undertaking, the Port advises that no debt service reserves, credit enhancement or property secures payment of the Bonds and the Bonds are not subject to optional redemption. 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 date set forth in subsection (b) above.

(e) *Emma; Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org (which is not incorporated into this Official Statement by reference). 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, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the Port (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The Port may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the Port shall describe such amendment in the next annual report, and shall include, a narrative explanation of the reason for the amendment 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 report for the year in which the change is made shall 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.

(g) *Bond Owner's Remedies Under This Section.* The right of any bond owner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the Port's obligations under this section, and any failure by the Port to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. 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.


Section 13. 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.

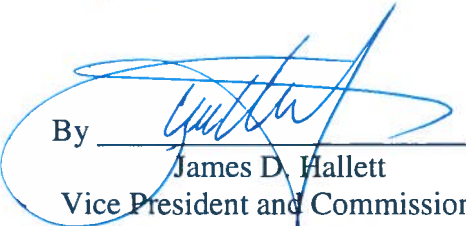
Section 14. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void 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 15. 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 23rd day of April, 2012.

PORT OF PORT ANGELES,
WASHINGTON

By 
John M. Calhoun
President and Commissioner

By 
James D. Hallett
Vice President and Commissioner

By 
Paul L. McHugh
Secretary and Commissioner

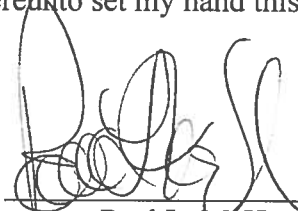
CERTIFICATE

I, the undersigned, Secretary of the Port Commission of the Port of 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. 12-1039 of the Port Commission (the "Resolution"), duly adopted at a regular meeting thereof held on the 23rd day of April, 2012; and

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 23rd day of April, 2012.



Paul L. McHugh
Secretary, Port Commission