

# Port of Port Angeles

*Port Angeles, Washington*

## Commissioners' Resolution No. 15-1106

A RESOLUTION of the Port Commission of the Port of Port Angeles, Washington, providing for the issuance and sale of a limited tax general obligation refunding bond of the Port in the aggregate principal amount of not to exceed \$3,350,000, to provide funds to refund outstanding bonds of the Port; providing the date, form, and repayment terms of said bond and for the pledge of the Port's full faith and credit to pay the principal thereof and interest thereon; and approving the sale of such bond.

WHEREAS, the Port Commission (the "Commission") of Port of Port Angeles, Washington (the "Port"), has issued its Limited Tax General Obligation Bonds, 2006 under date of April 20, 2006, pursuant to Resolution No. 06-939 (the "2006 Bond Resolution"), in the original principal amount of \$4,995,000, which remain outstanding as follows:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2015	\$255,000	4.75%
2016	265,000	4.75
2017	100,000	4.25
2017	175,000	4.75
2018	290,000	4.25
2019	305,000	4.25
2021*	645,000	4.15
2022	340,000	4.25
2023	355,000	4.25
2024	370,000	4.25
2025	385,000	4.25

\*Term Bonds  
(the "2006 Bonds"); and

WHEREAS, the 2006 Bonds maturing on and after December 1, 2016 are subject to redemption, at the option of the Port, on any date on or after December 1, 2015 in whole or in part, and if in part, with maturities to be selected by the Port at the price of par, plus accrued interest to the date fixed for redemption; and

WHEREAS, the Port has determined that the callable portion of the 2006 Bonds may be refunded, thereby saving substantial amounts of debt service, through the issuance of the limited tax general obligation refunding bond authorized herein; and

WHEREAS, the Port is authorized by RCW 53.36.030 and Ch. 39.46 RCW to borrow money and issue general obligation bonds payable, *inter alia*, from regular tax levies of the Port; and

WHEREAS, it is deemed necessary and advisable that the Port now issue and sell its limited tax general obligation refunding bond in the aggregate principal amount of not to exceed \$3,350,000 (the "Bond") to pay the costs of refunding the 2006 Bonds and to pay costs of issuance; and

WHEREAS, through a process of soliciting proposals for underwriting, the Port has received the term sheet of Umpqua Bank (the "Bank"), dated August 11, 2015, to purchase the Bond, and the Commission wishes to accept such term sheet on the terms and conditions set forth therein and 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:

***Acquired Obligations*** mean the Government Obligations, if any, now or hereafter acquired by the Port pursuant to Section 7 of this resolution to effect the refunding of the Refunded Bonds.

***Bank*** means Umpqua Bank, Roseville, California, and any business successor thereto.

***Bond*** means the Port of Port Angeles, Washington, Limited Tax General Obligation Refunding Bond, 2015 in the principal amount of not to exceed \$3,350,000, issued pursuant to this resolution.

***Bond Fund*** means the Port of Port Angeles General Obligation Bond Redemption Fund maintained in the office of the Treasurer of the Port.

***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 Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

**Bond Register** means the registration records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

**Bond Registrar**, initially, means the Treasurer. At any time following the issuance of the Bond, however, the Treasurer may determine to appoint a different Bond Registrar, including, but not limited to the fiscal agency of the State of Washington. The term **Bond Registrar** also shall include any successor Bond Registrar appointed by the Treasurer as permitted by law.

**Call Date** means December 1, 2015.

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

**Commission** means the legislative body of the Port, or any successor thereto as provided by law.

**Costs of Issuance Agreement** means the agreement of that name, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Bond, substantially in the form attached hereto as Exhibit B.

**Date of Issue** means the date of issuance and delivery of the Bond.

**Designated Port Representative** means the Executive Director or the Deputy Executive Director/Finance Director of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

**Escrow Agent** means U.S. Bank National Association, Seattle, Washington.

**Escrow Agreement** means the Escrow Deposit Agreement between the Port and the Escrow Agent authorized to be executed pursuant to Section 7 of this resolution substantially in the form attached hereto as Exhibit A.

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

**Interest Rate** means a fixed rate of 2.29% per annum; or 5.29% in the event of a default of payment of principal or interest when due for which cure periods have expired; or 3.79% in the event of a failure by the Port to comply with the covenants in Section 12(a) of this resolution for which cure periods have expired; or 2.54% in the event the Port no longer maintains its primary banking relationship with the Bank.

***Maturity Date*** means December 1, 2025.

***Port*** means the Port of Port Angeles, Washington, a political subdivision duly organized and existing 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 2006 Bonds maturing on and after December 1, 2016.

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

***2006 Bonds*** mean the Port's Limited Tax General Obligation Bonds, 2006, issued under date of April 20, 2006.

***2006 Bond Resolution*** means Resolution No. 06-939 adopted by the Commission on March 27, 2006, authorizing the issuance of the 2006 Bonds.

***Treasurer*** means the Finance Director of the Port pursuant to RCW 53.36.010 or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

**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. Authorization of Bond.** The Port shall issue and sell to the Bank its limited tax general obligation refunding bond in the principal amount of not to exceed \$3,350,000 (the “Bond”) to provide funds to refund the Refunded Bonds and to pay costs of issuance. The Bond shall be designated “Port of Port Angeles, Washington, Limited Tax General Obligation Refunding Bond, 2015,” shall be dated as of the date of its delivery to the Bank, shall be fully registered as to both principal and interest, shall be issued as a single fully registered bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall bear interest on unpaid principal from its date or the most recent date to which interest has been paid at the Interest Rate. Interest on the Bond shall be calculated on the basis of a 360-day year and twelve 30-day months. Installments of

principal and interest are payable in accordance with the payment schedule set forth in the Bond. The Bond will be amortized to provide for approximately equal annual debt service. The Bank will provide the Treasurer with an amortization schedule prior to the Date of Issue. The final payment of all outstanding principal, together with interest thereon, is due and payable on the Maturity Date.

The Port understands that the Bank will make a loan by purchasing the Bond under the following additional conditions: (i) the Bond is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Bank will hold the Bond as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Bond; (iv) no official Statement has been or will be prepared in connection with the private placement of the Bond with the Bank; (v) the Bond will not close through The Depository Trust Company or any similar repository and will not be in book entry form; and (vi) the Bond is not listed on any stock or other securities exchange.

Section 3. Registration and Payments. The Port hereby requests that the Treasurer act as the Bond Registrar. The duties of the Bond Registrar hereunder shall be limited to authenticating the Bond and to remitting money to the Bank on the payment dates as provided therein. The Bond shall not be transferable, except in whole to a financial institution. The Treasurer may determine at any time that she no longer wishes to act as Bond Registrar and thereupon appoint a successor Bond Registrar, which may or may not be the fiscal agency of the State of Washington. The Bond Registrar is authorized, on behalf of the Port, to authenticate and deliver the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check, wire, or electronic transfer on the date due to the Bank. Upon the payment of the final installment of principal on the Bond and all accrued and unpaid interest on the Bond, the Bond shall be deemed paid and cancelled.

Section 4. Prepayment. The Bond may be prepaid in whole or in part on any date. Up to 10% of the outstanding principal amount of the Bond may be prepaid each Bond Year with no prepayment penalty or call premium, as long as the source of

proceeds is not a refinancing of the Bond with another bank. The Bank will charge a 5% fee on any amounts prepaid during the first, second and third Bond Years; a 4% fee on any amounts paid during the fourth, fifth and sixth Bond Years; a 3% fee on any amounts paid during the seventh Bond Year; a 2% fee on any amounts paid during the eighth Bond Year; and a 1% fee on any amounts prepaid during the ninth Bond Year. Any prepayment amount paid after Bond Year nine shall be made without a fee, penalty, additional interest or charges. A partial prepayment with respect to the Bond shall not result in a change to its amortization schedule, and the Bond shall not be re-amortized but will result in an adjustment to the principal and interest portions of subsequent debt service payments and earlier retirement of the Bond.

For purposes of this Section 4, the first Bond Year shall be calculated based on the one year period following the date of issuance of the Bond with each subsequent Bond Year being a period of one year following the prior Bond Year.

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

UNITED STATES OF AMERICA

NO. R-1 \$[\_\_\_\_\_]

STATE OF WASHINGTON  
 PORT OF PORT ANGELES  
 LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2015

INTEREST RATE: 2.29%, or the Interest Rate as defined in the Bond Resolution

MATURITY DATE: DECEMBER 1, 2025

REGISTERED OWNER: UMPQUA BANK  
 2998 Douglas Blvd., Suite 100  
 Roseville, CA 95765

TAX IDENTIFICATION #: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100  
 DOLLARS

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, the Principal Amount specified above, together with interest thereon, at the Interest Rate specified above, with principal of and interest on this bond payable in monthly installments, in the amounts determined as provided in Resolution No. 15-1106 of the Port Commission (the "Bond Resolution"). Interest shall be calculated on the basis of a 360-day year and twelve 30-day months. Principal of and interest on this bond shall be repaid in installments as set forth below:



AMORTIZATION SCHEDULE

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check or draft of the Port of Port Angeles Treasurer as the initial registrar, authenticating agent and paying agent (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation.

This bond is issued pursuant to the Bond Resolution to provide funds to refund the callable portion of the 2006 Bonds and to pay costs of issuance. Capitalized terms appearing on this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

This bond may be prepaid as provided in the Bond Resolution.

This bond is not transferable, except in whole to a financial institution.

This bond is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The Port has designated this bond as a "qualified tax-exempt obligation" under Section 265(b) of the Code for investment by 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 this bond 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 bond 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.

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 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 corporate seal of the Port to be impressed or a facsimile thereof reproduced hereon as of the \_\_\_\_ day of \_\_\_\_\_, 2015.

[SEAL]

PORT OF PORT ANGELES,  
WASHINGTON

By \_\_\_\_\_  
James D. Hallett  
President, Port Commission

ATTEST:

\_\_\_\_\_  
Colleen M. McAleer  
Secretary, Port Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_, 2015

This is the Limited Tax General Obligation Refunding Bond, 2015, of Port of Port Angeles, Washington, as described in the within mentioned Bond Resolution and dated \_\_\_\_ day of \_\_\_\_\_, 2015.

TREASURER OF THE PORT OF  
PORT ANGELES, Bond Registrar

By \_\_\_\_\_  
Karen Goschen, Treasurer

Section 6.    Execution of Bond. The Bond shall be executed on behalf of the Port with the manual or facsimile signatures of the President and Secretary of the Port Commission. The Bond shall be valid or obligatory for any purpose or entitled to the benefits of this resolution only if the Certificate of Authentication in the form hereinbefore recited has been manually executed by or on behalf of the Bond Registrar or its duly designated agent.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the Port before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the Port, such Bond 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. The Bond may also be signed and attested on behalf of the Port by such persons who are at the thee actual date of delivery of the Bond, the proper officers of the Port although at the original date of the Bond any such person shall not have been such officer of the Port.

Section 7. Application of Bond Proceeds; Refunding Procedures.

(a) *Application of Bond Proceeds.* The net proceeds of sale of the Bond shall be remitted to the Escrow Agent and shall be used immediately upon receipt thereof to defease the Refunded Bonds and to pay related costs of issuance. The Escrow Agent may hold proceeds in cash and/or purchase certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- (1) Interest on the Refunded Bonds as such become due on and prior to the Call Date; and
- (2) The redemption price (100% of par) of the Refunded Bonds on the Call Date.

(b) *Escrow Agent and Escrow Agreement.* The Port hereby appoints U.S. Bank National Association as the Escrow Agent for the Refunded Bonds (the "Escrow Agent"). A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The Port will also provide to the Escrow Agent an amount from Port funds sufficient to pay the interest on the 2006 Bonds coming due on December 1, 2015, and the principal of the 2006 Bonds maturing on December 1, 2015. The proceeds of the Bond remaining after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Bond. The Designated Port Representative is authorized and directed to execute and deliver to the Escrow Agent an Escrow Agreement and a Costs of Issuance Agreement, each substantially in the forms attached to this resolution as Exhibit A and Exhibit B, with such changes or modifications as the Designated Port Representative, with the advice of bond counsel to the Port, consider necessary or advisable.

The Port hereby irrevocably sets aside for and pledges to the payment of the Refunded Bonds the moneys and obligations to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance

of the Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired, the Port may cause any remaining money to be transferred to the Bond Fund for the purposes set forth above.

Section 8. Bond Fund; Pledge of Funds and Credit. A special fund of the Port known as the “Port of Port Angeles General Obligation Bond 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 Bond 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. Tax Covenants; Special Designation.

(a) *Arbitrage Covenant.* The Port hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the Port that may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code that will cause the Bond to be an “arbitrage bond” 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 Bond) and the applicable Regulations thereunder throughout the term of the Bond.

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

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

(2) More than 10% of the principal or interest payments on the Bond 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 Bond are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond 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 Bond 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 Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond.

(c) *Designation under Code Section 265(b)*. The Port hereby designates the Bond as a “qualified tax-exempt obligation” 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 2015 (excluding obligations permitted by the Code to be excluded for purposes of the Port’s qualification as a qualified small issuer).

Section 10. Sale of the Bond. The Port hereby ratifies and confirms its acceptance of the Bank’s term sheet dated August 11, 2015, to purchase the Bond on

the terms specified therein and in this resolution. To the extent there are inconsistent terms between this resolution and the Bank's term sheet, the terms in this resolution shall prevail. The proper Port officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bank and for the proper application and use of the proceeds of the Bond. 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 fees and expenses of the Bank and other retained services, including Bond Counsel, escrow agent, financial advisory services, escrow structuring services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 11. Undertaking to Provide Ongoing Disclosure. The Port is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

Section 12. Additional Covenants.

(a) *Financial and Budget Information.* The Port shall:

(1) Post to the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access internet website, post to the Port's internet website, or to deliver directly to the Bank, its audited annual financial statements on or before nine months after the end of the Port's fiscal year. If audited annual financial statements are not available, the Port may post its unaudited annual financial statements and subsequently post its audited annual financial statements within 15 days when such audited report becomes available. 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 Bank. In lieu of providing such annual financial information, the Port may cross refer to other documents available to the public on the MSRB's internet website or filed with the U.S. Securities and Exchange Commission;

(2) Post to the Port's internet website its annual revenue and expense budget, in substantially the form that has been provided to the Bank, including annual budgeting for interest on the Bond, within 15 day of adoption;

(3) Post to the Port's internet website its 2nd Quarter Actual to Budget Variance Report – Operations, in substantially the form that has been provided to the Bank, within 15 days of approval; and

(4) Provide to the Bank such other financial information of the Port as the Bank may from time to time reasonably request.

The Port shall have 30 days after written notice from the Bank in which to cure a failure to comply with the covenants in this subsection (a), or a default of payment of principal or interest when due on the Bond.

(b) *Cost of Enforcement.* If legal action is taken by the Bank to enforce the provisions of this resolution or the Bond, the Bank, if it prevails, shall be entitled to its reasonable attorneys' fees and costs, including fees and costs at trial, on appeal, in any bankruptcy or insolvency proceeding, in any arbitration proceeding, or otherwise, including any allocated costs of in-house counsel.

(c) *Bank Counsel Fees.* Upon a successful closing of the Bond, the Port shall pay costs of the Bank's legal counsel, estimated not to exceed \$5,000. If the Port elects not to close the sale of the Bond notwithstanding the Bank's willingness to purchase, the Port shall be responsible for payment of these fees.

Section 13. 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 Bond.

Section 14. Effective Date. This resolution shall become effective immediately upon its passage and approval.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Port Angeles, Washington held this 8th day of September, 2015.

PORT OF PORT ANGELES,  
WASHINGTON

By: 

James D. Hallett  
President and Commissioner

By: 

John M. Calhoun  
Vice President and Commissioner

By: 

Colleen M. McAleer  
Secretary and Commissioner



**EXHIBIT A**

**ESCROW DEPOSIT AGREEMENT**

**PORT OF PORT ANGELES, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2015**

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of \_\_\_\_\_, 2015 (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between PORT OF PORT ANGELES, WASHINGTON (herein called the "Port") and U.S. BANK NATIONAL ASSOCIATION, SEATTLE, WASHINGTON, as Escrow Agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Port and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

**WITNESSETH:**

**WHEREAS**, the Port has issued and there presently remain outstanding the obligations described in Exhibit B (the "Refunded Bonds"); and

**WHEREAS**, pursuant to Resolution No. 15-1106 adopted on September 8, 2015 (the "Bond Resolution"), the Port has determined to issue its Limited Tax General Obligation Refunding Bond, 2015 (the "Bond") for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

**WHEREAS**, the Escrow Agent has reviewed this Agreement and the Bond Resolution, and is willing to serve as Escrow Agent; and

**WHEREAS**, pursuant to the Bond Resolution, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in the amount and at the time set forth in Exhibit C; and

**WHEREAS**, A. Dashen & Associates has prepared an escrow sufficiency certificate that is dated \_\_\_\_\_, 2015 (the "Verification Report") relating to the sources and uses of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

**WHEREAS**, when Escrowed Funds have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

**WHEREAS**, the Bond has been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the redemption price of the Refunded Bonds as shown on Exhibit C; and

**WHEREAS**, the Port desires that, concurrently with the delivery of the Bonds to the purchasers, the proceeds of the Bonds, together with certain other available funds of the Port, shall be held uninvested in the Escrow Fund hereinafter defined as the “Escrowed Funds” for deposit to the credit of the Escrow Fund and to establish a beginning cash balance (if needed) in the Escrow Fund; and

**WHEREAS**, simultaneously herewith, the Port is entering into a Costs of Issuance Agreement with the Escrow Agent to provide for the payment of costs of issuance relating to the Bond;

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the Port and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **Article 1. Definitions**

### **Section 1.1. Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

*Escrow Fund* means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

*Escrowed Funds* means the deposit referred to in Exhibit D.

*Government Obligations* means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations – State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

*Paying Agent* means the fiscal agency of the state of Washington, as the paying agent for the Refunded Bonds.

### **Section 1.2. Other Definitions.**

The terms “Agreement,” “Bond,” “Port,” “Escrow Agent,” “Bond Resolution,” and “Refunded Bonds,” and “Verification Report” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

### **Section 1.3. Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any

way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

## **Article 2. Deposit of Funds and Escrowed Funds**

### **Section 2.1. Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Bond the Port shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Escrowed Funds described in Exhibit D, sufficient to redeem the Refunded Bonds, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Port in writing.

## **Article 3. Creation and Operation of Escrow Fund**

### **Section 3.1. Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Escrow Fund. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Escrow Fund the funds described in Exhibit D. Such deposit, all proceeds therefrom, and all cash balances on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Port, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.2. Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their redemption date and interest thereon to such redemption date in the amounts and at the times shown in Exhibit C.

### **Section 3.3. Sufficiency of Escrow Fund.**

The Port represents that, based upon the information provided by A. Dashen & Associates, the cash balance on deposit in the Escrow Fund will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds and the principal of the Refunded Bonds on the redemption date, all as more fully set forth in Exhibit E. If, for any reason, at any time, the cash balance on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2, the Port shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor,

additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Port's failure to make additional deposits.

#### **Section 3.4. Trust Fund.**

The Escrow Agent shall hold at all times the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrow Fund shall always be maintained by the Escrow Agent as a trust fund for the benefit of the owners of the Refunded Bonds; and a special account shall at all times be maintained on the books of the Escrow Agent. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Port, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement.

### **Article 4. Limitation on Investments**

#### **Section 4.1. Investments.**

The Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder.

### **Article 5. Application of Cash Balances**

#### **Section 5.1. In General.**

Except as provided in Sections 2.1, and 3.2, no withdrawals, transfers or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent as cash balances as shown on the books and record of the Escrow Agent.

### **Article 6. Redemption of Refunded Bonds**

#### **Section 6.1. Call for Redemption.**

The Port hereby irrevocably calls the Refunded Bonds for redemption on their earliest redemption date, as shown in the Verification Report and on Appendix A attached hereto.

#### **Section 6.2. Notice of Redemption/Notice of Defeasance.**

The Escrow Agent agrees to give a notice of defeasance and a notice of the redemption of the Refunded Bonds pursuant to the terms of the Refunded Bonds and in substantially the forms attached as and as described in Appendices A and B to the Paying Agent for distribution as described therein. The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with the resolution

authorizing the Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

## **Article 7. Records and Reports**

### **Section 7.1. Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Funds deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

### **Section 7.2. Reports.**

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Port a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments of the Escrowed Funds and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Funds and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **Article 8. Concerning the Paying Agent and Escrow Agent**

### **Section 8.1. Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 8.2. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund, except for the obligation to notify the Port promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bond shall be taken as the statements of the Port and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

It is the intention of the parties that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Port with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Port or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Port at any time.

### **Section 8.3. Successor Escrow Agents.**

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Port, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Port within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Port, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this Section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Port and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon

the request of any such successor Escrow Agent, the Port shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.3 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **Article 9. Miscellaneous**

### **Section 9.1. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Port or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

### **Section 9.2. Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Port, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 9.3. Binding Agreement.**

This Agreement shall be binding upon the Port and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the Port, the Escrow Agent and their respective successors and legal representatives.

### **Section 9.4. Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### **Section 9.5. Washington Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the state of Washington.



**Section 9.6. Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 9.7. Notice to Moody's.**

In the event that this agreement or any provision thereof is severed, amended or revoked, the Port shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds.

**Section 9.8. Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

**EXECUTED** as of the date first written above.

**PORT OF PORT ANGELES,  
WASHINGTON**

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Designated Port Representative

**U.S. BANK NATIONAL ASSOCIATION**

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Authorized Signer

- Exhibit A - Addresses of the Port and the Escrow Agent
- Exhibit B - Description of the Refunded Bonds
- Exhibit C - Schedule of Debt Service on Refunded Bonds
- Exhibit D - Description of Beginning Cash Deposit (if any)
- Exhibit E - Escrow Fund Cash Flow
- Appendix A - Notice of Redemption for the Refunded Bonds
- Appendix B - Notice of Defeasance for the Refunded Bonds

**EXHIBIT A**

**Addresses of the Port and Escrow Agent**

**Port:** Port of Port Angeles  
338 W. First Street  
Port Angeles, WA 98362  
Attention: Deputy Executive Director/Finance Director

**Escrow Agent:** U.S. Bank National Association  
Corporate Trust Services PD-WA-T7CT  
1420 Fifth Avenue, 7th Floor  
Seattle, WA 98101  
Attention: Vice President

**EXHIBIT B**

**Description of the Refunded Bonds**

**Port of Port Angeles, Washington  
Limited Tax General Obligation Bonds, 2006  
(the "2006 Bonds")**

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2015	\$255,000	4.75%
2016	265,000	4.75
2017	100,000	4.25
2017	175,000	4.75
2018	290,000	4.25
2019	305,000	4.25
2021*	645,000	4.15
2022	340,000	4.25
2023	355,000	4.25
2024	370,000	4.25
2025	385,000	4.25

\* Term Bonds

**EXHIBIT C**

**Schedule of Debt Service on the Refunded Bonds**

<b>Date</b>	<b>Interest</b>	<b>Principal/ Redemption Price</b>	<b>Total</b>
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**EXHIBIT D**

**Escrow Deposit**

**I. Cash Deposit: \$\_\_\_\_\_**

**EXHIBIT E**

**Escrow Fund Cash Flow**

<u>Date</u>	<u>Escrow Requirement</u>	<u>Net Escrow Receipts</u>	<u>Excess Receipts</u>	<u>Cash Balance</u>
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**APPENDIX A**  
**Notice of Redemption\***  
**Port of Port Angeles, Washington**  
**Limited Tax General Obligation Bonds, 2006**

NOTICE IS HEREBY GIVEN that the Port of Port Angeles, Washington, has called for redemption on December 1, 2015, the following described outstanding Limited Tax General Obligation Bonds, 2006 (the "Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to December 1, 2015. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Ave E.  
St. Paul, MN 55107

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on December 1, 2015.

The following Bonds are being redeemed:

Maturity Date (December 1)	Principal Amount	Interest Rate	CUSIP No.
2016	\$265,000	4.75%	733425EK4
2017	100,000	4.25	733425EL2
2017	175,000	4.75	733425EP3
2018	290,000	4.25	733425EM0
2019	305,000	4.25	733425EN8
2021	645,000	4.15	733425EQ1
2022	340,000	4.25	733425ER9
2023	355,000	4.25	733425ES7
2024	370,000	4.25	733425ET5
2025	385,000	4.25	733425EU2

**By Order of Port of Port Angeles, Washington**

**U.S. Bank National Association, as Paying Agent**

Dated: \_\_\_\_\_.

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\* This notice shall be given not more than 60 nor less than 30 days prior to December 1, 2015, by first-class mail to each registered owner of the 2006 Bonds, The Depository Trust Company, Piper Jaffray & Co. (formerly Seattle-Northwest Securities Corporation), Moody's Investors Service, Ambac Assurance Corporation, and to the Municipal Securities Rulemaking Board.

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

**APPENDIX B**  
**Notice of Defeasance\***  
**Port of Port Angeles, Washington**  
**Limited Tax General Obligation Bonds, 2006**

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated \_\_\_\_\_, 2015, and between Port of Port Angeles, Washington (the "Port") and U.S. Bank National Association, Seattle, Washington (the "Escrow Agent"), the Port has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the respective maturity or redemption date of such bonds so provided for, the principal thereof and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Resolution No. 06-939 of the Port, authorizing the issuance of the Defeased Bonds but will be paid by application of the assets of such escrow account.

The Defeased Bonds are described as follows:

Limited Tax General Obligation Bonds, 2006 (April 20, 2006)

Maturity Dates (December 1)	Principal Amounts	Interest Rates	CUSIP No.	Call Date (100%)
2015	\$255,000	4.75%	733425EJ7	N/A
2016	265,000	4.75	733425EK4	12/1/2015
2017	100,000	4.25	733425EL2	12/1/2015
2017	175,000	4.75	733425EP3	12/1/2015
2018	290,000	4.25	733425EM0	12/1/2015
2019	305,000	4.25	733425EN8	12/1/2015
2021	645,000	4.15	733425EQ1	12/1/2015
2022	340,000	4.25	733425ER9	12/1/2015
2023	355,000	4.25	733425ES7	12/1/2015
2024	370,000	4.25	733425ET5	12/1/2015
2025	385,000	4.25	733425EU2	12/1/2015

Information for Individual Registered Owner

The addressee of this notice is the registered owner of Bond Certificate No. \_\_\_\_\_ of the Defeased Bonds described above, which certificate is in the principal amount of \$\_\_\_\_\_.

Dated \_\_\_\_\_, 2015

U.S. Bank National Association, as Escrow Agent

\* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company, Piper Jaffray & Co. (formerly Seattle-Northwest Securities Corporation), Moody's Investors Service, Ambac Assurance Corporation, and to the Municipal Securities Rulemaking Board.

**EXHIBIT B**

**COSTS OF ISSUANCE AGREEMENT**

**PORT OF PORT ANGELES, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2015**

**THIS COSTS OF ISSUANCE AGREEMENT**, dated as of \_\_\_\_\_, 2015 (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between the PORT OF PORT ANGELES, WASHINGTON, (herein called the "Port") and U.S. BANK NATIONAL ASSOCIATION, SEATTLE, WASHINGTON, as Escrow Agent (herein, together with any successor in such capacity, called the "Escrow Agent").

**WITNESSETH:**

**WHEREAS**, pursuant to Resolution No. 15-1106 of the Port, adopted on September 8, 2015 (the "Resolution"), the Port has determined to issue its Limited Tax General Obligation Refunding Bond, 2015 (the "Bonds") for the purpose of providing funds to pay the costs of refunding certain outstanding bonds of the Port; and

**WHEREAS**, simultaneously herewith, the Port is entering into an Escrow Deposit Agreement, dated \_\_\_\_\_, 2015 under which the Escrow Agent will hold invested proceeds of the Bond in order to pay and redeem the refunded bonds under the terms set forth therein; and

**WHEREAS**, certain proceeds of the Bond will be delivered to the Escrow Agent on the date of issuance of the Bond that are required to be disbursed to pay costs of issuance of the Bond; and

**WHEREAS**, the Escrow Agent has agreed, without additional compensation to disburse the Bond proceeds received to pay costs of issuance under the terms of this Agreement;

**Section 1. Deposit in the Costs of Issuance Fund.**

The Escrow Agent has created on its books a special trust fund and escrow fund to be known as the Costs of Issuance Fund. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Costs of Issuance Fund Account the sum of \$\_\_\_\_\_ to pay those costs of issuance set forth on Exhibit A. Such deposit, all proceeds therefrom, and all cash balances on deposit therein shall be the property of the Costs of Issuance Fund to pay those costs of issuance set forth on Exhibit A upon receipt of invoices. If any of the \$\_\_\_\_\_ deposit allocated for costs of issuance for the Bond remains unspent on \_\_\_\_\_, 2015, the Escrow Agent shall transfer such unspent amount to the Port, and this Agreement shall be deemed fully performed and terminated.

**Section 2. Investments.**

The Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder.

**Section 3. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the costs of issuance identified herein shall be limited to the proceeds of the Bond delivered to the Escrow Agent.

**Section 4. Compensation.**

The Port shall pay to the Escrow Agent fees for performing the services hereunder and under the Escrow Deposit Agreement for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement and the Escrow Deposit Agreement pursuant to the terms of the Fee Schedule attached as Exhibit B. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against funds held under the Escrow Deposit Agreement for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

**Section 5. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Port or the Escrow Agent at the address shown on Exhibit A to the Escrow Deposit Agreement.

**Section 6. Washington Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the state of Washington.

**EXECUTED** as of the date first written above.

**PORT OF PORT ANGELES,  
WASHINGTON**

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Designated Port Representative

**U.S. BANK NATIONAL ASSOCIATION**

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Authorized Signer

Exhibit A - Costs of Issuance Schedule  
Exhibit B - Fee Schedule

**EXHIBIT A**

**Costs of Issuance:**

Escrow Agent Fee (U.S. Bank National Association) .....	\$
Bank's Counsel Fee .....	
Bond Counsel Fee (K&L Gates LLP) .....	
Financial Advisor Fee (A. Dashen & Associates).....	_____
Total:.....	\$ <u>          </u>



**EXHIBIT B**

**Fee Schedule**

## CERTIFICATE

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

1. That the attached resolution is a true and correct copy of Resolution No. 15-1106 of the Commission (the "Resolution"), duly passed at a regular meeting thereof held on the 8th day of September, 2015.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a 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 the 8th day of September, 2015.



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Secretary, Port Commission