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William Shore Memorial Pool District

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COMMISSIONERS

MICHAEL CHAPMAN, BRAD COLLINS, MIKE DOHERTY, PATRICK DOWNIE, GARY HOLMQUIST

RESOLUTION 3, 2013

A RESOLUTION of the Board of Metropolitan Park Commissioners of William Shore Memorial Park District, Clallam County, Washington, relating to contracting indebtedness; accepting the proposal of Kitsap Bank in Port Angeles, Washington, to purchase a limited tax general obligation bond payable from taxes and other revenues of the District; authorizing the issuance of the bond in an aggregate principal amount of \$650,000 to provide the funds necessary to construct energy efficiency improvements to the District's pool, pay the costs of issuance of the bond, and repay a portion of the outstanding balance on a line of credit that is allocated to capital improvements; fixing the form, terms and covenants of the bond; creating a special fund for the payment of the bond; and providing for the delivery of the bond to Kitsap Bank.

Adopted April 23, 2013

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BE IT RESOLVED BY THE BOARD OF METROPOLITAN PARK COMMISSIONERS OF WILLIAM SHORE MEMORIAL PARK DISTRICT, CLALLAM COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words and phrases shall have the meanings set forth herein.

- (a) "Bank" means Kitsap Bank, or its corporate successor.
- (b) "Board" means the Board of Metropolitan Park Commissioners of the District.
- (c) "Bond" means the District's Limited Tax General Obligation Bond, 2013 in the principal amount \$650,000 issued pursuant to this resolution.
- (d) "Bond Fund" means the District's Limited Tax General Obligation Bond Fund, 2013 established pursuant to Section 12 in the office of the Treasurer as a special account for the purpose of paying principal of and interest on the Bond.
- (e) "Bond Register" means the books or records maintained by the Bond Registrar for the purpose of registration of the Bond.
- (f) "Bond Registrar" means the Treasurer of the District.
- (g) "Business Day" means any day of the year other than (i) a Saturday or Sunday, (ii) any day on which banks located in the city in which the District, the Bond Registrar or the office of the Bank at which draws are required to be presented is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.
- (h) "Code" means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

- (i) "County" means Clallam County, Washington.
- (j) "District" means William Shore Memorial Pool District, Clallam County, Washington.
- (k) "Executive Director" means the Executive Director of the District.
- (l) "Issue Date" means the date of delivery of the Bond to the Bank in exchange for the purchase price of the Bond.
- (m) "Line of Credit" means the not to exceed \$750,000 line of credit with the County pursuant to the Cooperation Agreement relating to Financing Matters for the William Shore Memorial Pool District between the County and the District dated June 8, 2010.
- (n) "Maturity Date" means the date that is 10 years after the Issue Date.
- (o) "Project" means constructing energy efficiency improvements to the District's pool.
- (p) "Purchase Offer" means the Bank's purchase offer dated March 25, 2013, on file with the Executive Director and incorporated herein by this reference.
- (q) "Treasurer" or "Treasurer of the District" means the Treasurer of Clallam County, Washington, *ex officio* treasurer of the District.

Section 2. Findings and Determinations. The Board makes the following findings and determinations.

(a) The District is a duly organized and legally existing metropolitan park district organized under chapter 35.61 RCW, incorporated pursuant to an approving vote of its residents on May 19, 2009 and certified on June 3, 2009.

(b) The District is in need of carrying out the Project, the estimated cost of which is more than \$650,000, and the District does not have available sufficient funds to pay the cost.

(c) The aggregate amount of draws outstanding on the Line of Credit that are allocated to capital improvements is \$264,851, and the District may repay all or part of such outstanding balance at any time, but each draw must be repaid no later than June 1 of the calendar year following the calendar year in which the draw was made. All draws under the Line of Credit mature on June 1, 2014. In order to modify debt service requirements and other terms of the Line of Credit in accordance with RCW 39.43.020, the Board finds that it is in the best interest of the District and its taxpayers to use proceeds of the Bond in excess of the cost of the Project and the cost of issuing the Bond, if any, to repay a portion of the outstanding balance on Line of Credit that is allocated to capital improvements.

(d) Under the terms of the Line of Credit, the District agreed to obtain the County's written consent prior to issuing any additional general obligation debt and the County has provided written consent for the District to issue the Bond for the purposes set forth in this resolution.

(e) The Bank has offered to purchase the Bond under the terms of the Purchase Offer and the terms and conditions set forth herein.

(f) For the purpose of providing the funds necessary to carry out the Project, pay the costs of issuance and sale of the Bond, and repay a portion of the outstanding balance on Line of

Credit that is allocated to capital improvements, the Board finds that it is in the best interests of the District and its taxpayers to issue and sell the Bond to the Bank.

Section 3. Authorization and Description of Bond. The District shall borrow money on the credit of the District and issue a negotiable limited tax general obligation bond evidencing indebtedness in the amount of \$650,000 to provide the funds necessary to carry out the Project, pay the costs of issuance and sale of the Bond, and repay a portion of the outstanding balance on the Line of Credit that is allocated to capital improvements.

The Bond shall be called the Limited Tax General Obligation Bond, 2013 of the District and shall be issued as a single bond in the aggregate principal amount of \$650,000. The Bond shall be dated as of the Issue Date; shall be issued in fully registered form; shall be numbered R-1; and shall mature on the Maturity Date.

Section 4. Interest; Payment Schedule. The outstanding principal of the Bond shall bear interest at a rate of 3.25% per annum (computed on the basis of a 360-day year of twelve 30-day months). The outstanding amount of the Bond shall be amortized to the Maturity Date, with approximately equal semi-annual installments of principal and interest payable on April 30 and October 31 of each year, beginning October 31, 2013, through and including the Maturity Date, subject to prepayment as provided in Section 7.

Section 5. Bond Registrar; Registration and Transfer of Bond. The Treasurer is appointed to act as the Bond Registrar for the Bond. The Bond shall be issued to the Bank only in registered form as to both principal and interest. The Bond Register shall contain the name and mailing address of the owner of the Bond. When the Bond has been paid in full, both principal and interest, the Bond shall be surrendered by the owner to the Bond Registrar, who shall cancel the Bond.

The Bond may be assigned or transferred only (i) in whole to a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, (ii) if endorsed in the manner provided thereon and surrendered to the Bond Registrar and (iii) upon the assignee or transferee acknowledging in writing to the District that such assignee or transferee has received information regarding the District and the Bond sufficient to comply with the requirements of Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended.

The Bond Registrar shall keep, or cause to be kept, at its office, sufficient books for the registration of the Bond. The Bond Registrar shall serve as the District's authenticating agent, registrar and paying agent for the Bond and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the District's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond. The Bond shall state on its face that the principal of and interest on the Bond shall be paid only to the owner thereof registered as such on the Bond Register as of the record date set forth therein and to no other person or entity.

Section 6. Payment of Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond shall be paid by electronic funds transfer, or by checks or drafts of the Bond Registrar mailed on the payment date to the registered owner at the address appearing on the Bond Register on the second Business Day preceding the payment date.

Section 7. Prepayment of Bond. The District reserves the right and option to prepay the Bond in whole or in part at any time prior to the Maturity Date at the prices plus accrued interest to the date of prepayment, as follows:

Prepayment Date (From Issue Date)	Prepayment Price
1 year	104.0%
2 years or less (but more than 1 year)	103.0
3 years or less (but more than 2 years)	102.0
4 years or less (but more than 3 years)	101.0
More than 4 years	100.0

After any partial prepayment, the remaining semiannual installment payments shall be recalculated to reflect a reduction in the required semiannual payment amount unless the District requests in writing that it be adjusted to reflect an earlier Maturity Date in which case, the revised payment schedule shall be as mutually agreed upon, in writing, by the District and the Bank. Within seven Business Days after any partial prepayment, the Bank shall provide to the District and the Bond Registrar a revised payment schedule.

Section 8. Failure to Pay Bond. If the Bond is not paid when properly presented at its prepayment date or the Maturity Date, the District shall be obligated to pay interest on the Bond at the same rate provided in the Bond until the Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the owner.

Section 9. Pledge of Taxes. For as long as the Bond is outstanding, the District irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and statutory tax limitations applicable to taxes levied without a vote of the electors of the District, on all of the taxable property within the District in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bond. The full faith, credit and resources of the District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 10. Preservation of Tax Exemption for Interest on the Bond.

(a) Preservation of Tax Exemption for Interest on the Bond. The District covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the District treated as proceeds of the Bond at any time during the term of the Bond which will cause interest on the Bond to be included in gross income for federal income tax purposes.

(b) Post-Issuance Compliance. The Executive Director is authorized and directed to adopt and implement the District's written procedures to facilitate compliance by the District with the covenants in this Section 10 and the applicable requirements of the Code that must be satisfied after the Issue Date to maintain the tax treatment of the Bond and the receipt of interest thereon.

(c) Designation of Bond as "Qualified Tax-Exempt Obligations." The District designates the Bond as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(i) the Bond is not a "private activity bond" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the District and any entity subordinate to the District (including any entity that the District controls, that derives its authority to issue tax-exempt obligations from the District, or that issues tax-exempt obligations on behalf of the District) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and

(iii) the amount of tax-exempt obligations, including the Bond, designated by the District as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 11. Form and Execution of Bond. The Bond shall be prepared in a form consistent with the provisions of this resolution and Washington state law and shall be signed in the corporate name of the District by the Chair and the Clerk of the Board of Metropolitan Park Commissioners, either or both of whose signatures may be manual or in facsimile.

Only if the Bond contains a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall the Bond be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This Bond is the fully registered William Shore Memorial Pool District, Clallam County, Washington, Limited Tax General Obligation Bond, 2013." The authorized signing of the Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose signature appears on the Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her signature is authenticated or delivered by the Bond Registrar or issued by the District, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. The Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Section 12. Bond Fund and Application of Bond Proceeds. There is created and established in the office of the Treasurer a special fund designated as the Limited Tax General Obligation Bond Fund, 2013, for the purpose of paying principal of and interest on the Bond. All taxes and other revenues collected for and allocated to the payment of the principal of and interest on the Bond shall be deposited in the Bond Fund.

There is created and established in the office of the Treasurer a special fund designated as the Capital Improvement Fund (301) (the "Project Fund"). The proceeds of the Bond shall be deposited into the Project Fund and used to pay the costs of the Project and the costs of issuance and sale of the Bond. Any proceeds of the Bond not needed to pay the costs of the Project and the costs of issuance and sale of the Bond shall be used to repay a portion of the outstanding balance on the Line of Credit that is allocated to capital improvements on or before June 1, 2014. Until needed to pay those costs, the District may invest such proceeds in the Project Fund temporarily in any legal investment, and the investment earnings may be retained in the Bond Fund and spent for the purposes of that fund.

Section 13. Acceptance of Purchase Offer. The Bank has submitted a proposal to purchase the Bond under the terms and conditions of this resolution and the Purchase Offer. The Board finds that accepting the Purchase Offer is in the District's best interest and therefore authorizes the Executive Director to accept the Purchase Offer. The Bond will be prepared at District expense and will be delivered to the Bank in accordance with the Purchase Offer, with the approving legal opinion of Foster

Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bond. The proper District officials are authorized and directed to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application and use of the proceeds of the Bond.

Section 14. General Authorization and Ratification. The appropriate officers of the District are severally authorized and directed to take any actions and to execute documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated by, this resolution (including everything necessary for the prompt delivery of the Bond to the Bank and for the proper application, use and investment of the proceeds of the sale thereof), and all actions heretofore taken in furtherance thereof and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

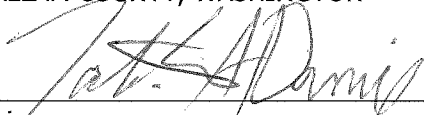
Section 15. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

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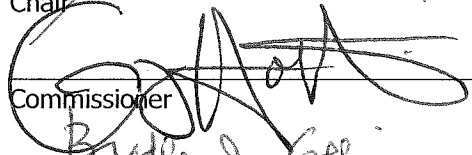
Section 16. Effective Date of Resolution. This resolution shall be in full force and effect upon its adoption in accordance with law.

ADOPTED by the Board of Metropolitan Park Commissioners of William Shore Memorial Pool District, Clallam County, Washington, at a regular open public meeting thereof this 23rd day of April, 2013.

WILLIAM SHORE MEMORIAL POOL DISTRICT
CLALLAM COUNTY, WASHINGTON



Chair



Commissioner




Commissioner



Commissioner

Commissioner

ATTEST:



Clerk of the Board of Metropolitan
Park Commissioners of the District

APPROVED AS TO FORM:

Foster Pepper PLLC, Bond Counsel

CERTIFICATION

I, the undersigned, Clerk of the Board of Metropolitan Park Commissioners of William Shore Memorial Pool District, Clallam County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No. 3, 2013 (the "Resolution") is a full, true and correct copy of a resolution duly passed at a regular meeting of the Board of Metropolitan Commissioners of the District (the "Board") held at the regular meeting place thereof on April 23, 2013, as that Resolution appears on the minute book of the District; and the Resolution is now in full force and effect; and

2. A quorum of the members of the Board was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of April, 2013.

WILLIAM SHORE MEMORIAL POOL DISTRICT,
CLALLAM COUNTY, WASHINGTON



Clerk of the Board of Metropolitan
Park Commissioners of the District