

# **AGENDA- SPECIAL MEETING**

## **WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD of COMMISSIONERS**

Clallam County Courthouse, Room 160

Port Angeles, Washington

December 17<sup>th</sup>, 2019

3:00 p.m.

### **COMMISSIONERS**

CHERIE KIDD, ANNA MANILDI, BILL PEACH, RANDY JOHNSON, MICHAEL MERIDETH

**CALL TO ORDER, PLEDGE OF ALLEGIANCE, ROLL CALL**

**REQUEST FOR MODIFICATIONS/APPROVAL OF AGENDA**

**PUBLIC COMMENT – Agenda Items Only**

### **CONSENT AGENDA**

- Minutes of October 22nd , 2019
- Minutes of November 18th, 2019

### **ACTION ITEMS**

1a IFC for Resolution 07-2019. A Resolution to Issue \$6,800,000 in Park Revenue Bonds (Resolution Attachment)

### **ITEMS FOR DISCUSSION**

1. Staff Report

### **PUBLIC COMMENT**

### **NEXT MEETING DATE**

The next WSMPD meeting will be held on January 28th, 2020 at 3:00 p.m. in the Clallam County Commissioners Board Room, Room 160.

### **ADJOURNMENT**

# MINUTES

## WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD of COMMISSIONERS

Clallam County Courthouse, Room 160

Port Angeles, Washington

October 22<sup>nd</sup>, 2019

3:00 p.m.

### COMMISSIONERS

CHERIE KIDD, ANNA MANILDI, BILL PEACH, RANDY JOHNSON, MICHAEL MERIDETH

### CALL TO ORDER, PLEDGE OF ALLEGIANCE, ROLL CALL

Commissioner Kidd called the meeting to order at 3:00p.m. Also present were Commissioners Manildi, Peach, Johnson, and Merideth.

### REQUEST FOR MODIFICATIONS/APPROVAL OF AGENDA

**ACTION TAKEN: CRJm to approve agenda, CBPs, mc**

### PUBLIC COMMENT – Agenda Items Only

None

### CONSENT AGENDA

--Minutes of August 27th, 2019

**ACTION TAKEN: CRJm to approve, CBPs, mc**

--Minutes of September 24th, 2019

**ACTION TAKEN: CAMm to approve, CBPs, mc**

--Bill ratification for September 2019 in the amount of \$1,158,078.68

**ACTION TAKEN: CRJm to approve, CAMs, mc**

### ACTION ITEMS

1a IFC for Purchase of Van for SPARK Squad Program

**ACTION TAKEN: CMMm to approve, CBPs, mc**

1b IFC to Project Status for Expansion and Renovation Project: September 2019 (Attachments)

**NO ACTION TAKEN**

1c IFC for Appointment to Citizen's Advisory Committee

**ACTION TAKEN: CAMm to approve, CBPs, mc**

1d IFC for TAFY Grant Application for Chemical Dependency & Mental Health Recovery

**NO MOTION TAKEN; VERBAL AGREEMENT & ALL SIGNED LETTER OF SUPPORT**

### PUBLIC HEARING- Opened at 3:20 p.m.

1. IFC for 2020 Budget

*Steve Burke shared a detailed look at the budget with the board. Budget highlights included the levy increase of \$.37 to \$.40, completion of the Renovation & Expansion Project, and facility closure until June 2020. Steve, Jessica, and the board also had conversation about significant wage increases because of new Lifeguard supervision laws and the state's minimum wage increase from \$12.00 to \$13.50.*

### ITEMS FOR DISCUSSION

2a DA Davidson Bond Underwriter Presentation

*Jim Nelson presented the board with relevant bond revenue information. He also shared that the District is timing the financing near a historic low in the interest rate market.*

**2b Executive Director Report**

*Steve Burke listed more Project Status details; 5 sub-contractors on site and about 40 to 50 workers on site each day, demo is complete, therapy pool rough in, most footings and walls complete, and within 1-2 weeks of the schedule with delays being able to be made up for.*

**2c Financial Report**

*Steve spoke briefly about the cash flow report and answered questions about the General Fund and Capital Project Fund. Steve also added to Jim Nelson's bond presentation, stating that it is a learning curve for everyone as it is Washington's first pool system revenue bond.*

**2d Staff Report**

*Jessica Compton reported to the board that the after school program, SPARK squad is at its capacity of 50-65 students depending on the day. They will have a booth at the downtown trick-or-treating event next Thursday handing out candy and small prizes. Jessica answered questions from the board about future capacity with the new recreation area at Shore Aquatic Center. She also shared that the new facility website is about to be published and emails are being updated as well as our social media pages so community members are notified of changes.*

**2e Advisory Committee Report**

*Greg Shield, 537 W. 7<sup>th</sup> St.- greeted the board and Cherie Kidd thanked him for his long-time dedication to the District. He shared the fact that after the welcome addition of Jaci Pumphrey, the Advisory Committee will have no open seats for the first time.*

**PUBLIC COMMENT**

Dru Quesnel, 513 Rhodes Rd.- thanked the board for being there and commented on the commissioners' speaking voices for the public.

**NEXT MEETING DATE**

The next WSMPD meeting will be held on November 18th, 2019 at 3:00 p.m. in the Clallam County Commissioners Board Room, Room 160.

**ADJOURNMENT**

Cherie Kidd adjourned the meeting at 4:07p.m.

PASSED AND ADOPTED this seventeenth of December, 2019

William Shore Memorial Pool District Commissioners

---

Cherie Kidd, President

ATTEST;

---

Virginia Smith, Clerk

# MINUTES- SPECIAL MEETING

WILLIAM SHORE MEMORIAL POOL DISTRICT BOARD of COMMISSIONERS  
Clallam County Courthouse, Commissioners Room  
Port Angeles, Washington  
November 18<sup>th</sup>, 2019  
4:00 p.m.

## COMMISSIONERS

CHERIE KIDD, ANNA MANILDI, BILL PEACH, RANDY JOHNSON, MICHAEL MERIDETH

### CALL TO ORDER, PLEDGE OF ALLEGIANCE, ROLL CALL

Commissioner Kidd called the meeting to order at 4:09 p.m. Also present were Commissioners Manildi, Johnson, and Merideth.

### APPROVAL OF AGENDA

**ACTION TAKEN: CRJm to approve, CAMs, mc**

### ACTION ITEMS

- 1a *Page 001:IFC for Public Hearing on 2020 Property Tax Levy and 2020 District Budget*  
**Commissioner Kidd opened Public Hearing at 4:12 p.m.**  
**ACTION TAKEN: CRJm to approve, CAMs, mc**  
**Commissioner Kidd closed Public Hearing at 4:14 p.m.**
- 1b *Page 024: Resolution 05-2019. A Resolution to approve the 2020 District Budget*  
**ACTION TAKEN: CRJm to approve, CAMs, mc**
- 1c *Page 025: Resolution 06-2019. A Resolution to approve the District Property Tax Levy*  
**ACTION TAKEN: CAMm to approve, CRJs, mc**

### PUBLIC COMMENT

Dru Quesnel- 513 Rhodes Rd, commented on the new website and advised noticing the public better about all the changes and where to find information about meetings easier.

### NEXT MEETING DATE

The next WSMPD meeting will be held on December 17th, 2019 at 3:00 p.m. in the Clallam County Commissioners Board Room, Room 160.

### ADJOURNMENT

Cherie Kidd adjourned the meeting at 4:21 p.m.

PASSED AND ADOPTED this seventeenth of December, 2019

William Shore Memorial Pool District Commissioners

---

Cherie Kidd, President

ATTEST;

---

Virginia Smith, Clerk

WILLIAM SHORE MEMORIAL POOL DISTRICT

CLALLAM COUNTY, WASHINGTON

RESOLUTION NO. 7-2019

A RESOLUTION of the Board of Metropolitan Park Commissioners of William Shore Memorial Pool District, Clallam County, Washington, relating to contracting indebtedness; providing for the issuance and fixing the terms and covenants of a park revenue bond of the District to pay a portion of the costs of the District's pool expansion project and to pay costs of issuance of the bond; approving the sale and providing for the delivery of the bond to Kitsap Bank; and providing for related matters.

ADOPTED December 17, 2019

Prepared by:

Foster Garvey P.C.  
1111 Third Avenue, Suite 3000  
Seattle, Washington  
(206) 447-6264

TABLE OF CONTENTS

Section 1.	Definitions .....	1
Section 2.	Findings and Determinations.....	5
Section 3.	Purpose and Authorization of Bond .....	5
Section 4.	Description of Bond .....	5
Section 5.	Registrar; Registration and Transfer of Bond. ....	6
Section 6.	Form and Execution of Bond .....	6
Section 7.	Payment of Bond .....	7
Section 8.	Prepayment of Bond .....	7
Section 9.	Failure To Pay Bond.....	7
Section 10.	Application of Bond Proceeds.....	8
Section 11.	Bond Fund .....	8
Section 12.	Rate Stabilization Account .....	9
Section 13.	Pledge of Net Revenue and Lien Position of Parity Bonds.....	9
Section 14.	Flow of Funds.....	10
Section 15.	Covenants .....	10
Section 16.	Future Parity Bonds .....	12
Section 17.	Tax Matters.....	14
Section 18.	Refunding or Defeasance of Bond .....	14
Section 19.	Approval of Bond Purchase Agreement.....	15
Section 21.	Amendatory and Supplemental Resolutions .....	15
Section 22.	Default and Remedies.....	17
Section 23.	General Authorization and Ratification.....	20
Section 24.	Severability .....	21
Section 25.	Effective Date.....	21

EXHIBIT A: DEBT SERVICE SCHEDULE

WILLIAM SHORE MEMORIAL POOL DISTRICT

CLALLAM COUNTY, WASHINGTON

RESOLUTION NO. 7-2019

A RESOLUTION of the Board of Metropolitan Park Commissioners of William Shore Memorial Pool District, Clallam County, Washington, relating to contracting indebtedness; providing for the issuance and fixing the terms and covenants of a park revenue bond of the District to pay a portion of the costs of the District's pool expansion project and to pay costs of issuance of the bond; approving the sale and providing for the delivery of the bond to Kitsap Bank; and providing for related matters.

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

Section 1. Definitions. As used in this resolution, the following words have the following meanings:

*“Annual Debt Service”* means, as of any date of calculation, for any Parity Bonds for any year, all amounts scheduled to be paid in that year in respect of principal of (whether upon maturity or mandatory sinking fund redemption) and interest on those Parity Bonds, less any interest payable from the proceeds of those Parity Bonds in that year. In calculating Annual Debt Service for any future year, the interest rate on each Parity Bond that bears interest at a rate that is not fixed during that period shall be assumed to equal 90% of the average Bond Buyer Revenue Bond Index (or comparable index, or, if no comparable index can be obtained, 80% of the interest rate for actively traded 30-year United States Treasury obligations) during the year preceding the date on which the calculation is made.

*“Average Annual Debt Service”* means, as of any date of calculation, the sum of the Annual Debt Service on Parity Bonds for the current year and each following year during which any of those Parity Bonds are scheduled to remain outstanding, divided by the number of those years.

*“Board”* means the Board of Metropolitan Park Commissioners of the District.

*“Bond”* means the Park Revenue Bond, 2019, of the District issued pursuant to and for the purposes provided in this resolution.

*“Bond Counsel”* means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the District with a nationally recognized standing as bond counsel in the field of municipal finance.

*“Bond Fund”* means that special fund of the District created pursuant to Section 11 for the purpose of paying principal of and interest on Parity Bonds.

“*Bond Insurance*” means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds that is issued by an institution that has been assigned a credit rating at the time of issuance in one of the three highest rating categories of a nationally recognized rating agency (without regard to numeric or symbolic gradations within a rating category).

“*Bond Purchase Agreement*” means the offer of the Purchaser dated December 17, 2019, providing certain terms for the purchase of the Bond, including without limitation the Purchaser’s term sheet dated December 10, 2019.

“*Bond Register*” means sufficient books or records maintained for the purpose of identifying ownership, registration and transfer of the Bond, including the name and mailing address of the Registered Owner.

“*Borrowers’ Trustee*” means a trustee appointed in accordance with Section 22 upon the occurrence and continuance of an Event of Default.

“*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“*Coverage Requirement*” for any year means Net Revenue not less than 1.1 times Annual Debt Service for all outstanding Parity Bonds.

“*Date of Delivery*” means the date of issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

“*Default Rate*” means a fixed rate per annum equal to 5.00%.

“*District*” means the William Shore Memorial Pool District, Clallam County, Washington, a municipal corporation duly organized and existing under the laws of the State.

“*Event of Default*” means an event described as such in Section 22.

“*Executive Director*” means the Executive Director of the District or any other officer who succeeds to substantially all of the responsibilities of that office specified in this resolution.

“*Facilities*” means the William Shore Memorial Pool property, facilities and equipment that contribute in some measure to Gross Revenue, as the same may be added to, bettered, improved, extended and repaired and replaced.

“*Future Parity Bond*” means each park revenue bond of the District issued after the Bond, the payment of which is secured by a lien and charge on Net Revenue on a parity with the lien and charge on Net Revenue that secure payment of the Bond.

“*Government Obligations*” means direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.



“*Gross Revenue*” means all earnings, revenues, other charges or fees and money received from any source whatsoever by the District from the operation of the Facilities or their funds, including investments. Gross Revenue does not include: (1) grants in aid of construction; (2) District-levied taxes; (3) income and revenue that may not legally be pledged for revenue bond debt service; (4) proceeds from the sale of District property; (5) principal proceeds of bonds or other obligations, including without limitation Parity Bonds; (6) proceeds of liability, casualty and other insurance payments (other than business interruption insurance); (7) earnings on any of the foregoing; or (8) earnings or proceeds from any investments in a trust account created to defease or refund District obligations (until commingled with other earnings and revenues of the District) or held in a special account for the purpose of paying a rebate to the United States Government under the Code.

“*Maturity Date*” means December 1, 2044.

“*Maximum Annual Debt Service*” means, as of any date of calculation, the maximum amount of Annual Debt Service on Parity Bonds in any year during which Parity Bonds are scheduled to remain outstanding.

“*Net Revenue*” means, for any calendar year, Gross Revenue in that calendar year, plus withdrawals from the Rate Stabilization Account in accordance with Section 12, less deposits into the Rate Stabilization Account in accordance with Section 12, less Operating and Maintenance Expenses.

“*Operating and Maintenance Expenses*” means all reasonable expenses incurred by the District in causing the Facilities to be operated and maintained in good repair, working order and condition, including without limitation: (1) reasonable reserves; (2) deposits, premiums, assessments or other payments for insurance; (3) payments into pension, health and welfare funds; (4) taxes imposed by governmental entities other than the District and payments in lieu thereof; and (5) any other expenses properly treated as operation and maintenance expenses of the Facilities under applicable generally accepted accounting principles. Operating and Maintenance Expenses do not include: (1) depreciation or amortization; (2) expenditures for costs of capital additions or capital replacements to the Facilities; (3) interest on indebtedness; (4) payments of judgments, payments in settlement of litigation and other extraordinary, nonrecurring expenses of the Facilities; (5) payments from investments and earnings thereon held in a special account for the purpose of paying a rebate to the United States Government under the Code; or (6) unrealized gains or losses with respect to any real or personal property, investment, agreement, pension obligation or other post-employment benefit that the District may be required to recognize under generally accepted accounting principles.

“*Parity Bonds*” means the Bond and any Future Parity Bonds.

“*Principal and Interest Account*” means the account of that name in the Bond Fund.

“*Professional Consultant*” means (1) a licensed professional engineer, who is not an employee of the District, and who is experienced in the design, construction and operation of municipal-owned facilities similar to the Facilities or (2) an independent certified public

accountant experienced with the development of rates and charges for municipal-owned facilities similar to the Facilities.

“*Project*” means (1) the pool expansion project and other capital improvements included in the adopted budgets and other plans and specifications on file with the District; (2) all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances in or for the foregoing; (3) costs related to the issuance, sale and delivery of the Bond; and (4) incidental costs incurred in connection with carrying out and accomplishing the Project consistent with RCW 39.46.070.

“*Purchaser*” means Kitsap Bank, and its successors and assigns.

“*Qualified Institutional Buyer*” means a “qualified institutional buyer” as defined in Rule 144A, as promulgated under the Securities Act of 1933, as amended.

“*Rate Stabilization Account*” means the account of that name authorized to be created in the Revenue Fund of the District.

“*Registered Owner*” means the person in whose name the Bond is registered on the Bond Register, initially the Purchaser.

“*Registrar*” means the Treasurer or any successor selected by the District as authenticating agent, transfer agent, registrar and paying agent or other fiscal agent with respect to the Bond.

“*Reserve Account*” means the account of that name in the Bond Fund.

“*Reserve Insurance*” means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device providing for all or part of the Reserve Requirement, if any, that is issued by an institution that has been assigned a credit rating at the time of issuance in one of the three highest rating categories of a nationally recognized rating agency (without regard to numeric or symbolic gradations within a rating category).

“*Reserve Requirement*” means, for the Bond, as of any date of calculation, the least of (1) Maximum Annual Debt Service on all outstanding Parity Bonds secured by the Reserve Account, (2) 125% of Average Annual Debt Service on all outstanding Parity Bonds secured by the Reserve Account and (3) 10% of the original proceeds of each series of outstanding Parity Bonds secured by the Reserve Account, reduced by the corresponding principal amount of any such Parity Bonds thereafter redeemed or defeased in whole or in part.

“*Revenue Fund*” means that special fund of the District into which all Gross Revenue is deposited, including all subfunds, accounts and subaccounts.

“*State*” means the State of Washington.

“*System of Registration*” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 7-2018.

“*Treasurer*” means the Treasurer of the District or any other officer who succeeds to substantially all of the responsibilities of that office specified in this resolution.

Section 2. Findings and Determinations. The Board takes note of the following facts and makes the following findings and determinations.

(a) The District is in need of carrying out the Project, the estimated cost of which is \$20,000,000, and the District does not have available sufficient funds to pay the cost.

(b) Pursuant to applicable law, including chapters 35.61, 39.44 and 39.46 RCW, the District is authorized to issue park revenue bonds to carry out the Project and to pay the costs of issuance and sale of the Bond.

(c) The Purchaser has offered to purchase the Bond under the terms and conditions set forth herein and the Bond Purchase Agreement. The life of the Project to be acquired or constructed with proceeds of the Bond exceeds the term of the Bond.

(d) The Gross Revenue and benefits to be derived from the operation and maintenance of the Facilities at the rates to be charged for services provided by the District will be more than sufficient to meet Operating and Maintenance Expenses not paid from other sources, as permitted by law, and to permit the setting aside into the Bond Fund out of Gross Revenue amounts sufficient to pay the principal of and interest on the Bond when due. In fixing the amounts to be paid into the Bond Fund, the Board has exercised due regard for Operating and Maintenance Expenses, and has not obligated the District to set aside and pay into the Bond Fund a greater amount or proportion of Gross Revenue than in the judgment of the Board will be available over and above the Operating and Maintenance Expenses and the amount of Gross Revenue previously pledged.

(e) Based on the foregoing, it is in the best interest of the District to issue and sell the Bond to the Purchaser.

Section 3. Purpose and Authorization of Bond. The District specifies, adopts and orders the Project. The District is authorized to borrow money and issue the Bond to provide funds necessary to carry out the Project, to provide for the Reserve Requirement and to pay the costs of issuance and sale of the Bond.

Section 4. Description of Bond.

(a) The Bond shall be issued as a single bond designated the “William Shore Memorial Pool District, Clallam County, Washington, Park Revenue Bond, 2019”; shall be issued in the principal amount set forth in the debt service schedule attached to this resolution as Exhibit A; shall be dated the Date of Delivery; shall be issued in fully registered form; shall be numbered R-1; and shall mature on the Maturity Date.

(b) Principal of the Bond shall be payable in annual installments on each December 1, commencing December 1, 2021, to the Maturity Date or earlier prepayment of the Bond. From the Date of Delivery, the unpaid principal amount of each of the annual installments of the Bond shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the

fixed rates *per annum* set forth for such annual installments in the debt service schedule attached to this resolution as Exhibit A; provided, that from and after the occurrence of an Event of Default until cured, the entire unpaid principal amount of the Bond shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the Default Rate. Such interest shall be payable semiannually on each June 1 and December 1, commencing June 1, 2020, to the Maturity Date or earlier prepayment of the Bond. The debt service schedule attached to this resolution as Exhibit A, reflecting the payments due on the Bond (unless such debt service schedule is otherwise recalculated through partial prepayment of the Bond as provided in Section 8), shall be attached to the Bond. The final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, shall be in an amount equal to the remaining principal and interest due on the Bond.

Section 5. Registrar; Registration and Transfer of Bond.

(a) The Treasurer or Laurie Atkisson is appointed as initial Registrar. The Registrar shall keep or cause to be kept the Bond Register, which shall be open to inspection by the District at all times. The Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond transferred 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 Registrar's powers and duties under this resolution and the System of Registration. The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bond. The Bond shall be issued only in fully registered form as to both principal and interest and shall be recorded on the Bond Register.

(b) The Bond may be assigned or transferred only: (1) in whole; (2) to a single investor that is a Qualified Institutional Buyer; (3) if endorsed in the manner provided thereon and surrendered to the Registrar; and (4) if the transferee provides the Registrar with an executed transfer certificate in substantially the form to be attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering such transfer certificate) and shall be noted on the Bond Register. The Registrar shall not be obligated to assign or transfer the Bond during the 15 days preceding any installment payment or prepayment date.

Section 6. Form and Execution of Bond.

(a) The Bond shall be prepared in a form consistent with the provisions of this resolution and State law and shall be signed by the President and the Executive Director, either or both of whose signatures may be manual or in facsimile. The Bond shall be printed at District expense and shall be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bond.

(b) The Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Bond bears a certificate of authentication manually signed by the Registrar stating: "Certificate of Authentication. This Bond is the fully registered William Shore Memorial Pool District, Clallam County, Washington, Park Revenue Bond, 2019, described in the Bond Resolution." A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing.

The authorized signing of a 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.

(c) If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated or delivered by the Bond Registrar or issued by the District, that 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 Delivery of the Bond

Section 7. Payment of Bond. The installments of principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check, draft or electronic transfer of the Registrar sent to the Registered Owner so that the Registered Owner receives said payments when due at the address appearing on the Bond Register. Upon receipt of the final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, the Registered Owner shall present and surrender the Bond to the Registrar to be destroyed or cancelled in accordance with law. The District and the Registrar may deem and treat the Registered Owner of the Bond as the absolute owner of the Bond for the purpose of receiving payment of principal and interest and for all other purposes, and neither the District nor the Registrar shall be affected by any notice to the contrary other than proper notice of assignment or transfer. The Bond is not subject to acceleration under any circumstances.

Section 8. Prepayment of Bond. The District reserves the right and option to prepay and redeem at any time prior to the Maturity Date any or all of the principal amount of the Bond outstanding at par plus accrued interest to the date of prepayment and, if the prepayment occurs before December 1, 2029 and interest rates have declined, a yield maintenance fee as calculated pursuant to the Bond Purchase Agreement. The District shall provide the Registered Owner and the Registrar with written notice of any intended prepayment at least 15 days prior to such prepayment date. Interest on the principal amount of the Bond called for prepayment shall cease to accrue on the prepayment date. Any partial prepayment shall be applied first to accrued and unpaid interest and then to pay principal of the Bond pro rata among the remaining annual instalments to the Maturity Date. The recalculated debt service schedule shall be provided by the Registered Owner to the District and the Registrar within 10 business days following any prepayment and shall be effective as of the date of partial prepayment.

Section 9. Failure To Pay Bond. If any installment of principal is not paid when due, the District shall be obligated to pay interest on that installment at the same rate provided in the Bond until that installment, together with interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the principal represented by such installment has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Application of Bond Proceeds. Proceeds of the Bond in the amount necessary to make the balance of the Reserve Account equal to the Reserve Requirement shall be deposited in the Reserve Account. The remaining principal proceeds received from the sale of the Bond, less costs of issuance paid at closing, shall be deposited in the fund or account of the District designated by the Treasurer and used to carry out the Project, to pay certain capitalized interest that will be payable on the Bond and to pay the costs of issuance and sale of the Bond. Until needed to pay such costs, the District may invest the principal proceeds of the Bond in any legal investment, and the investment earnings may be used to carry out the Project or for use in accordance with Section 14, except that earnings subject to a federal tax or rebate requirement may be withdrawn and used for those tax or rebate purposes.

Section 11. Bond Fund.

(a) The Bond Fund is established in the Revenue Fund for the sole purpose of paying the principal of and interest on Parity Bonds. The Bond Fund is divided into two accounts: a Principal and Interest Account and a Reserve Account. The Finance Director may create such accounts and subaccounts in the Bond Fund as may be convenient for the payment of Parity Bonds as long as the maintenance of such accounts or subaccounts does not conflict with the rights of the owners of Parity Bonds. The District shall set aside and pay into the Bond Fund, out of Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(1) **Into the Principal and Interest Account the amounts necessary, taking into account other money on deposit therein, to pay the principal of and interest on Parity Bonds when due; and**

(2) **Into the Reserve Account (except as otherwise expressly provided in this resolution) the amounts necessary, taking into account other money on deposit therein, to make the amount in the Reserve Account equal to the Reserve Requirement.**

(b) When the total amount in the Bond Fund equals the total amount of principal and interest due on all outstanding Parity Bonds, no further payment need be made into the Bond Fund. If the District fails to set aside and pay into the Bond Fund the amounts set forth above, the registered owner of any outstanding Parity Bond may bring an action against the District to compel such setting aside and payment.

(c) Except as otherwise expressly provided in this resolution, the Reserve Account shall be maintained at all times at not less than the Reserve Requirement. The District may provide for all or any part of the Reserve Requirement through Reserve Insurance, and the amount available to be drawn under any Reserve Insurance shall be credited against the Reserve Requirement. If there is a deficiency in the Principal and Interest Account to pay when due the principal of or interest on any Parity Bond secured by the Reserve Account, the deficiency shall be made up from the Reserve Account first, by the withdrawal of money therefrom and second, by pro rata draws on each Reserve Insurance. Any deficiency in the Reserve Account resulting from a withdrawal or draw shall be made up within 12 months in approximately equal monthly installments in accordance with Section 14, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency. The money in the Reserve Account may be used to pay principal of and interest on the last outstanding Parity Bonds secured by the Reserve

Account. Any money in the Reserve Account in excess of the Reserve Requirement may be withdrawn and deposited in the Revenue Fund of the District to be applied in accordance with Section 14. Any resolution authorizing the issuance of the Future Parity Bonds may provide that the Reserve Account does not secure the payment of such Future Parity Bonds, establish one or more separate debt service reserve accounts in the Bond Fund for such Future Parity Bonds, specify a separate reserve requirement for such Future Parity Bonds, which may be zero, and provide any terms and conditions for such debt service reserve account.

(d) Money in the Bond Fund may be held uninvested or invested in legal investments. Earnings from investments in the Principal and Interest Account shall be retained therein. Earnings from investments in the Reserve Account shall be retained therein until the amount therein is equal to the Reserve Requirement and thereafter may be credited to the Principal and Interest Account or withdrawn and deposited in the Revenue Fund to be applied in accordance with Section 14.

(e) The Reserve Account shall be valued at least once each year, and may be valued more frequently, including upon the issuance, redemption or defeasance of Parity Bonds. In valuing the Reserve Account, Reserve Insurance shall be valued at the amount available to be drawn thereon, and all other investments shall be valued at market. Any excess in the Reserve Account resulting from a valuation may be withdrawn from the Reserve Account and credited to the Principal and Interest Account or used in accordance with Section 14. Any deficiency in the Reserve Account resulting from a valuation shall be made up within six months in approximately equal monthly installments in accordance with Section 14.

(f) The District may provide for the purchase, redemption or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund so long as there is no deficiency in any account in the Bond Fund for Parity Bonds that remain outstanding.

(g) Notwithstanding any other provision of this Section, any investment earnings that are subject to a federal tax or rebate requirement may be withdrawn from the Bond Fund for deposit in a separate fund or account and used for that purpose.

Section 12. Rate Stabilization Account. The District is authorized to create the Rate Stabilization Account in the Revenue Fund of the District. The District may at any time, consistent with Section 14, deposit in the Rate Stabilization Account Gross Revenue and any other money received by the District from operations of the Facilities available to be used therefor, excluding principal proceeds of bonds or other obligations. The District may at any time withdraw money from the Rate Stabilization Account for use in accordance with Section 14. Deposits into the Rate Stabilization Account shall reduce Net Revenue for the year in which the deposit is made or, at the option of the District, for the preceding year if the deposit is made within three months after the end of the preceding year. Withdrawals from the Rate Stabilization Account shall increase Net Revenue for the year in which the withdrawal is made or, at the option of the District, for the preceding year if the withdrawal is made within three months after the end of the preceding year.

Section 13. Pledge of Net Revenue and Lien Position of Parity Bonds. The Net Revenue is pledged to be paid into the Bond Fund at the times and in the manner required by this

resolution for the payment of principal of and interest on Parity Bonds when due. This pledge constitutes a lien and charge upon such Net Revenue prior and superior to any other charges whatsoever.

Section 14. Flow of Funds. The Gross Revenue shall be deposited into the Revenue Fund and used and applied in the following order of priority:

- (a) To pay Operating and Maintenance Expenses not paid from other sources, as permitted by law, when due;
- (b) To pay interest on Parity Bonds when due;
- (c) To pay principal of Parity Bonds when due, whether at maturity or pursuant to mandatory sinking fund redemption;
- (d) To make payments when due under any reimbursement agreement entered into in connection with Bond Insurance;
- (e) To make required payments into the Reserve Account as well as any separate reserve accounts that may be established in the Bond Fund to secure a particular series of Future Parity Bonds and to make payments when due under any reimbursement agreement entered into in connection with Reserve Insurance;
- (f) To make required payments into any revenue bond, note, warrant or other revenue obligation fund, debt service account or reserve account created to pay or secure the payment of any revenue bonds, notes, warrants or other revenue obligations of the District secured by a lien and charge on Net Revenue subordinate to the lien and charge that secure payment of Parity Bonds, in any priority that the District may establish by resolution; and
- (g) To retire by redemption or purchase any outstanding revenue bonds, notes, warrants or other revenue obligations of the District; to make necessary additions, betterments, improvements, extensions and repairs and replacements of the Facilities; to make deposits into the Rate Stabilization Account; or for any other lawful purposes of the Facilities, in any priority that the District may establish by resolution.

The District may transfer any money from any funds or accounts of the District legally available therefor to make payments required to be made into the Bond Fund.

Section 15. Covenants. The District covenants and agrees with each Registered Owner as follows:

(a) *Establishment and Collection of Rates and Charges.* The District will establish, maintain and collect rates and charges for services in connection with the Facilities that will be fair and equitable, and will adjust those rates and charges from time to time so that:

- (1) **The Gross Revenue will be sufficient to pay when due: (A) all Operating and Maintenance Expenses not paid from other sources, as permitted by law, (B) all amounts that the District is obligated to pay into the Bond Fund, including the**



**payment of any amounts owing to a provider of Bond Insurance or Reserve Insurance and (C) all taxes, assessments, or other governmental charges lawfully imposed on the Facilities or payments in lieu thereof and any and all other amounts that the District may now or hereafter become obligated to pay from Gross Revenue by law or contract; and**

**(2) The Net Revenue in each year will be not less than the Coverage Requirement.**

A failure to comply with the requirements of this subsection (a) is not be an Event of Default if the District promptly retains an Professional Consultant to recommend to the Board adjustments in the rates and charges of the Facilities necessary to satisfy the requirements of this subsection and the Board adopts such recommendations within six months after the date the failure became known to the Board.

(b) *Maintenance and Operation.* The District will at all times maintain and keep the Facilities in good repair, working order and condition, and will at all times operate the Facilities and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Sale or Disposition of the Facilities.*

**(1) The District will not sell or otherwise dispose of or permit the disposal of the Facilities in their entirety (whether by operation of law or otherwise) unless, simultaneously with such sale or other disposition, all Parity Bonds are redeemed or defeased pursuant to the provisions of this resolution.**

**(2) The District may, without making any deposit into the Bond Fund, sell or otherwise dispose of any of the property, facilities or equipment of the Facilities that has become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Facilities, or no longer necessary, material to or useful to the operation of the Facilities.**

**(3) The District may, without making any deposit into the Bond Fund, sell or otherwise dispose of any of the property, facilities or equipment of the Facilities in an aggregate amount not to exceed, in the year in which part of the Facilities are sold or disposed of, five percent of the fair market value of all of the Facilities immediately prior to such sale or disposition. (By way of illustration and without limiting the foregoing, if in year 10 the fair market value of the Facilities is 10,000, the District may sell part of the Facilities in year 10 with a fair market value not to exceed 500 without making any deposit into the Bond Fund, and if in year 11 the fair market value of Facilities is 9,500, the District may sell part of the Facilities in year 11 with a fair market value not to exceed 475 without making any deposit into the Bond Fund.)**

**(4) The District will not otherwise sell, lease, mortgage or in any manner encumber or otherwise dispose of or permit the disposal of more than five percent of the fair market value of all of the Facilities (whether by operation of law or otherwise) that is used, useful or material in the operation of the Facilities, unless provision is made for the replacement thereof or for payment into the Bond Fund of the greatest of the following:**

(A) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (defined as the total amount of outstanding Parity Bonds less the amount of money in the Bond Fund) that the Gross Revenue for the preceding year from the portion of the Facilities sold or disposed of bears to the total Gross Revenue for the preceding year; or

(B) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (as defined above) that the Net Revenue for the preceding year from the portion of the Facilities sold or disposed of bears to the total Net Revenue for the preceding year; or

(C) An amount that bears the same proportion to the net amount of outstanding Parity Bonds (as defined above) that the depreciated cost value of the portion of the Facilities sold or disposed of bears to the depreciated cost value of the entire Facilities immediately prior to such sale or disposition.

(d) *Merger or Assumption.* If the District is assumed by or merged or consolidated with a municipal corporation or other public or private entity, then any outstanding Parity Bonds immediately shall be retired or defeased in accordance with their terms on a date not later than the effective date of any such merger or consolidation.

(e) *Books and Accounts.* The District will keep proper books, records and accounts with respect to the operations, income and expenditures of the Facilities in accordance with generally accepted accounting practices relating to municipal entities and any applicable rules and regulations prescribed by the State, and will cause those books, records and accounts to be audited on a regular basis by the State Auditor or another independent certified public accountant. The District will prepare annual financial and operating statements as soon as practicable after the close of each fiscal year showing in reasonable detail the financial condition of the Facilities as of the close of the fiscal year.

(f) *Insurance.* The District at all times will carry fire and extended coverage, public liability, property damage and such other forms of insurance with responsible insurers and with policies payable to the District, on such of the buildings, equipment, works, plants, facilities and properties of the Facilities as are ordinarily carried by municipal or privately owned entities engaged in the operation of similar facilities, and against such claims for damages as are ordinarily carried by municipal or privately owned entities engaged in the operation of similar facilities, or the District will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the District, to protect the Facilities and the owners of Parity Bonds against loss.

Section 16. Future Parity Bonds. The District may issue Future Parity Bonds if the following conditions are satisfied at the time of issuance:

(a) There is no deficiency in the Bond Fund and no Event of Default has occurred and is continuing.

(b) The resolution authorizing the issuance of the Future Parity Bonds provides for the payment of the principal thereof and interest thereon out of the Bond Fund.

(c) The resolution authorizing the issuance of the Future Parity Bonds provides for the satisfaction of the Reserve Requirement, if any, for the Future Parity Bonds.

(d) There has been delivered either:

(1) **a certificate of the Executive Director or the Treasurer demonstrating that during any twelve consecutive months out of the preceding 24 months Net Revenue was not less than 1.1 times Maximum Annual Debt Service for all Parity Bonds to be outstanding upon issuance of the Future Parity Bonds; or**

(2) **a certificate of an Professional Consultant demonstrating that in his or her professional opinion the adjusted Net Revenue for any twelve consecutive months out of the preceding 24 months was not less than 1.1 times Maximum Annual Debt Service for all Parity Bonds to be outstanding upon issuance of the Parity Bonds. The Professional Consultant's certificate, in estimating adjusted Net Revenue, may adjust Net Revenue to reflect:**

(A) The additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of the certificate and subsequent to the beginning of the twelve-month period had been in force during the entire twelve-month period;

(B) The additional Net Revenue that would have been received if any facility of the District that became fully operational after the beginning of the twelve-month period had been fully operational during the entire twelve-month period and if such facility is combined with the Facilities;

(C) The additional Net Revenue that would have been received as a result of any additions, betterments, improvements, extensions and repairs and replacements of the Facilities that are (i) under construction on the date of the certificate or (ii) will be constructed from the proceeds of the Future Parity Bonds; and

(D) The additional Net Revenue to be received by the District as a result of executed leases or contracts, which revenue has not been included in (A), (B) or (C) above.

Certification of coverage of debt service on Future Parity Bonds issued for the purpose of refunding outstanding Parity Bonds is not required under this subsection (d) if the Annual Debt Service on the Future Parity Bonds is not more than the Annual Debt Service on the Parity Bonds to be refunded in each year that the Future Parity Bonds are scheduled to remain outstanding.

Nothing in this Section prevents the District from issuing Future Parity Bonds to refund maturing Parity Bonds then outstanding, money for the payment of which is not otherwise available. Nothing in this Section prevents the District from issuing any revenue bond, note, warrant or other revenue obligation secured by a lien and charge on Net Revenue subordinate to the lien and charge that secure payment of Parity Bonds.

Section 17. Tax Matters.

(a) *Preservation of Tax Exemption for Interest on the Bond.* The District 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 that will cause interest on the Bond to be included in gross income for federal income tax purposes. The District will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Post-Issuance Compliance.* The Executive Director is authorized and directed to adopt, update and implement the District's written procedures to facilitate compliance by the District with the covenants in this Section and the applicable requirements of the Code that must be satisfied after the Date of Delivery to prevent interest on the Bond from being included in gross income for federal tax purposes.

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

(1) **the Bond does not constitute a "private activity bond" within the meaning of Section 141 of the Code;**

(2) **the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that 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 year in which the Bond is issued will not exceed \$10,000,000; and**

(3) **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 year in which the Bond is issued does not exceed \$10,000,000.**

Section 18. Refunding or Defeasance of Bond. The District may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on the Bond (the "defeased portion"); (b) redeeming the defeased portion prior to its maturity; and (c) paying the costs of the refunding or defeasance. If the District sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased portion in accordance with its terms, then all right and interest of the Registered Owner with regard to the defeased portion in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased portion shall cease and become void. Thereafter, the Registered Owner with regard to the defeased portion shall have the right to receive payment of the principal of and

interest on the defeased portion solely from the trust account and the defeased portion shall be deemed no longer outstanding. In that event, the District may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased portion to any lawful purpose.

Section 19. Approval of Bond Purchase Agreement. The Purchaser has presented the Bond Purchase Agreement offering to purchase the Bond under the terms and conditions provided in the Bond Purchase Agreement, which written Bond Purchase Agreement is on file with the Executive Director and is incorporated by this reference. The Board finds that accepting the terms of the Bond Purchase Agreement is in the District's best interest and therefore accepts the offer contained therein and authorizes its execution by the Executive Director.

Section 20. Annual Financial Statements. For so long as the Purchaser is the Registered Owner, the District will provide its annual financial statements to the Purchaser.

Section 21. Amendatory and Supplemental Resolutions. This resolution shall not be modified or amended in any respect subsequent to the issuance of the Bond, except as provided in this Section. For purposes of this provision, the adoption of a resolution authorizing the issuance of Future Parity Bonds and making no other modifications or amendments to the provisions of this resolution is not an amendatory or supplemental resolution.

(a) *Certain Amendatory or Supplemental Resolutions Permitted Without Bond Owner Consent.* The District, from time to time, and at any time, without the consent of or notice to the Registered Owner, may adopt supplemental resolutions as set forth in this subsection (a). Before the District adopts any such supplemental resolution pursuant to this subsection (a), there shall have been delivered to the District and the Registrar a copy of such supplemental resolution and an opinion of Bond Counsel, stating that such supplemental resolution is authorized or permitted by this resolution and, upon the execution and delivery thereof, will be valid and binding upon the District in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bond. The permitted purposes under this subsection (a) are:

(1) **To cure any formal defect, omission, inconsistency or ambiguity in this resolution in a manner not materially adverse to the interests of owners of Parity Bonds;**

(2) **To grant, confer or impose upon the Registrar (with its consent) for the benefit of the Registered Owner any additional rights, remedies, powers, authority, security, liabilities or duties that may lawfully be granted, conferred or imposed and that are not contrary to or inconsistent with this resolution as theretofore in effect;**

(3) **To add to the covenants and agreements of, and limitations and restrictions upon, the District in this resolution, other covenants, agreements, limitations and restrictions to be observed by the District that are not contrary or inconsistent with this resolution as theretofore in effect;**

(4) **To confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by this resolution of any other money, securities or funds;**

(5) **To modify, alter, amend or supplement this resolution in any other respect that is not materially adverse to the interests of owners of Parity Bonds;**

(6) **Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on the Bond from federal income taxation; and**

(7) **To add to the covenants and agreements of, and limitations and restrictions upon, the District in this resolution, other covenants, agreements, limitations and restrictions to be observed by the District in connection with the acquisition of Bond Insurance or Reserve Insurance and which are not materially adverse to the interests of owners of Parity Bonds.**

(b) *Amendatory or Supplemental Resolutions Requiring Consent of Registered Owners of Majority of Parity Bonds Outstanding.* In addition to any resolution permitted pursuant to subsection (a) and subject to the terms and conditions contained in subsection (c) and not otherwise, the District, upon the consent of registered owners of not less than a majority in aggregate principal amount of Parity Bonds then outstanding, may from time to time approve any amendatory or supplemental resolution deemed necessary or desirable by the District. Such a resolution may amend or supplement, in any particular, any of the terms or provisions contained in this resolution. If at any time the District adopts an amendatory or supplemental resolution under this subsection (b), the effective date shall be conditioned on the following:

(1) **The District must cause notice of the amendatory or supplemental resolution to be provided to all registered owners of any then outstanding Parity Bonds. Such notice shall briefly summarize the resolution and shall state that a copy is available for review by request or on the District's website.**

(2) **The resolution may go into effect upon receipt by the District of (A) the consents, in writing, of the required percentage of registered owners of Parity Bonds, and (B) an opinion of Bond Counsel to the effect that (i) such resolution is permitted by this resolution, (ii) upon its effective date it will be valid and binding upon the District in accordance with its terms and (iii) it will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any tax-exempt Parity Bonds then outstanding.**

(c) *Amendatory or Supplemental Resolutions Requiring Consent of All Registered Owners.* Unless approved in writing by the registered owners of all Parity Bonds then outstanding, nothing contained in this section shall permit, or be construed as permitting:

(1) **A change in the times, amounts or currency of payment of the principal of or interest on any outstanding Parity Bond or a reduction in the principal amount or redemption price of any outstanding Parity Bond or a change in the redemption price of any outstanding Parity Bond or a change in the method of determining the rate of interest thereon.**

(2) **A preference of priority of any Parity Bond over any other Parity Bond.**

(3) **A reduction in the aggregate principal amount of any Parity Bond.**

(d) *Effect of Adoption of Amendatory or Supplemental Resolution.* Upon the adoption of an amendatory or supplemental resolution pursuant to the provisions of this section, this resolution shall be, and shall be deemed to be, amended and supplemented accordingly. No owner of outstanding Parity Bonds shall have any right (1) to object to the adoption of such resolution, (2) to object to any of the terms and provisions contained therein or the operation thereof, (3) in any manner to question the propriety of the adoption thereof or (4) to enjoin or restrain the District from adopting the same or taking any action pursuant thereto. The respective rights, duties and obligations under this resolution of the District, the Registrar and all registered owners of Parity Bonds, shall thereafter be determined, exercised and enforced under this resolution subject in all respects to such supplements and amendments.

Section 22. Default and Remedies.

(a) *Events of Default.* Each of the following constitutes an “Event of Default” with respect to Parity Bonds:

(1) **If a default is made in the payment of the principal of or interest on any Parity Bonds when the same shall become due and payable.**

(2) **If the District defaults in the observance and performance of any other of its covenants, conditions and agreements set forth in this resolution and such default or defaults have continued for a period of six months after the District has received from the registered owners of not less than 25% in outstanding principal amount of Parity Bonds a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six month period, it shall not be an Event of Default as long as the District has taken active steps within 90 days to remedy the default and is diligently pursuing such remedy.**

(3) **If the District files a petition in bankruptcy or is placed in receivership under any State or federal bankruptcy or insolvency law.**

(b) *Remedies Available to Registered Owner of the Bond if no Future Parity Bonds are Outstanding.* If no Future Parity Bonds have been issued and are outstanding, upon the happening of an Event of Default and during the continuation thereof, the Registered Owner of the Bond may take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of its rights to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or the Bond.

(c) *Remedies Available if Future Parity Bonds are Outstanding.* If Future Parity Bonds have been issued and are outstanding, upon the happening of an Event of Default and during the continuation thereof, the following provisions apply:

(1) ***Bondowners’ Trustee.* So long as an Event of Default has not been remedied, a bondowners’ trustee (the “Bondowners’ Trustee”) may be appointed by the registered owners of 25% in principal amount of Parity Bonds then outstanding by an instrument or concurrent instruments in writing signed and acknowledged by**

such registered owners of Parity Bonds or by their attorneys-in-fact, duly authorized and delivered to such Bondowners' Trustee, and after notice of such appointment has been delivered to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee must be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the registered owners of a majority in principal amount of Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of Parity Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. If any Event of Default is, in the sole judgment of the Bondowners' Trustee, cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the District, the Bondowners' Trustee and the registered owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred. The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the registered owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(2) *Suits at Law or in Equity.* Upon the happening of an Event of Default and during the continuation thereof, the Bondowners' Trustee may (and, upon the written request of the registered owners of not less than 25% in principal amount of Parity Bonds outstanding, must) take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of Parity Bonds, to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution or in any of the Parity Bonds. Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the owners of Parity Bonds and all such rights of action upon or under any of the Parity Bonds or the provisions of this resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this resolution. The respective registered owners of Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any registered owner of Parity Bonds, any plan of reorganization or adjustment affecting Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency,



**liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.**

**(3) *Application of Money Collected by Bondowners' Trustee.* Any money collected by the Bondowners' Trustee at any time pursuant to this section shall be applied in the following order of priority:**

(A) First, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys.

(B) Second, to the payment to the persons entitled thereto of all installments of interest then due on Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(C) Third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

**(4) *Duties and Obligations of Bondowners' Trustee.* The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this resolution. The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Parity Bonds until his or her title thereto, if disputed, has been established to its reasonable satisfaction. The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The**

**Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.**

(5) ***Suits by Individual Owners of Parity Bonds Restricted.*** Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

(A) an Event of Default has happened and is continuing; and

(B) a Bondowners' Trustee has been appointed; and

(C) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and

(D) the registered owners of 25% in principal amount of the then outstanding Parity Bonds have made, after the occurrence of such Event of Default, written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

(E) there has been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(F) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

(d) *No Acceleration.* Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal of the Parity Bonds. The remedy of acceleration is expressly denied to the owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

(e) *No Impairment.* No owner of any outstanding Parity Bonds shall have any right in any manner whatever by his or her action to affect or impair the obligation of the District to pay from the Net Revenue the principal of and interest on other outstanding Parity Bonds to the respective owners thereof when due.

Section 23. General Authorization and Ratification. The Executive Director, the President of the Board, the Treasurer, other appropriate officers of the District and Bond Counsel are each individually authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Bond to the Purchaser and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this resolution in furtherance of the purposes described

in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 24. 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, holds 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. 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.

Section 25. Effective Date. This resolution is effective from and after its adoption.

ADOPTED by the Board of Metropolitan Park Commissioners of William Shore Memorial Pool District, Clallam County, Washington, at a regular open public meeting held this 17th day of December, 2019, the following Commissioners being present and voting in favor of the resolution.

WILLIAM SHORE MEMORIAL POOL DISTRICT  
CLALLAM COUNTY, WASHINGTON

\_\_\_\_\_  
President and Commissioner

\_\_\_\_\_  
Vice President and Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Metropolitan  
Park Commissioners of the District

EXHIBIT A

DEBT SERVICE SCHEDULE

CERTIFICATION

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

1. The attached copy of Resolution No. 7-2019 (the “Resolution”) is a full, true, and correct copy of the Resolution duly adopted at a regular meeting of the Board held at its regular meeting place on December 17, 2019, as the Resolution appears on the minute book of the District; and the Resolution is now in full force and effect;
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.

Dated: December 17, 2019.

WILLIAM SHORE MEMORIAL POOL DISTRICT  
CLALLAM COUNTY, WASHINGTON

---

Virginia Smith, Clerk of the Board

---