ORIGINAL

# LEWIS COUNTY PUBLIC FACILITIES DISTRICT

## RESOLUTION NO. 2010-005

**A RESOLUTION of the Board of Directors of the Lewis County Public Facilities District, approving the form of a contingent loan agreement with Lewis County in connection with the District's bonds.**

WHEREAS, the Lewis County Public Facilities District (the "District") anticipates the issuance and sale of not to exceed $5,800,000 aggregate principal amount of its Limited Sales Tax Obligation Bonds, 2010 (Event Center and Sports Complex) (the "Bonds"), in one or more series, the proceeds of which will be used to finance the construction of an event center and sports complex that constitutes a "regional center" under RCW 35.57.020, to serve the State of Washington, other portions of the Pacific Northwest and western Canada (the "Project"); and

WHEREAS, the District has requested that the County provide credit support for the Bonds to permit the District to obtain financing for the capital costs of the Project at the lowest available interest rates; and

WHEREAS, the County and the District have the authority to enter into interlocal agreements under chapters 35.57, 35.59 and 67.28 RCW for joint and cooperative action, including provisions to finance joint or cooperative undertakings, multipurpose community centers, regional centers and tourism-related facilities; and

WHEREAS, the County has previously determined that it is in the best interest of the County and its residents to provide for the design, construction, ownership, operation and/or financing of the Project; and

WHEREAS, the District and the County have determined that the most efficient and effective method for obtaining County credit support, without affecting the County's debt capacity, would be through the execution of a contingent loan agreement to evidence the County's commitment to make loans to the District in accordance with that agreement if, and only if and to the extent, necessary to replenish the debt service reserve account securing the payment of the principal of and interest on the Bonds, as such amounts become due and payable;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LEWIS COUNTY PUBLIC FACILITIES DISTRICT:

**Section 1 Approval of Form of Contingent Loan Agreement**

The District Board hereby approves the form of contingent loan agreement attached as Exhibit A and incorporated herein by this reference.

**Section 2 Execution of Contingent Loan Agreement and Related Documents.**

The District Board authorizes and directs the District's Board Chair, in connection with the issuance of the Bonds, to execute the contingent loan agreement substantially in the form attached at Exhibit A, together with such additions and modifications that the Chair determines to be consistent with the purposes of this resolution and the final form of resolution authorizing the issuance of the Bonds, subject to the following limitations:

A. The total principal amount of the Bonds (whether in one or more series) shall not exceed $5,800,000.

B. The final maturity date of the Bonds (including any subsequent bonds refunding the Bonds) shall be no later than December 1, 2032.

C. The reserve requirement for the Bonds shall be no less than the largest semi-annual debt service payment amount for the Bonds (treating any sinking fund payment amounts for a maturity of Bonds as the relevant debt service payment amount).

**Section 3 Ratification of Prior Acts**

Any action taken consistent with the authority of this resolution, after its passage but prior to its effective date, is ratified, approved and confirmed.

ADOPTED this 24th day of August, 2010.

Bill Jones, Chair

# CONTINGENT LOAN AGREEMENT

**by and between**

**LEWIS COUNTY, WASHINGTON**

**and**

**LEWIS COUNTY PUBLIC FACILITIES DISTRICT**

**relating to**

**$_____**
**LEWIS COUNTY PUBLIC FACILITIES DISTRICT**
**LIMITED SALES TAX OBLIGATION BONDS, 2010**
**(EVENT CENTER AND SPORTS COMPLEX)**

Dated _____, 2010

*This document prepared by:*
*Foster Pepper PLLC*
*1111 Third Avenue, Suite 3400*
*Seattle, Washington 98101*
*(206) 447-4400*

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**CONTINGENT LOAN AGREEMENT**
**relating to**
**$_____**
**LEWIS COUNTY PUBLIC FACILITIES DISTRICT**
**LIMITED SALES TAX OBLIGATION BONDS, 2010**
**(EVENT CENTER AND SPORTS COMPLEX)**

This CONTINGENT LOAN AGREEMENT (this "Contingent Loan Agreement") dated _____, 2010, is entered into by and between LEWIS COUNTY, WASHINGTON (the "County"), a political subdivision of the State of Washington (the "State"), and the LEWIS COUNTY PUBLIC FACILITIES DISTRICT (the "District"), a Washington public facilities district (together, the "Parties"),

W I T N E S S E T H:

WHEREAS, the District, a duly organized and legally existing Washington public facilities district and municipal corporation, was created by the County in accordance with Chapter 36.100 of the Revised Code of Washington ("RCW"), pursuant to Resolution No. 07-247 of the County, adopted on August 13, 2007. The boundaries of the District are coextensive with the boundaries of the County; and

WHEREAS, the District is authorized by applicable provisions of state law, including RCW 36.100.030, to acquire, construct, own, remodel, maintain, equip, repair and operate a regional center (including multipurpose community centers and special events centers) and related parking facilities; and

WHEREAS, subject to certain restrictions, a public facilities district created before September 1, 2007, in a county or counties in which there are no other public facilities districts, and in which the total public facilities district population is greater than 70,000, that commences construction of a new regional center before January 1, 2011, may impose a 0.033% sales and use tax to be collected from those persons who are taxable by the State under chapters 82.08 and 82.12 RCW; and

WHEREAS, the District was created before September 1, 2007, is located in a county that has no other public facilities districts, has an estimated population of over 70,000, and will have commenced construction of a new regional center before January 1, 2011; and, pursuant to Resolution No. 2007-001 of the District, adopted August 27, 2007, the District has established and imposed a sales and use tax as authorized by RCW 82.14.390; and

WHEREAS, a public facilities district is authorized by RCW 36.100.060 to issue general obligation bonds not to exceed an amount (together with any outstanding nonvoter approved general obligation indebtedness) equal to one-half of one percent of the value of taxable property within the district; and

WHEREAS, pursuant to Resolution No. _____ of the District (the "Bond Resolution"), adopted on _____, 2010, the District has authorized the issuance and sale of $_____ aggregate principal amount of its Limited Sales Tax Obligation Bonds, 2010

(Event Center and Sports Complex) (the "Bonds"), the proceeds of which will be used to finance the construction of an event center and sports complex that constitutes a "regional center" under RCW 35.57.020, to serve the State of Washington, other portions of the Pacific Northwest and western Canada (the "Project"); and

WHEREAS, the District has requested that the County provide credit support for the Bonds to permit the District to obtain financing for the capital costs of the Project at the lowest available interest rates; and

WHEREAS, the County and the District have the authority to enter into interlocal agreements under chapters 35.57, 35.59 and 67.28 RCW for joint and cooperative action, including provisions to finance joint or cooperative undertakings, multipurpose community centers, regional centers and tourism-related facilities; and

WHEREAS, the County has previously determined that it is in the best interest of the County and its residents to provide for the design, construction, ownership, operation and/or financing of the Project; and

WHEREAS, the County, by Resolution No. _____, adopted _____, 2010, has approved and authorized the execution of this Contingent Loan Agreement to evidence the County's commitment to make loans to the District in accordance with this Contingent Loan Agreement if, and to the extent, necessary to replenish the debt service reserve account securing the payment of the principal of and interest on the Bonds, as such amounts become due and payable;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the Parties hereby covenant and agree as follows:

## I.
## Definitions

Unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below for all purposes of this Contingent Loan Agreement. Unless the context clearly requires otherwise, all other capitalized terms used but not defined in this Contingent Loan Agreement shall have the meanings assigned to them in the Bond Resolution.

"Advance" has the meaning specified in II.A.

"Bond" or "Bonds" means one or more of the District's Limited Sales Tax Obligation Bonds, 2010 (Event Center and Sports Complex), together with any subsequent bonds refunding those bonds so long as the final maturity of such refunding bonds does not exceed the final maturity of the Bonds by more than 30 days.

"Bond Fund" means the fund of that name established by the Bond Resolution.

"Bond Resolution" means Resolution No.____ of the Authority, adopted on _____, 2010, as amended and supplemented from time to time.

"Business Day" means any day, other than a Saturday or a Sunday, on which banking institutions are open in the State of Washington and in the states in which any of the offices of the Paying Agent designated from time to time by the Paying Agent for the transfer or exchange of Bonds are located.

"Contingent Loan Agreement" means this Contingent Loan Agreement, including any supplements or amendments hereto made in conformance herewith.

"County" means Lewis County, Washington.

"County Resolution" means Resolution No._____, adopted by the County Council on _____, 2010.

"Debt Service Payment Date" means each _____ 1 and _____ 1, commencing _____ 1, 201_.

"Debt Service Reserve Account" means the account of that name within the Bond Fund, as established by the Bond Resolution.

"District" means the Lewis County Public Facilities District.

"District Reserve Replenishment Date" has the meaning specified in II.B.1.

"MSRB" means the Municipal Securities Rulemaking Board.

"Paying Agent" means the fiscal agency of the State of Washington, as designated from time to time, and its successors and assigns as bond registrar and paying agent for the Bonds as set forth in the Bond Resolution.

"Principal and Interest Account" means the account of that name within the Bond Fund, as established by the Bond Resolution.

"Project" means the acquisition and construction of the Lewis County Event Center and Sports Project, a "regional center" for sports and other events to include some or all of the following: an event center, tennis courts, sport fields and related facilities, trails, a zip line, related parking facilities and other related improvements and facilities.

"Reserve Requirement" means $_____. The Reserve Requirement may be decreased upon the redemption, open market purchase or defeasance of Bonds, all as set forth in the Bond Resolution.

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

"SEC" means the federal Securities and Exchange Commission.

"Valuation Date" means (1) the Business Day following each Debt Service Payment Date; (2) the Business Day following any date on which money has been transferred from the Debt Service Reserve Account to remedy an insufficiency in the Principal and Interest Account for the payment of principal of and/or interest on the Bonds coming due on that date; and (3) the Business Day following any date on which Bonds have been redeemed pursuant to the

optional redemption provisions of the Bond Resolution. *[CONFORM WITH BOND RESOLUTION.]*

## II.
## Loans to the District; Repayment Terms

**A. Advances to the District**. The County agrees to loan to the District the principal amount equal to the amount sufficient, together with other money in the Debt Service Reserve Account, to replenish the Debt Service Reserve Account to the Reserve Requirement (each such loan, an "Advance"). The District agrees to borrow the Advances from the County pursuant to this Contingent Loan Agreement for the purpose of meeting its obligations under the Bonds and the Bond Resolution. The County irrevocably agrees to disburse all Advances made hereunder directly to the District, and the District irrevocably agrees to immediately deposit all such amounts received by it in the Debt Service Reserve Account.

The total amount of funds to be loaned by the County pursuant to this Contingent Loan Agreement shall not exceed the sum of the principal amount of the Bonds plus interest thereon due and unpaid by the Authority (excluding Bonds paid with proceeds of Advances). Anything in this Agreement to the contrary notwithstanding, the County shall not be obligated to make any Advance necessary on account of the acceleration or redemption of any Bond (other than mandatory sinking fund redemption pursuant to Section __ of the Bond Resolution).

**B. Time and Procedures for Advances.**

**1.** ***Valuation Notice.*** The District shall give written notice to the County of the amount in the Debt Service Reserve Account as of each Valuation Date in substantially the form attached hereto as Exhibit A (a "Valuation Notice") within [10 Business Days] of such Valuation Date. If the amount in the Debt Service Reserve Account is less than the Reserve Requirement on such Valuation Date, the Valuation Notice shall include the estimated amount of sales and use tax proceeds and other available funds, if any, the District expects to be available to replenish the Debt Service Reserve Account on or before the date by which a Debt Service Reserve Account replenishment payment is due from the District pursuant to Section __ of the Bond Resolution (the "District Reserve Replenishment Date"). Such estimate shall not affect the amount of any Advance required to be made hereunder or the County's obligation to make Advances.

**2.** ***Notice of Deficiency.*** If, on any Valuation Date the amount in the Debt Service Reserve Account is less than the Reserve Requirement, and the District has not fully replenished the Debt Service Reserve Account to the Reserve Requirement by the District Reserve Replenishment Date, the District shall give written notice in substantially the form attached as Exhibit B (a "Notice of Deficiency") to the County of that continuing deficiency within three Business Days after the District Reserve Replenishment Date.

**3.** ***Advances.*** For as long as any Bonds remain outstanding, the County shall, no later than 10 a.m. on the Business Day preceding the Debt Service Payment Date that is more than six months but less than twelve months after a Valuation Date on which the amount in the Debt Service Reserve Account is less than the Reserve Requirement, the County shall loan to the District an amount that, when added to amounts available in the Debt Service Reserve Account,

is sufficient replenish the replenish such amounts to the Reserve Requirement. Such Advance may be made in a single Advance or a series of Advances.

**4.** ***Method of Notice.*** Valuation Notices and Notices of Deficiency shall be sent by the District to the County Treasurer by hand delivery or facsimile (which facsimile shall be promptly confirmed by telephone communication with the County Treasurer's office). The original of each such notice also shall be mailed to the County pursuant to VI.B. Any failure by the District to send such notices shall not nullify the County's obligation to make Advances to the District hereunder, but may result in a delay by the County's in transferring funds to the District.

**C. Additional Bonds.**

**1.** The District does not intend to submit this Contingent Loan Agreement or any indebtedness created hereunder to qualified electors of the District for approval. Under RCW 36.100.060 and other existing laws, the District may incur non-voted indebtedness in an aggregate amount equal to one-half of one percent of the value of the taxable property within the District. The District agrees to at all times maintain unused non-voted debt capacity equal to 1.5 times the amount of Bonds then outstanding. This requirement may be eliminated, waived or modified with the approval of the Board of the County Commissioners.

**D. Repayment Terms.**

**1.** ***Repayment Terms.*** The principal amount of each Advance to the District hereunder, together with interest thereon calculated as set forth in subsection 2 of this section, shall be repaid by the District from available sales and use tax revenue during each year after the Bond Fund (including the Principal and Interest Account and the Debt Service Reserve Account) has been fully funded for such year (including sufficient funds to make debt service payments required on the following _____ 1). Such payments will be applied *first* to costs owed to the County, *second*, to interest owed to the County on account of outstanding Advances made under this Contingent Loan Agreement and *third* to the principal of all outstanding Advances made under this Contingent Loan Agreement in the order in which such Advances were made.

**2.** ***Interest Rate.*** Each Advance made under the terms of this Contingent Loan Agreement will bear interest from the date of the Advance until the date such Advance is repaid. Interest on the Advances will be calculated on the basis of a 365/366-day year, for the actual number of days elapsed. The rate of interest borne by each Advance hereunder shall be a variable rate equal to the monthly average rate of return on the State of Washington Local Government Investment Pool (or its successor), as determined as of the last day of each month in which an Advance is outstanding, and shall change monthly as of the first day of each month in which an Advance is outstanding. The County may in its discretion charge a lower rate of interest. Absent manifest error, all interest calculations of the County Treasurer shall be binding upon the District and the County.

**3.** ***Maturity.*** Unless paid earlier pursuant to subsection (1) of this section, all Advances hereunder shall mature on December 31 of the year of expiration of the District's authority to impose the Sales Tax under RCW 82.14.390, as it may be amended from time to

time, but not earlier than 2032, which is the year that is twenty-five years after the tax was first collected.

**E. Nature of District's Obligation**. Subject to the provisions of II.D.1, the District's obligation to repay Advances from the sources identified herein and to perform and observe the other obligations on its part contained herein shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, abatement or otherwise. The full faith, credit and resources of the District are hereby pledged for the payment of all amounts owed to the County under this Agreement, and the Parties recognize that the District's obligation to repay Advances will constitute "debt" subject to constitutional and statutory limitations, and consequently the District makes the covenant, in Section 2.3, to maintain adequate non-voted debt capacity to accommodate its obligation to repay any Advances. The District's obligations under this Contingent Loan Agreement shall continue in effect and shall survive the satisfaction of the District's obligations under the Bonds and the Bond Resolution until such time as principal and interest due to the County pursuant to any Advance or Advances made hereunder have been repaid, together with any costs owed to the County pursuant to IV.E and V. To further its ability to make such payments to the County, the District hereby irrevocably covenants and agrees to continue imposing the sales and use tax as permitted under RCW 82.14.390 for so long as the Bonds remains outstanding or any District obligation to pay any amount to the County under this Contingent Loan Agreement remains outstanding.

**F. Nature of County's Obligation**. The County's obligation to make Advances hereunder, in the amounts, at the times, under the conditions and in the manner described herein shall not be subject to any preconditions not expressly set forth herein, and shall not be subject to diminution by setoff, counterclaim, abatement or otherwise. The full faith, credit and resources of the County are pledged irrevocably to make the Advances, in the amounts, at the times, in the manner and subject to the limitations described herein. However, the Parties recognize that the County's obligations hereunder do not constitute "debt" subject to constitutional or statutory limitations. The obligations of the County to make Advances hereunder shall terminate upon payment in full of the principal of and interest on all outstanding Bonds.

## III.
## Additional Obligations and Covenants

**A.** Agreement to Issue Bonds. The District shall issue the Bonds in accordance with the Bond Resolution and this Contingent Loan Agreement in the principal amount of $_____, which amount does not to exceed the amount necessary to finance or refinance the Project.

**B.** Commencement of Construction Prior to January 1, 2011. The District covenants that it will commence construction (within the meaning of RCW 82.14.390) of the Project before January 1, 2011.

**C.** Amendment of Bond Resolution. The District covenants that it will not amend or supplement the Bond Resolution without the prior written consent of the County.

**D.** **County Compliance with Continuing Disclosure Requirement**. To meet the conditions of paragraph (d)(2) of the Rule, as applicable to a participating underwriter for the Bonds, the County undertakes for the benefit of holders of the Bonds to provide or cause to be provided at least annually to the MSRB, in an electronic format and accompanied by identifying information, each as prescribed by the MSRB, certain financial information of the type described in this III.D (the "County Annual Report"). The County Annual Report will be provided no later than the last day of the ninth month after the end of each fiscal year of the County (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, beginning with the fiscal year ending [December 31, 2010]. The County Annual Report will consist of:

**1.** annual financial statements for the County prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Washington State governmental units such as the County, as such principles may be changed from time to time, which statements need not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the County they will be provided;

**2.** statements of assessed valuation of property within the County;

**3.** statements of ad valorem taxes levied and the percentage of taxes collected by the County;

**4.** statements of the County's property tax rates per $1,000 of assessed value; and

**5.** statements of the County's outstanding general obligation debt.

Certain items of the County Annual Report may be provided by way of cross-reference to other documents previously provided to the MSRB or filed with the SEC. If the cross-referenced document is a final official statement within the meaning of the Rule, it shall be available from the MSRB

The foregoing undertaking shall be modified if and as necessary to comply with the Rule as in effect on the issue date of any Bonds that are subject to the Rule. The County's obligations, if any, under this undertaking shall terminate upon the legal defeasance of all of the

Bonds. In addition, the County's obligations under this undertaking shall terminate if those provisions of the Rule which require the County to comply with this undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the County and the District, and the District provides timely notice of such termination to the MSRB.

## IV.
## Remedies Upon Default

**A. Remedies Upon District Default**. If the District is in default of its obligations under this Contingent Loan Agreement, the County may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as the County may deem most effectual to protect and enforce any of its rights or interests hereunder; provided that the County may not enforce repayment of the Advances until repayment in full of the principal of and interest on the Bonds.

**B. Remedies of District on Default**. Upon the occurrence of a default by the County in its obligations to make Advances hereunder, the District may proceed to protect and enforce its rights in equity or at law, either in mandamus or for the specific performance of any covenant or agreement contained herein, or for the enforcement of any other appropriate legal or equitable remedy, as the District may deem most effectual to protect and enforce any of its rights or interests hereunder. In the event the District receives any payment on account of such rights and/or remedies while any principal of or accrued interest on the Bonds remain outstanding, the District agrees to deposit such funds in the Debt Service Reserve Account for application in accordance with the Bond Resolution.

**C. No Remedy Exclusive**. No remedy conferred upon or reserved to either Party by this Contingent Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Contingent Loan Agreement or now or hereafter existing at law or in equity or by statute, and either Party hereto shall be free to pursue, at the same time, each and every remedy, at law or in equity, which it may have under this Contingent Loan Agreement, or otherwise.

**D. No Implied Waiver**. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. For the exercise of any remedy, it shall not be necessary to give any notice, other than such notice as may be expressly required herein.

**E. Agreement to Pay Attorneys' Fees and Expenses**. If a default arises under any of the provisions of this Contingent Loan Agreement and either Party hereto should employ attorneys or incur other expenses for the collection of amounts due under this Contingent Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the other Party contained in this Contingent Loan

Agreement, on demand therefor, the nonprevailing Party shall pay or reimburse the prevailing Party for the reasonable fees of such attorneys and such other expenses so incurred.

**F. Dispute Resolution**. The Parties may mediate any dispute over the interpretation of any terms or conditions under this Contingent Loan Agreement. Mediation will be made available upon request of either Party. The costs associated with any such mediation shall be shared equally by the Parties.

## V.
## Hold Harmless

As between the County and the District, the District shall assume the risk of, be liable for, and pay all damage, loss, cost and expense of any Party, including its employees, arising out of the performance of this Contingent Loan Agreement, except that caused by negligence and/or willful misconduct solely of the County and its employees acting within the scope of their employment. The District shall hold harmless the County and its officers, elected officials, agents, and employees against all claims, losses, suits, actions, costs, counsel fees, litigation costs, expenses, damages, judgments or decrees by reason of damage to any property or business and/or any death, injury or disability to or of any person or Party, including any employee, arising out of or suffered, directly or indirectly, by reason of or in connection with the performance of this Contingent Loan Agreement or any act, error or omission of the District or the District's employees, agents, or subcontractors, whether by negligence or otherwise, but only after repayment in full of the principal of and interest on the Bonds.

The District's obligation shall include, but not be limited to, investigating, adjusting and defending all claims against the County alleging loss from action, error or omission or breach of any common law, statutory or other delegated duty by the District, the District's employees, agents or subcontractors.

## VI.
## Miscellaneous

**A. Governing Law; Venue**. This Contingent Loan Agreement is governed by and shall be construed in accordance with the substantive laws of the State of Washington and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Contingent Loan Agreement shall be brought in the Superior Court of the State of Washington in and for Lewis County.

**B. Notices**. Except as otherwise provided herein, all notices, consents or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and hand delivered or mailed by certified or registered mail, postage prepaid and return receipt requested, as follows:

To the County: Lewis County
360 Northwest North Street
MS TR501
Chehalis, Washington 98532-1900

Attention: Chair, Board of County Commissioners
Fax: (360) 740-1493
Telephone: (360) 740-1115

To the District: Chair, Board of Directors,
Lewis County Public Facilities District
c/o Lewis County Treasurer
360 Northwest North Street
MS TR501
Chehalis, Washington 98532-1900
Attention: County Treasurer
Fax: (360) 740-1493
Telephone: (360) 740-1115

The County or the District may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent by giving notice of such change to the other party. Notices shall be deemed served upon deposit of such notices in the United States mail in the manner provided above.

**C. Binding Effect**. This Contingent Loan Agreement shall inure to the benefit of the County, the District and the holders of the Bonds and shall be binding upon the County and the District and their successors. This Contingent Loan Agreement may not be assigned.

**D. Severability**. In the event any provision of this Contingent Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**E. Amendments.** This Contingent Loan Agreement may be amended, changed, modified or altered by an instrument in writing duly executed by the County and the District (or the successors in title of each) if, in the opinion of bond counsel, such amendment will not adversely affect the security for the Bonds or tax exemption of interest on the Bonds. This Contingent Loan Agreement may not be terminated until the Bonds are no longer outstanding, unless the County has assumed all liability for payment of the principal of and interest on the Bonds when due and has pledged its full faith and credit to such payment.

**F. No Rights Created in Third Parties**. The terms of this Contingent Loan Agreement are not intended to establish or to create any rights in any persons or entities other than the County, the District, the respective successors and assigns of each.

**G. Time of Essence**. Time and all terms and conditions shall be of the essence of this Contingent Loan Agreement.

**H. Effective Date of and Termination of Contingent Loan Agreement.** This Contingent Loan Agreement shall become effective upon its full execution. This Contingent Loan Agreement shall terminate only upon the repayment or defeasance of all of the Bonds and the repayment of any obligations owed by the District to the County under this Contingent Loan Agreement.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LEND MONEY, EXTEND CREDIT, OR FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

IN WITNESS WHEREOF, the County and the District have caused this Contingent Loan Agreement to be executed in their respective names by their duly authorized officers, and have caused this Contingent Loan Agreement to be dated as of the date set forth on the first page hereof.

| | |
|---|---|
| LEWIS COUNTY, WASHINGTON | LEWIS COUNTY PUBLIC FACILITIES DISTRICT |
| _____ | _____ |
| Chair, Board of County Commissioners | Chair, Board of Directors |

**Exhibit A**
**Form Valuation Notice**

Lewis County
360 Northwest North Street
MS TR501
Chehalis, Washington 98532-1900
Attention: County Treasurer
Fax: (360) 740-1493
Telephone: (360) 740-1115
*[CONTACT INFO TO BE CONFIRMED/PROVIDED]*

VIA FACSIMILE
(with telephone confirmation)

Re: DEBT SERVICE RESERVE ACCOUNT VALUATION NOTICE
Lewis County Public Facilities District
Limited Tax General Obligation Bonds, 2010 (Event Center and Sports Complex)

The undersigned, a duly authorized officer of the Lewis County Public Facilities District (the "District"), hereby certifies to Lewis County, Washington (the "County"), with reference to the Contingent Loan Agreement (the "Contingent Loan Agreement") dated _____, 2010, by and between the County and the District, and the above-captioned bonds (the "Bonds"), that as of _____, 20__ (the "Valuation Date"), that:

1. Valuation Date is Business Day following (check all that apply):
   - ☐ a Debt Service Payment Date
   - ☐ a date on which money transferred from the Debt Service Reserve Account pay principal of and/or interest on the Bonds coming due on that date
   - ☐ a date on which Bonds optionally redeemed
2. Amount in Debt Service Reserve Account:
   - Investments $_____
   - Cash $_____
   - Total $_____
3. Reserve Requirement: $_____
4. Deficiency in Debt Service Reserve Account, if any: $_____
5. Anticipated deposits by District to Reserve Account on or before District Reserve Replenishment Date: $_____
6. Anticipated Debt Service Reserve Account Deficiency after District Reserve Replenishment Date: Total $_____
7. Debt Service Payment Date that is more than six and less than twelve months after the date of this notice _____, 20__

Any capitalized term used herein and not defined shall have the meaning assigned to such term in the Contingent Loan Agreement or, if not therein defined, as defined in the Bond Resolution. The individual signing below hereby represents that he or she is an officer of the undersigned and is duly authorized to execute and deliver this document.

Dated: _____, 20__.

LEWIS COUNTY PUBLIC FACILITIES DISTRICT

_____

_____, _____

**Exhibit B**
**Form Notice of Deficiency**

Lewis County
360 Northwest North Street
MS TR501
Chehalis, Washington 98532-1900
Attention: County Treasurer
Fax: (360) 740-1493
Telephone: (360) 740-1115
*[CONTACT INFO TO BE CONFIRMED/PROVIDED]*

VIA FACSIMILE
(with telephone confirmation)

Re: NOTICE OF DEFICIENCY
Lewis County Public Facilities District
Limited Tax General Obligation Bonds, 2010 (Event Center and Sports Complex)

The undersigned, a duly authorized officer of the Lewis County Public Facilities District (the "District"), hereby certifies to Lewis County, Washington (the "County"), with reference to the Contingent Loan Agreement (the "Contingent Loan Agreement") dated _____, 2010, by and between the County and the District, and the above-captioned bonds (the "Bonds"), that:

1. As of _____, 20__ (the "Valuation Date") the amount in the Debt Service Reserve Account was $_____, $_____ less than the Reserve Requirement.

2. As of _____, 20__ (the "District Reserve Replenishment Date") the District had deposited $_____ into the Debt Service Reserve Account to replenish such deficiency.

3. There is a continuing Debt Service Reserve Account deficiency of $_____.

Pursuant to II.B.3 of the Contingent Loan Agreement, the County is required to make an Advance to the District equal to the amount required to remedy such deficiency ($_____) no later than 10 a.m. on _____, 20__ (the Business Day preceding the Debt Service Payment Date that is more than six months but less than twelve months after the Valuation Date).

Any capitalized term used herein and not defined shall have the meaning assigned to such term in the Contingent Loan Agreement or, if not therein defined, as defined in the Bond Resolution. The individual signing below hereby represents that he or she is an officer of the undersigned and is duly authorized to execute and deliver this document.

Dated: _____, 20__.

LEWIS COUNTY PUBLIC FACILITIES DISTRICT

_____

_____, _____