

LEWIS COUNTY PUBLIC FACILITIES DISTRICT

RESOLUTION NO. 2010-007

A RESOLUTION of the Board of Directors of the Lewis County Public Facilities District providing for the issuance of \$5,795,000 aggregate principal amount of Limited Sales Tax Obligation Bonds of the District, 2010 (Taxable Build America Bonds – Direct Payment), to provide funds with which to pay a portion of the cost of acquiring, constructing and equipping a regional center; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond fund, a project fund and a sales tax revenue fund; and approving the sale and providing for the delivery of the bonds to Piper Jaffray & Co.

ADOPTED: October 14, 2010

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TABLE OF CONTENTS

Section 1 . Definitions.....3

Section 2 . Authorization of Bonds.....6

Section 3 . Description of Bonds. ....6

Section 4 . Registration and Transfer of Bonds. ....7

Section 5 . Payment of Bonds.....8

Section 6 . Redemption Provisions and Purchase for Cancellation of Bonds. ....8

Section 7 . Notice of Redemption. ....11

Section 8 . Failure to Redeem Bonds.....12

Section 9 . Form and Execution of Bonds. ....12

Section 10 . Bond Registrar. ....13

Section 11 . Tax Covenants. ....13

Section 12 . Refunding or Defeasance of the Bonds. ....14

Section 13 . Pledges of Full Faith and Credit and Sales Tax Revenue.....15

Section 14 . Creation of Funds and Accounts.....15

Section 15 . Sales Tax Revenue Fund.....15

Section 16 . Bond Fund.....16

Section 17 . Deposit of Bond Proceeds.....17

Section 18 . Investment of Funds.....18

Section 19 . Additional Covenants.....18

Section 20 . Additional Sales Tax Bonds.....19

Section 21 . Supplements and Amendments.....20

Section 22 . Defaults and Remedies. ....20

Section 23 . Approval of Bond Purchase Contract. ....23

Section 24 . Preliminary Official Statement Deemed Final.....23

Section 25 . Undertaking to Provide Continuing Disclosure.....23

Section 26 . Parties Interested Herein.....25

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WHEREAS, the Lewis County Public Facilities District (the “District”), is a duly organized and legally existing municipal corporation of the State of Washington formed by Lewis County, Washington (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 as defined in RCW 35.57.020 (including multipurpose community centers and special events centers) and related parking facilities; and

WHEREAS, the District’s Board of Directors (the “Board”) finds and determines that the residents of the District and the region will benefit from the District’s financing of the acquisition, construction and equipping of a regional center, including a multipurpose event center and sports complex, together with related parking facilities (collectively, the “Center”); and

WHEREAS, the District has entered into an Interlocal Agreement for Development of Event Center and Sports Complex with the City of Centralia (the “City”) and Centralia School District (the “School District”) regarding development and operation of the Center; and

WHEREAS, the 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 the taxable property within the District for the purpose of financing the Center; and

WHEREAS, the assessed valuation of the taxable property within the District as ascertained by the last preceding assessment for District purposes for the calendar year 2010 is \$7,593,018,077, and the District has no outstanding general indebtedness evidenced by nonvoter-approved obligations, including bonds, notes, financing leases and conditional sales contracts, incurred within the limit of up to one-half of one percent of the value of the taxable property within the District permitted for general District purposes without a vote of the qualified voters therein; 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 in excess of 70,000, and commenced construction of the Center on June 12, 2010, a date that is before January 1, 2011; and

WHEREAS, 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 (the "Sales Tax") to assist in financing the acquisition, financing, design, construction, operation and maintenance of the Center; and

WHEREAS, it is anticipated that (i) the City will contribute approximately \$1,277,000 from proceeds of its limited tax general obligation bonds and other available funds for use in the construction and development of the Center, (ii) the School District will contribute approximately \$600,000 in cash for use in the construction and development of the Center, (iii) the entity leasing the multipurpose event center portion of the Center from the District and operating that facility pursuant to the terms of a lease from the District will expend approximately \$400,000 for the construction and development of the Center, (iv) Lewis County Community Trails will contribute \$27,000 for use in the construction and development of the Center; and (v) the City and the School District, in addition to cash contributions, will make contributions of real property interests and the use of real property for the Center, which, together with the initial and annual contributions of the entity leasing the multipurpose event center, will satisfy the requirement of RCW 82.14.390(5) for the provision of land, cash or in-kind contributions for the regional center from other public or private sources equal to 33% of the amount of the sales and use tax collected for a regional center;

WHEREAS, the Board now desires to provide for the issuance of the sales tax bonds authorized herein within the limit of up to one-half of one percent of the value of the taxable property within the District to provide a portion of the long-term financing for the acquisition, construction and equipping of the Center; and

WHEREAS, the District and the County have entered into a Contingent Loan Agreement (defined herein) pursuant to which, among other things, in consideration of the District's issuance of the bonds authorized herein to finance the Center, the County is obligated to lend to the District a principal amount sufficient, together with other money in the Debt Service Reserve Account (defined herein), to replenish the Debt Service Reserve Account to the Reserve Requirement (defined herein) (each such loan, an "Advance"), and the District is obligated to borrow Advances from the County and to deposit all amounts received by it under the Contingent Loan Agreement in the Debt Service Reserve Account; and

WHEREAS, Piper Jaffray & Co. (the "Purchaser"), has offered to purchase the Bonds under the terms and conditions hereinafter set forth in the form of a bond purchase contract; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LEWIS COUNTY PUBLIC FACILITIES DISTRICT, as follows:

Section 1. Definitions. The words and phrases set forth herein with initial capitalization shall have the respective meanings ascribed to such words and phrases in the recitals hereto and in this Section 1, unless the context clearly requires otherwise.

“Account” shall mean any account within a Fund created by this resolution.

“Additional Sales Tax Bonds” shall mean any bonds or other obligations that the District may hereafter issue pursuant to Section 20 of this resolution that are secured by a pledge of Sales Tax Revenue on parity with the pledge securing the Bonds.

“Advance” shall mean a loan made by the County to the District pursuant to the Contingent Loan Agreement to replenish the Debt Service Reserve Account to the Reserve Requirement.

“Bond Fund” shall mean the District’s Limited Sales Tax Obligation Bond Fund created pursuant to Section 14 of this resolution, consisting of the Debt Service Reserve Account and the Principal and Interest Account therein.

“Bond Purchase Contract” shall mean the Bond Purchase Contract relating to the Bonds, dated October 14, 2010, between the District and the Purchaser.

“Bond Register” shall mean the books or records maintained by the Bond Registrar on which are recorded the names and addresses of the owners of each of the Bonds.

“Bond Registrar” shall mean the fiscal agent of the State of Washington (as such may be designated by the State of Washington from time to time) acting in the capacity of registrar, paying agent, transfer agent and authenticating agent for the Bonds.

“Bondowners’ Trustee” shall have the meaning given such term in Section 22 of this resolution.

“Bonds” shall mean the herein-authorized Limited Sales Tax Obligation Bonds, 2010 (Taxable Build America Bonds – Direct Payment), and “Bond” shall mean any of the Bonds.

“Business Day” shall mean any day, other than a Saturday or Sunday, on which banking institutions are open in the State of Washington and in the states in which any offices of the Bond Registrar designated from time to time by the Bond Registrar for the transfer or exchange of Bonds are located.

“Center” shall mean the land, real property improvements, buildings, facilities, fixtures, equipment, support facilities and related parking facilities comprising an event center and sports complex that constitutes a “regional center” under RCW 35.57.020, which may include (but need not be limited to): (i) improvements to the School District’s “Tiger Stadium,” (ii) construction of a multipurpose event center and provision for parking, (iii) construction of tennis courts and related improvements, (iv) construction of a multiuse and “quad” fields, (v) construction of a zip line, and (vi) construction and improvement of various trails.

“Chair” shall mean the Chair of the District, or any presiding officer of the District, or his/her successor in functions, if any.

“City” shall mean the City of Centralia, Washington, a municipal corporation of the State of Washington.

“Code” shall mean the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

“Contingent Loan Agreement” shall mean the Contingent Loan Agreement by and between the County and the District, dated October 8, 2010, as the same may be amended from time to time.

“Core Operating Expenses” shall mean (a) insurance premiums for building insurance, directors and officers insurance and/or other insurance policies deemed to be reasonably necessary by the District, (b) fees and costs associated with audits, and (c) other operating expenses of the District that the District and the County determine to be essential to the continued operation of the District and/or the protection of the District and its assets.

“County” shall mean Lewis County, Washington, a municipal corporation of the State of Washington.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, less credit payments the District is schedule to receive in respect of the Bonds pursuant to their designation as “build America bonds.”

“Debt Service Payment Date” shall mean any date on which the principal of and/or interest on the Bonds is due and payable as provided in Section 3 of this resolution.

“Debt Service Reserve Account” shall mean the account of that name in the Bond Fund established pursuant to Section 14 of this resolution.

“Default” shall have the meaning given such term in Section 22 of this resolution.

“DTC” shall mean The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, which will act as securities depository for the Bonds.

“Fund” shall mean any fund created by this resolution.

“Interlocal Agreement” shall mean the Interlocal Agreement for Development of Event Center and Sports Complex between the City, the School District and the District dated June 15, 2010, as the same may be amended from time to time

“Intergovernmental Contracts” shall mean the Interlocal Agreement and the Contingent Loan Agreement, together.

“Letter of Representations” shall mean the Blanket Issuer Letter of Representations with DTC setting forth certain understandings of the District and the Bond Registrar with respect to DTC’s services, as it may be amended from time to time.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final Official Statement dated the date hereof, prepared in connection with the sale of the Bonds, as it may be amended and supplemented.

“Permitted Investments” means investments that are now or may hereafter be permitted to the District by the laws of the State of Washington.

“Preliminary Official Statement” shall mean the Preliminary Official Statement dated October 7, 2010, prepared in connection with the sale of the Bonds, as it may be amended and supplemented.

“Principal and Interest Account” shall mean the account of that name in the Bond Fund established pursuant to Section 14 of this resolution.

“Project Fund” shall mean the District’s Event Center and Sports Complex Project Fund created pursuant to Section 14 of this resolution.

“Purchaser” shall mean Piper Jaffray & Co.

“Reserve Requirement” means an amount equal to 50% of average annual Debt Service, as of the date of issue of the Bonds. The “Reserve Requirement” may be recalculated from time to time pursuant to Section 16.

“Sales Tax Revenue” shall mean the money received by the District from the Washington State Department of Revenue on account of the sales and use tax imposed by and collected for the District pursuant to RCW 82.14.390, as the same may be amended from time to time, or any successor statute. For purposes of this resolution, “Sales Tax Revenue” shall also include the proceeds of any admissions tax imposed by the District under applicable law.

“Sales Tax Revenue Fund” shall mean the Public Facilities District Sales Tax Revenue Fund created pursuant to Section 14 of this resolution.

“School District” shall mean Centralia School District No. 401, a municipal corporation of the State of Washington.

“SEC” shall mean the United States Securities and Exchange Commission.

“Secretary” shall mean the Secretary of the District, or other officer of the District who is the custodian of the records of the proceedings of the Board, or his/her successor in functions, if any.

“Subordinate Obligations” shall mean any bonds or other obligations that the District may hereafter issue pursuant to Section 20 of this resolution that are secured by a pledge of Sales Tax Revenue subordinate to the pledge securing the Bonds and any Additional Sales Tax Bonds.

“State” shall mean the State of Washington.

“Term Bonds” shall mean the Bonds maturing in 2025 and 2032, and all other Additional Sales Tax Bonds designated as such in the applicable authorizing resolution.

“Treasurer” shall mean the treasurer of the County, as *ex officio* Treasurer of the District or his/her successor in functions, if any.

“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 or extraordinary optional redemption provisions of this resolution.

“Vice-Chair” shall mean the Vice-Chair of the District, or any vice-presiding officer of the District, or his/her successor in functions, if any.

Section 2. Authorization of Bonds. The District shall borrow money on the credit of the District and issue the Bonds evidencing that indebtedness in the aggregate principal amount of \$5,795,000 to pay a portion of the cost of acquiring, constructing and equipping the Center, to fund an initial deposit to the Debt Service Reserve Account, and to pay the costs of issuance and sale of the Bonds.

Section 3. Description of Bonds. The Bonds shall be called Limited Sales Tax Obligation Bonds, 2010 (Taxable Build America Bonds – Direct Payment) and be issued in the aggregate principal amount of \$5,795,000. The Bonds shall be dated their date of initial delivery; shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing June 1, 2011, to the maturity or earlier redemption of the Bonds; and shall mature on December 1 in years and amounts and bear interest at the rates per annum as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>December 1</u>		
2013	\$ 120,000	2.192%
2014	130,000	2.556
2015	145,000	2.906
2016	155,000	3.346
2017	170,000	3.596
2018	185,000	4.170
2019	200,000	4.320
2020	215,000	4.470
***	***	***
2025	1,390,000	5.320
***	***	***
2032	3,085,000	6.372

Section 4. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of each of the Bonds held by each owner.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations substantially in the form on file with the Secretary and by this reference made a part hereof. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District approves the Letter of Representations. The Chair is authorized and directed to execute and deliver the Letter of Representations, on behalf of the District, to DTC on or before the date of delivery of the Bonds to the Purchaser thereof and the payment therefor, with such changes as the Chair deems to be in the best interest of the District, and the execution and delivery of the Letter of Representations by the Chair shall evidence irrevocably the approval of the Letter of Representations by the District. Neither the District nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For so long as any Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its

nominees and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the District or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the District that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the District may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the District determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.

Section 5. Payment of Bonds. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the 15<sup>th</sup> day of the month preceding the interest payment date or, if requested in writing by a registered owner of \$1,000,000 or more in principal amount of Bonds prior to the applicable record date, by wire transfer on the interest payment date; provided that the costs of such wire transfer shall be paid by the requesting registered owner. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners to the Bond Registrar. Notwithstanding the foregoing, as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations.

Section 6. Redemption Provisions and Purchase for Cancellation of Bonds.

(a) Optional Redemption. The District reserves the right and option to redeem the Bonds prior to their stated maturity dates at any time on or after December 1, 2020, as a whole or in part (within one or more maturities selected by the District and randomly within a maturity as described in paragraph (d) below, as applicable), at par plus accrued interest to the date fixed for redemption.

Further, the District reserves the right and option to redeem the Bonds prior to their stated maturity dates at any time prior to December 1, 2020, in whole or in part, on any Business Day, at the Make-Whole Redemption Price (as described below) determined by an independent accounting firm, investment banking firm or financial advisor retained at the District's expense.

The "Make-Whole Redemption Price" means, with respect to any redemption date for a particular Bond, the greater of (i) the issue price of the Bonds as shown on the inside cover page of

the Official Statement (but not less than 100% of the principal amount of the Bonds to be redeemed), or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed (taking into account any mandatory sinking fund redemptions on a proportionate basis), not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted on a semi-annual basis to the date on which such Bonds are to be redeemed, assuming a 360-day year consisting of twelve 30-day months, at the "Comparable Treasury Yield" (defined below) plus 50 basis points, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

"Comparable Treasury Yield" means the yield which represents the weekly average yield to maturity for the preceding week appearing in the most recently published Federal Reserve Statistical Release designated "H.15(519) Selected Interest Rates" under the heading "Treasury Constant Maturities," (or, if such Statistical Release is no longer published, any publicly available source of similar market data) for the maturity corresponding to the remaining term to maturity of the Bond being redeemed. The Comparable Treasury Yield will be determined on a date that is no earlier than four Business Days prior to the date the redemption notice is mailed. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (a) closest to and greater than the remaining term to maturity of the Bond being redeemed; and (b) closest to and less than the remaining term to maturity of the Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward.

(b) Extraordinary Optional Redemption of the Bonds. The Bonds are subject to redemption at any time prior to their stated maturity dates at the option of the District, in whole or in part upon the occurrence of an Extraordinary Event (defined below), at a redemption price equal to the greater of: (i) 100% of the principal amount of the Bonds to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Bonds to be redeemed (taking into account any mandatory sinking fund redemptions on a proportionate basis), not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed, on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined above) plus 100 basis points plus accrued and unpaid interest on the Bonds to be redeemed to the redemption date (the "Extraordinary Optional Redemption Price"). The Extraordinary Optional Redemption Price shall be determined by an independent accounting firm, investment banking firm or financial advisor obtained by the District at the District's expense.

An "Extraordinary Event" will have occurred if (a) Sections 54AA or 6431 of the Code (as added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to "Build America Bonds") is modified or amended in a manner pursuant to which the District's 35% cash subsidy payments from the United States Treasury are reduced, modified or eliminated, or (b) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections places one or more substantive new conditions on the receipt by the District of such 35% cash subsidy payments and such condition(s) are unacceptable to the District.

(c) Mandatory Sinking Fund Redemption. The Bonds maturing in the years 2025 and 2032 are Term Bonds and, if not redeemed under the optional or extraordinary optional redemption provisions set forth above, purchased in the open market under the provisions set forth below, or defeased in accordance with this resolution, are subject to mandatory redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, on December 1 of the years and in the principal amounts as follows:

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2021	\$235,000
2022	255,000
2023	275,000
2024	300,000
2025*	325,000

\*Final Maturity

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
2026	\$350,000
2027	375,000
2028	405,000
2029	435,000
2030	470,000
2031	505,000
2032*	545,000

\*Final Maturity

Upon the purchase or redemption of Bonds for which mandatory sinking fund installments have been established, other than by reason of the mandatory sinking fund redemption described above, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward one or more scheduled mandatory redemption amounts for those Term Bonds (as allocated by the District) beginning not earlier than 60 days after the date of the optional or extraordinary optional redemption or purchase, and the District shall promptly notify the Bond Registrar in writing of the manner in which the credit for the Term Bonds so redeemed or purchased has been allocated.

(d) Selection of Bonds for Redemption. If fewer than all of the Bonds are to be redeemed prior to maturity, the District will select the maturity or maturities to be redeemed (other than with respect to mandatory sinking fund redemptions described in paragraph (c) above, for which the maturities to be redeemed have been specified herein). If fewer than all of the Bonds of a single maturity are to be redeemed, then:

(i) If such Bonds are in book-entry form at the time of such redemption, the Bond Registrar shall instruct DTC to pay sinking fund allocation and payments in respect of optional and extraordinary optional redemptions of the Bonds of a particular maturity to holders

through a pro rata pass-through distribution of principal. The District intends that the distribution allocations made by DTC, the DTC participants or other such intermediaries that may exist between the District and the beneficial owners of the Bonds be made in accordance with a pro rata pass-through distribution of principal, however the selection of the Bonds for redemption in the book-entry only system of DTC is subject to DTC's practices and procedures as in effect at the time of such partial redemption, and no assurance can be given that DTC or the DTC participants or any other intermediaries will allocate redemptions among beneficial owners in accordance with the foregoing proportional distribution provisions and neither the District nor the Bond Registrar will have any responsibility to ensure that DTC or the DTC participants properly select such Bonds for redemption; and

(ii) if such Bonds are not in book-entry form at the time of such redemption, on each redemption date, the Bond Registrar shall select the specific Bonds for redemption pro rata within each maturity after giving effect to the minimum transferrable denominations of the Bonds. This will be calculated based on the following formula:

$$\frac{(\text{principal amount to be redeemed}) \times (\text{principal amount owned by owner})}{(\text{principal amount outstanding})}$$

The portion of any Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or any integral multiple thereof, to be selected, as the case may be, by DTC in accordance with the Letter of Representations or by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem to be fair and appropriate.

(f) Purchase of Bonds in the Open Market. The District further reserves the right and option to purchase any or all of the Bonds at any time at any price acceptable to the District plus accrued interest to the date of purchase.

(g) Surrender of Bonds for Cancellation. All Bonds purchased or redeemed under this section shall be cancelled.

Section 7. Notice of Redemption. The District shall cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to such other persons and with such additional information as the District shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for so long as the Bonds are registered in the name of DTC or its nominee, notice of redemption shall be given in accordance with the Letter of Representations.

In the case of an optional redemption, the notice of redemption may state that the District retains the right to rescind the redemption notice and the related optional redemption of the

Bonds by giving a notice of rescission to the affected registered owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which notice of optional redemption has been rescinded will remain outstanding.

Section 8. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Principal and Interest Account and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Section 9. Form and Execution of Bonds. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this resolution and State law, and shall be signed by the Chair and Secretary, either or both of whose signatures may be manual or in facsimile. The Bonds need not be sealed with the corporate seal of the District.

Each Bond shall contain the following recital: "This Bond and the Bonds of this series shall be satisfied exclusively from the District, and no owner or other person shall have any right of action against or recourse to Lewis County, its assets, credit, or services, on account of any debts, obligations, liabilities, acts or omissions of the District, including this Bond and the Bonds of this series."

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

#### CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered Lewis County Public Facilities District Limited Sales Tax Obligation Bonds, 2010 (Taxable Build America Bonds – Direct Payment), described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT  
Bond Registrar

By \_\_\_\_\_  
Authorized Signer

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.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the District authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the District, those Bonds 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. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 10. Bond Registrar. The District hereby appoints the fiscal agent of the State as Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the District at all times. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 11. Tax Covenants.

(a) Tax Certificate. Upon the issuance of Bonds, the Chair and the Treasurer, and each of them acting separately, are authorized to execute a federal tax certificate (the "Tax Certificate"), which will certify to various facts and representations concerning the Bonds, based on the facts and estimates known or reasonably expected on the date of issuance of the Bonds, and make certain covenants with respect to the Bonds, including the following:

(i) *No private activity bonds.* The proceeds of the Bonds will not be used in manner that would cause the Bonds to be "private activity bonds" within the meaning of the Code, as further described in the Tax Certificate. Moreover, the District covenants that it will use the proceeds of the Bonds (including interest or other investment income derived from Bond proceeds), regulate the use of property financed or refinanced, directly or indirectly, with such proceeds, and take such other further action as may be required so that the Bonds will not be "private activity bonds."

(ii) *No federal guarantee.* The District has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, would cause the Bonds to be "federally guaranteed" within the meaning of the Code, as further described in the Tax Certificate.

(iii) *No arbitrage bonds.* The District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code, as further described in the Tax Certificate.

(c) Arbitrage Rebate. If the District does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the payment of arbitrage rebate to the United States, the District will take all necessary steps to comply with the requirement that

certain amounts earned by the District on the investment of the "gross proceeds" of the Bonds (within the meaning of the Code) be rebated.

(d) Designation of the Bonds as "Build America Bonds." The District hereby irrevocably elects to have Section 54AA of the Code apply to the Bonds so that the Bonds are treated as "build America bonds," and further to have Subsection 54AA(g) of the Code apply to the Bonds so that the Bonds are treated as "qualified bonds" with respect to which the District will be allowed a credit payable by the United States Treasury to or to the order of the District pursuant to Section 6431 of the Code in an amount equal to 35% of the interest payable on the Bonds on each interest payment date.

District officials, their agents, and representatives are hereby authorized and directed to do everything necessary for the prompt issuance and delivery of the Bonds and for the proper use and application of the proceeds of the sale of the Bonds, including taking such actions as are necessary or appropriate for the District to receive from the United States Treasury the applicable federal credit payments in respect of the Bonds, including but not limited to the timely filing with the Internal Revenue Service of Form 8038-CP – "Return for Credit Payments to Issuers of Qualified Bonds" or any other required form, in the manner prescribed by the Internal Revenue Service. The Chair and the Treasurer, and each of them acting separately, are authorized to negotiate, enter into, and execute a calculation agency agreement relating to the applicable federal credit payments in respect of the Bonds.

Section 12. Refunding or Defeasance of the Bonds. The District may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or "government obligations" within the meaning of RCW 39.53.010(4) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for the selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the District shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Section 13. Pledges of Full Faith and Credit and Sales Tax Revenue. The full faith and credit of the District is hereby pledged for the repayment of the Bonds, all as provided by this resolution. The Sales Tax Revenue is expressly pledged, for the equal and ratable benefit of the owners from time to time of the Bonds, as security for payment of the principal of and premium, if any, and interest on the Bonds, subject to the provisions of this resolution permitting the application of amounts held hereunder to the purposes set forth herein.

Section 14. Creation of Funds and Accounts. The following funds and accounts are established and shall be maintained in the office of the Treasurer separate and distinct from all other funds and accounts of the District: the Limited Sales Tax Obligation Bond Fund (the "Bond Fund") and the Debt Service Reserve Account and Principal and Interest Account therein, the Public Facilities District Sales Tax Revenue Fund (the "Sales Tax Revenue Fund") and the Event Center and Sports Complex Project Fund (the "Project Fund"). A resolution authorizing Additional Sales Tax Bonds may, but need not, establish a separate bond fund, including, among other accounts, a separate debt service reserve account for such Additional Sales Tax Bonds.

Section 15. Sales Tax Revenue Fund. For so long as any Bonds or any Additional Sales Tax Bonds remain outstanding, and unless otherwise specifically provided herein, all Sales Tax Revenue shall be transferred to and deposited into the Sales Tax Revenue Fund when and as received by the District or by the Treasurer of the County, as *ex officio* Treasurer of the District. Sales Tax Revenue deposited therein, together with the proceeds of Advances made by the County under the Contingent Loan Agreement to the extent necessary to provide for the Third purpose below, shall be disbursed for the following purposes in the following order of priority, commencing with all Sales Tax Revenue currently received by the District after the date hereof:

- First, to make the required deposits into the Principal and Interest Account for the payment of interest due on the Bonds and any Additional Sales Tax Bonds (as provided in Section 16 of this resolution);
- Second, to make the required deposits into the Principal and Interest Account for the payment of principal of the Bonds and any Additional Sales Tax Bonds at maturity or upon mandatory sinking fund redemption prior to scheduled maturity (as provided in Section 16 of this resolution);
- Third, to pay Core Operating Expenses of the District;
- Fourth, to replenish the Debt Service Reserve Account so that the amount therein is at least the Reserve Requirement (as provided in Section 16 of this resolution);
- Fifth, to repay principal of and interest on any Advances made by the County to the District under the Contingent Loan Agreement (as provided in Section 2.4 of the Contingent Loan Agreement);
- Sixth, to pay other administrative operating expenses of the District;
- Seventh, to fund any reserves that the District is required by contract, resolution or otherwise to create and maintain;

Eighth, to pay principal of, premium, if any, and interest on, and any other payments required in connection with, Subordinate Obligations; and

Ninth, to provide for costs of and reserves for long-term capital repairs, renewals and replacements of the Center, and for other lawful purposes, in no particular order of preference and all as determined by the District.

The District hereby covenants that it will exercise due regard for the anticipated financial requirements to be satisfied as priorities First through Eighth of this Section 15 in each calendar year prior to authorizing or making any disbursement of money in the Sales Tax Revenue Fund for the purpose identified as priority Ninth. Money in the Sales Tax Revenue Fund shall be invested by the Treasurer, but only upon the direction of the District, in any legal investment for District funds, and interest earnings shall accrue to and be deposited in the Sales Tax Revenue Fund.

Section 16. Bond Fund. The Bond Fund shall contain two accounts: the Principal and Interest Account and the Debt Service Reserve Account. The Principal and Interest Account is to be drawn upon for the sole purpose of paying principal of and interest on the Bonds and any Additional Sales Tax Bonds. If, on any Debt Service Payment Date, the amount in the Principal and Interest Account is insufficient to make the requirement payment of principal and interest on the Bonds, the Debt Service Reserve Account is to be drawn upon to make a deposit into the Principal and Interest Account to the extent of such insufficiency. The Debt Service Reserve Account established pursuant to this resolution shall not to be drawn upon to pay debt service on Additional Bonds, Subordinate Obligations, or any obligations of the District other than the Bonds; *provided, however*, that a resolution authorizing Additional Sales Tax Bonds may establish a separate debt service reserve account for such Additional Sales Tax Bonds.

For so long as the Bonds or any Additional Sales Tax Bonds remain outstanding, the District shall deposit (and the Treasurer is hereby directed to deposit) in the Principal and Interest Account, from the Sales Tax Revenue Fund, the following amounts necessary, together with other money then on hand in the Principal and Interest Account, to pay the principal of and interest on the Bonds as the same shall become due and payable. Such payments shall be made into the Principal and Interest Account on or before the 20<sup>th</sup> day of each calendar month as follows:

(a) commencing with the month of November, 2010, at least one-seventh of the amount which, together with other money paid into and on hand in the Principal and Interest Account, will equal the interest to become due and payable on the Bonds on June 1, 2011, and continuing thereafter for so long as any of the Bonds are outstanding and unpaid, at least one-sixth of the amount which, together with other money paid into and on hand in the Principal and Interest Account to be used therefor, will equal the interest to become due and payable on the next interest payment date for the Bonds; and

(b) commencing with the month of December, 2012, and continuing for as long as any of the Bonds are outstanding and unpaid, at least one-twelfth of the amount, together with other money paid into and on hand in the principal and interest account to be used therefor, will equal the principal amount of the Bonds to become due and payable on the next principal payment date for the Bonds, whether by reason of scheduled maturity or mandatory sinking fund redemption.

The money and value of Permitted Investments in the Debt Service Reserve Account shall be determined as of each Valuation Date and maintained at an amount at least equal the Reserve Requirement, except where it is necessary to make a transfer therefrom to the Principal and Interest Account because of an insufficiency of money therein to make any required payment of principal of or interest on any Bonds when due.

If at any time the money and value of Permitted Investments in the Debt Service Reserve Account shall exceed the amount required to be maintained therein, such excess may be transferred to the Principal and Interest Account. For the purpose of determining the amount credited to the Reserve Account, obligations in which money in the Reserve Account shall have been invested shall be valued at the market value thereof. The term "market value" shall mean, in the case of securities that are not then currently redeemable at the option of the holder, the current bid quotation for such securities, as reported in any nationally circulated financial journal, and the current redemption value in the case of securities that are then redeemable at the option of the holder. For obligations that mature within six months, the market value shall be the par value thereof. The valuation of the amount in the Reserve Account shall be made by the District as of the close of business on each Valuation Date.

If, on any Valuation Date, the valuation of the amount in the Reserve Account is less than the Reserve Requirement, the District shall transfer from the Sales Tax Fund an amount necessary to make the valuation of the amount in the Reserve Account equal to 100% of the Reserve Requirement by the 30<sup>th</sup> calendar day after the applicable Valuation Date (the "District Reserve Replenishment Date"). If 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 of such deficiency to the County as prescribed by the Contingent Loan Agreement. Pursuant to the Contingent Loan Agreement, the County shall on the Business Day preceding the Debt Service Payment Date that is more than six months but less than twelve months after the applicable Valuation Date, lend to the District an amount that, when added to amounts available in the Debt Service Reserve Account, is sufficient to replenish such amounts to the Reserve Requirement. The District agrees to borrow such Advance(s) from the County and to immediately deposit all such amounts received in the Debt Service Reserve Account. For so long as the Bonds remain outstanding, the District shall deposit (and the Treasurer is hereby directed to deposit) in the Debt Service Reserve Account, from the Sales Tax Revenue Fund and, if necessary, from Advances received from the County pursuant to the Contingent Loan Agreement, amounts sufficient to satisfy the Reserve Requirement with respect to the Bonds.

In the event that any Bonds are redeemed or otherwise cancelled in advance of their scheduled maturity date, The "Reserve Requirement" may be recalculated to be the amount that is equal to one-half of average annual debt service on the Bonds, calculated as of the date of prepayment.

Section 17. Deposit of Bond Proceeds. Proceeds of the sale of the Bonds equal to the Reserve Requirement as of the date of initial delivery of the Bonds shall be deposited in the Debt Service Reserve Account. The proceeds of the sale of the Bonds remaining after the deposit to the Debt Service Reserve Account shall be paid into the Project Fund and shall be used for the purposes specified in Section 2 of this resolution. On each Debt Service Payment Date on which interest on the Bonds is to be paid from Bond proceeds, the Treasurer shall transfer the required

amount from the Project Fund to the Principal and Interest Account for that purpose. Until needed to pay the cost of acquiring, constructing and equipping the Center, the cost of issuance and sale of the Bonds, or interest on the Bonds, the District may invest money in the Project Fund temporarily in any Permitted Investment, and the investment earnings may be retained in the Project Fund and be spent for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 18. Investment of Funds. Money held for the credit of the Sales Tax Revenue Fund or the Principal and Interest Account of the Bond Fund shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the District, solely in, and obligations deposited in such accounts shall consist of, Permitted Investments which shall mature on or prior to the respective dates when the money held for the credit of such Fund and Accounts will be required for the intended purposes thereof. Money in the Debt Service Reserve Account of the Bond Fund not required for immediate disbursement for the purposes for which such Account is created shall, to the fullest extent practicable and reasonable, be invested and reinvested at the direction of the District solely in, and obligations deposited in the Debt Service Reserve Account shall consist of, Permitted Investments maturing or subject to redemption at the option of the owner thereof within 10 years from the date of such investment (but maturing prior to the final maturity date of the Bonds then outstanding).

All loss resulting from the sale of any investments in any specified Fund or Account shall be charged to such Fund or Account, and all earnings received from the investment of money in any Fund or Account shall be credited to such Fund or Account, except as specifically provided herein.

Section 19. Additional Covenants.

(a) Limitation on Future Pledges of Sales Tax Revenue. Except as otherwise allowed by Section 20 hereof, the District covenants and agrees, for as long as any of the Bonds are outstanding, not to pledge Sales Tax Revenue to any purpose other than the payment of principal of and interest on the Bonds and any Additional Sales Tax Bonds unless such pledge is expressly subordinate to the pledge of Sales Tax Revenue in favor of the Bonds and the Additional Sales Tax Bonds.

(b) Imposition and Collection of the Sales Tax. The District hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding that each year it will continue to impose the Sales Tax at the rate of at least 0.033% of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax) and to apply the Sales Tax Revenue as provided in this resolution; *provided, however*, this covenant shall not extend beyond the maximum period of time the Sales Tax may be imposed under RCW 82.14.390. The District covenants to take no action that would cause the rate of the Sales Tax to be less than 0.033% of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax) for so long as any Bonds or Additional Sales Tax Bonds are outstanding.

(c) Enforcement of Obligations. The District hereby covenants and agrees that it will perform its respective obligations and will enforce performance by the other parties thereto under each of the Intergovernmental Contracts, and that it will not amend any Intergovernmental

Contract in a manner that adversely affects, in any material respect, the interests of the owners of the Bonds; *provided, however*, that notwithstanding the foregoing, the Agreement may be amended in connection with the issuance of Additional Bonds, including any Additional Bonds issued to refund the Bonds, to reflect the extension of the County's obligation under the Contingent Loan Agreement to replenish debt service reserve accounts established for such Additional Bonds.

(d) Refunding Bonds. If the Authority issues Refunding Bonds at any time, all references in this Agreement to "Bonds" shall be deemed to be references to such "Refunding Bonds" for all purposes, without further action by the parties hereto, but only if the average annual debt service on the Refunding Bonds does not exceed the average annual debt service on the Bonds that are being refunded.

(e) Operation of Center. From and after the completion of the Center, the District shall, at all times that any Bonds or Additional Sales Tax Bonds are outstanding, operate the Center, or cause the Center to be operated, properly as a "regional center" (as that term is defined in chapter 35.57 RCW).

#### Section 20. Additional Sales Tax Bonds.

(a) Conditions upon the Issuance of Additional Sales Tax Bonds. As long as any Bonds remain outstanding, the District hereby further covenants and agrees that it will not issue any obligations payable from Sales Tax Revenue, and further that it will not issue any Additional Sales Tax Bonds, except in accordance with the conditions of this section. The District hereby reserves the right to issue Additional Sales Tax Bonds for any lawful purpose, including for the purposes of paying costs of completing construction of the Center for which Bonds have been issued previously and refunding outstanding Bonds or Additional Sales Tax Bonds, as provided in this section. The District shall not issue any series of Additional Sales Tax Bonds unless:

(i) the District shall not have been in Default under this resolution for the immediately preceding 12 calendar months;

(ii) the County shall have approved the issuance of the Additional Sales Tax Bonds; and

(iii) the Contingent Loan Agreement is in full force and effect between the District and the County, and the County is not in default of its obligations to the District thereunder.

(b) Refundings to Cure Defaults. Nothing herein contained shall prevent the District from issuing Additional Sales Tax Bonds to refund maturing Bonds or Additional Sales Tax Bonds in order to prevent or cure a default.

(c) Subordinate Obligations. Nothing herein contained shall prevent the District (with the consent of the County) from issuing bonds or other obligations that are a charge upon the Sales Tax Revenue junior or inferior to the payments required by this resolution to be made out of the Sales Tax Revenue into the Bond Fund to pay and secure the payment of the Bonds and any Additional Sales Tax Bonds.

Section 21. Supplements and Amendments.

(a) Without Consent of Owners. The District from time to time and at any time may adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this resolution, for one or more or all of the following purposes:

(i) To add to the covenants and agreements of the District in this resolution contained and other covenants and agreements thereafter to be observed, which shall not adversely affect in any material respect the interests of the owners of the Bonds, or to surrender any rights or powers herein reserved to or conferred upon the District; or

(ii) To cure, correct or supplement any ambiguous or defective provision contained in this resolution in regard to matters or questions arising under the resolution as the Board may deem necessary or desirable and not inconsistent with the resolution and which shall not adversely affect the interest of the owner of Bonds in any material respect.

Any such supplemental resolution of the Board may be adopted without the consent of the owners of the Bonds at any time outstanding, notwithstanding any of the provisions of this section.

(b) With Owners' Consent. With the consent of the owners of at least 51% in principal amount of outstanding Bonds, the Board may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the owner of each Bond so affected.

It shall not be necessary for the consent of the owner under this subsection to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Effective Date of Modification. Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this resolution shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes. A copy of each supplemental resolution shall be provided to the owners of the Bonds.

Section 22. Defaults and Remedies. The District hereby finds and determines that the deposit and disbursement of Sales Tax Revenue are essential to the payment and security of the Bonds and the failure or refusal of the District or any of its officers to perform the covenants and obligations of this resolution may endanger the application of Sales Tax Revenue and such other money, funds and securities to the purposes herein set forth. Accordingly, the provisions of this section are specified and adopted for the additional protection of the owners from time to time of

the Bonds. Any one or more of the following events shall constitute a "Default" under this resolution:

(a) The District shall fail to make payment of the principal of any Bond or Additional Sales Tax Bond when the same shall become due and payable whether by maturity or scheduled redemption prior to maturity;

(b) The District shall fail to make payments of any installment of interest on any Bond or Additional Sales Tax Bond when the same shall become due and payable; or

(c) The District shall default in the observance or performance of any other covenants, conditions, or agreements on the part of the District contained in this resolution, and such default shall have continued for a period of 90 days; provided, however, that such default shall not constitute a Default unless the owners of at least a majority of the principal amount of outstanding Bonds have requested a Bondowners' Trustee to declare such default as a Default.

In such case, so long as such Default shall not have been remedied, a Bondowners' Trustee may be appointed for the Bonds by the owners of a majority in principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such Trustee, notification thereof being given to the District. Any Bondowners' Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of any state or a national banking association. The fees and expenses of a Bondowners' Trustee shall be borne by the Bondowners and not by the District. The bank or trust company acting as a Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed by the owners of a majority in principal amount of the Bonds outstanding, by an instrument or concurrent instruments in writing signed and acknowledged by such owners or by their attorneys-in-fact duly authorized. A separate Bondowners' Trustee may be retained for each subsequent issue of Additional Sales Tax Bonds; however, the same bank may represent the owners of the Bonds and the owners of Additional Sales Tax Bonds in the capacity as Bondowners' Trustee.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is hereby declared to be a trustee for the owners of all the Bonds for which such appointment is made and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

A Bondowners' Trustee may, upon the happening of a Default and during the continuance thereof, take such steps and institute such suits, actions or other proceedings in its own name, or as trustee, all as it may deem appropriate for the protection and enforcement of the rights of owners of the Bonds to collect any amounts due and owing the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this resolution. Nothing contained in this section shall, in any event or under any circumstances, be deemed to authorize the acceleration of maturity of principal of the Bonds, and the remedy of acceleration is expressly denied to the owners of the Bonds under any circumstances including, without limitation, upon the occurrence and continuance of a Default.

Any action, suit or other proceedings instituted by a Bondowners' Trustee hereunder shall be brought in its name as trustee for the owners of the Bonds and all such rights of action upon or under any of the Bonds or the provisions of this resolution may be enforced by a Bondowners' Trustee without the possession of any of said Bonds, and without the production of the same at any trial or proceedings relating thereto except where otherwise required by law, and the respective owners of said Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint a Bondowners' Trustee the true and lawful trustee to the respective owners of said Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums that become distributable on account of said Bonds; to execute any paper or documents for the receipt of such money, and to do all acts with respect thereto that the owner himself might have done in person. Nothing herein contained shall be deemed to authorize or empower any Bondowners' Trustee to consent to accept or adopt, on behalf of any owner of said Bonds, any plan of reorganization or adjustment affecting the said Bonds or any right of any owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District shall be a party.

No owner of any one or more of the Bonds shall have any right to institute any action, suit or proceedings at law or in equity for the enforcement of the same, unless Default shall have happened and be continuing, and unless no Bondowners' Trustee has been appointed as herein provided, but any remedy herein authorized to be exercised by a Bondowners' Trustee may be exercised individually by any owner, in his own name and on his own behalf or for the benefit of all owners of the Bonds, in the event no Bondowners' Trustee has been appointed, or with the consent of the Bondowners' Trustee if such Bondowners' Trustee has been appointed; provided however, that nothing in this resolution or in the Bonds shall affect or impair the obligation of the District, which is absolute and unconditional, to pay from Sales Tax Revenue the principal of and interest on said Bonds to the respective owners thereof at the respective due dates therein specified, or affect or impair the right of action, which is absolute and unconditional, of such owners to enforce such payments.

The remedies herein conferred upon or reserved to the owners of the Bonds and to a Bondowners' Trustee are not intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. The privileges herein granted shall be exercised from time to time and continued so long as and as often as the occasion therefor may arise and no waiver of any default hereunder, whether by a Bondowners' Trustee or by the owners of Bonds, shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon. No delay or omission of the owners or of a Bondowners' Trustee 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 of any such default or acquiescence therein.

Upon any such waiver, such default shall cease to exist, and any Default arising therefrom shall be deemed to have been cured, for every purpose of this resolution; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 23. Approval of Bond Purchase Contract. The Purchaser has presented the Bond Purchase Contract to the District offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on file with the Secretary and is incorporated herein by this reference. The Board finds that entering into the Bond Purchase Contract is in the District's best interest and therefore accepts the offer contained therein and authorizes its execution by the Chair, the Vice-Chair or the Secretary.

The Bonds will be printed at District expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Foster Pepper PLLC, regarding the Bonds.

The Chair, Vice-Chair, Secretary and Treasurer, and each of them acting separately, are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the Purchaser, including, without limitation, the execution of the Official Statement on behalf of the District, and for the proper application and use of the proceeds of the sale thereof.

Section 24. Preliminary Official Statement Deemed Final. The Board has been provided with copies of the Preliminary Official Statement. For the sole purpose of the Purchaser's compliance with SEC Rule 15c2-12(b)(1), the District "deems final" that Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, municipal bond insurance, ratings and other terms of the Bonds dependent on such matters.

Section 25. Undertaking to Provide Continuing Disclosure. To meet the requirements of SEC Rule 15c2-12(b)(5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the District makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Material Events. The District undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in both the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes; and

(iii) Timely notice of a failure by the District to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the District undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to Washington state local government units, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the District they will be provided; (2) to the extent not otherwise provided in the District's annual financial statements or in information provided by the County pursuant to its undertaking pursuant to the Rule for the benefit of holders of the Bonds, a summary of taxable retail sales and revenues provided from Sales Tax Revenue (of the type included in the Official Statement for the Bonds under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledge of Revenues – *Historical Taxable Retail Sales*"); (3) a statement of authorized, issued and outstanding bonded debt of the District; (4) a statement of issued and outstanding debt of the District secured by the Contingent Loan Agreement; and (5) a statement of whether or not the District has drawn on funds of the County pursuant to the Contingent Loan Agreement.

(ii) Shall be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the District (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by Washington law, commencing with the District's fiscal year ending December 31, 2010; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or that have been filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, under the circumstances and in the manner permitted by the Rule.

The District will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the District and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The District's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the District's obligations under this Undertaking shall terminate if those provisions of the Rule which require

the District 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 District, and the District provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the District learns of any failure to comply with the Undertaking, the District will proceed with due diligence to cause such noncompliance to be corrected. No failure by the District or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the District or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Treasurer (or such other officer of the District who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the District in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality with respect to the Bonds, and, if material, preparing and disseminating notice of its occurrence;

(iii) Determining whether any person other than the District is an "obligated person" within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of material events for that person in accordance with the Rule;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the District in carrying out the Undertaking; and

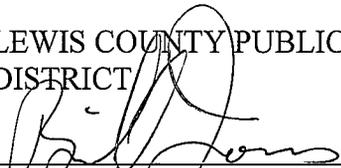
(v) Effecting any necessary amendment of the Undertaking.

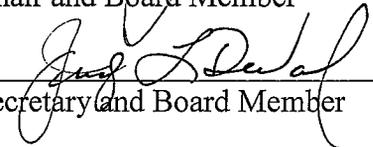
Section 26. Parties Interested Herein. Nothing expressed or implied in this resolution is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the District and the registered owners of the Bonds, any right, remedy or claim under or by reason of this resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District and the registered owners of the Bonds.

Section 27. Ratification and Confirmation. Any actions of the District or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

ADOPTED by the Board of Directors of the Lewis County Public Facilities District at an open public meeting thereof held this 12<sup>th</sup> day of October, 2010.

LEWIS COUNTY PUBLIC FACILITIES  
DISTRICT

  
Chair and Board Member

  
Secretary and Board Member

## CERTIFICATION

I, the undersigned, as Secretary of the Lewis County Public Facilities District (the "District"), hereby certify as follows:

1. The foregoing Resolution No. 2010-007 (the "Resolution") is a full, true and correct copy of the Resolution duly adopted at a special meeting of the District's Board of Directors held at the regular meeting place thereof on October 14, 2010, as that Resolution appears on the minute book of the District;

2. Written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Board of Directors by mail or by personal delivery at least 24 hours prior to the special meeting, and notice was given to interested media in accordance with applicable law;

3. A quorum was present throughout the meeting and a sufficient number of members of the Board of Directors voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of October, 2010.

LEWIS COUNTY PUBLIC FACILITIES  
DISTRICT

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Secretary