

PORT OF COUPEVILLE
ISLAND COUNTY, WASHINGTON
RESOLUTION NO. 280

A RESOLUTION of the Port Commission of the Port of Coupeville, Island County, Washington, relating to contracting indebtedness; providing for the issuance, sale, and delivery of a limited tax general obligation bond to provide funds to pay and reimburse the payment of costs of improving existing facilities owned by the Port and to pay the costs of issuance and sale of the bond; fixing certain terms and covenants of the bond; and providing for other related matters.

BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF COUPEVILLE, ISLAND COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following capitalized terms shall have the following meanings:

- (a) “*Bank*” means Cashmere Valley Bank and its successors.
- (b) “*Bank Offer*” means the offer of the Bank to purchase the Bond dated January 13, 2021.
- (c) “*Bond*” means the bond issued pursuant to and for the purposes provided in this Resolution.
- (d) “*Bond Counsel*” means the firm of Foster Garvey PC, its successor, or any other attorney or firm of attorneys selected by the Port with a nationally recognized standing as bond counsel in the field of municipal finance.
- (e) “*Bond Fund*” means the Bond Fund of the Port maintained for the payment of general obligation bonds of the Port.
- (f) “*Bond Register*” means the books or records maintained by the Registrar for the purpose of identifying ownership of the Bond.
- (g) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.
- (h) “*Commission*” means the port commission of the Port, as duly and regularly constituted from time to time.
- (i) “*Grants*” means, collectively, (i) the Island County Rural County Economic Development Infrastructure Investment Program grant awarded by the Island County Board of County Commissioners on August 13, 2019, in the amount of \$870,804, and (ii) the Ebey’s

Reserve Preservation Grant Program grant awarded by the Washington State Department of Archaeology and Historic Preservation on February 20, 2020, in the amount of \$303,000.

(j) “*Issue Date*” means the date of initial issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

(k) “*Maturity Date*” means December 1, 2023.

(l) “*Port*” means the Port of Coupeville, Island County, Washington, a municipal corporation duly organized and existing under the laws of the State.

(m) “*Project*” means the improvement of existing facilities owned by the Port, as described in the Grants.

(n) “*Registered Owner*” means the person in whose name the Bond is registered on the Bond Register, initially the Bank.

(o) “*Registrar*” means the Treasurer or any successor registrar for the Bond selected by the Treasurer.

(p) “*State*” means the State of Washington.

(q) “*System of Registration*” means the system of registration for the Port’s bonds and other obligations set forth in Resolution No. 60 of the Port.

(r) “*Treasurer*” means the Island County Treasurer, *ex officio* treasurer of the Port.

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

(a) *Authority and Description of Project.* The Port has been awarded the Grants and is in need of funds to pay and reimbursement the payment of costs of improving existing facilities owned by the Port, as described in the Grants. RCW 53.08.020 authorizes the Port to carry out the Project. The Commission finds that it is in the best interests of the Port to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including chapters 53.36, 39.36, and 39.46 RCW, the Port is authorized to issue general obligation bonds for the purpose of paying the cost of the Project and to pay the costs of issuance and sale of the Bond. The total expected cost of the Project is approximately \$1,260,884, which is expected to be paid from proceeds of draws on the revolving line of credit evidenced by the Bond, proceeds of the Grants, and other money of the Port lawfully available therefor.

(c) *Debt Capacity.*

(1) The assessed valuation of the taxable property within the Port district as ascertained by the last assessment for state and county purposes for collection in 2021 (\$2,779,381,286) plus the timber assessed value of the Port district (\$1,765,140) is \$2,781,146,426.

(2) The Port has no limited tax general obligation indebtedness outstanding incurred within the limit of up to 0.25% of the value of the taxable property within the Port permitted without a vote (\$6,952,866).

(3) The Port has no unlimited tax general obligation indebtedness for capital purposes only outstanding incurred within the limit of up to 0.75% of the value of the taxable property in the Port and assented to by three-fifths of the voters of the Port district voting thereon at an election called for that purpose (\$20,858,598).

(d) *The Bond.* For the purpose of providing the funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bond, the Commission finds that it is in the best interests of the Port and its taxpayers to issue and sell the Bond to the Bank pursuant to the terms set forth in the Bank Offer.

Section 3. Authorization of Bond. The Port is authorized to borrow money on the credit of the Port and issue a limited tax general obligation bond evidencing indebtedness in the principal amount of not to exceed \$1,000,000 to provide funds necessary to carry out the Project and to pay the costs of issuance and sale of the Bond. Proceeds of draws on the revolving line of credit evidenced by the Bond shall be deposited as set forth in Section 8 and shall be used to carry out the Project and to pay the costs of issuance and sale of the Bond, all as the Commission determines is advisable and practicable.

Section 4. Description of Bond. The Bond shall be called the Port of Coupeville, Island County, Washington, Limited Tax General Obligation Bond, 2021 (Revolving Line of Credit), and shall be issued in the principal amount of not to exceed \$1,000,000. The Bond shall be dated the Issue Date and shall be numbered R-1. The Bond shall mature on the Maturity Date.

The Port may draw on the revolving line of credit evidenced by the Bond on any business day until the Maturity Date, in any amount of not less than \$25,000, so long as the aggregate principal amount evidenced by the Bond that is outstanding does not exceed \$1,000,000. Each draw must be received by the Bank by 11:00 a.m. for same day funding. So long as the aggregate principal amount evidenced by the Bond that is outstanding does not exceed \$1,000,000, any principal that has been prepaid may be reborrowed until the Maturity Date. All principal and interest evidenced by the Bond that is outstanding as of the Maturity Date shall be due and payable on the Maturity Date. The Executive Director of the Port is hereby authorized to draw on the revolving line of credit evidenced by the Bond, to prepay and reborrow principal amounts drawn, and to make payments of interest when due, all in accordance with the provisions of this resolution.

The aggregate principal amount evidenced by the Bond that is outstanding shall bear interest at a rate per annum equal to one (1.00) minus the marginal corporate tax rate (currently, 0.21) plus one basis point (0.01), the sum then multiplied by the then-current Prime Rate as reported by the *Wall Street Journal* or supplanting publisher. Interest shall be payable on the first business day of each month following the month in which the first draw is made and shall be computed on the basis of the number of days actually elapsed divided by 365. The marginal corporate tax rate shall be determined for each year on the first business day of the year. At no time shall the rate of interest be less than zero.

The Bank shall be entitled to receive a fee of \$750 on the date of the first draw.

Section 5. Registrar; Registration and Transfer of Bond.

(a) *Registration of Bond.* The Bond shall be issued only in registered form as to both principal and interest, and the ownership of the Bond shall be recorded on the Bond Register.

(b) *Registrar; Duties.* The Treasurer is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the Port at all reasonable times. The Registrar is authorized, on behalf of the Port, to authenticate and deliver the Bond if transferred or exchanged in accordance with the provisions of the Bond and this resolution, to serve as the Port's paying agent for the Bond, and to carry out all of the Registrar's powers and duties under this resolution and the System of Registration. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bond.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of the Registered Owner and the principal amount and number of the Bond. The Bond may be transferred only: (i) in whole; (ii) to a single investor that is a "qualified institutional buyer" as defined in United States Securities and Exchange Commission Rule 144A; (iii) if endorsed in the manner provided thereon and surrendered to the Registrar; and (iv) if the transferee provides the Registrar with an executed transfer certificate in substantially the form attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering the transfer certificate) and shall be recorded on the Bond Register.

Section 6. Form and Execution of Bond.

(a) *Form of Bond; Signatures.* The Bond shall be prepared in a form consistent with the provisions of this resolution and State law. The Bond shall be signed by the President and Secretary of the Commission, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the Port authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Registrar, or issued or delivered by the Port, the Bond nevertheless may be authenticated, issued, and delivered and, when authenticated, issued, and delivered, shall be as binding on the Port as though that person had continued to be an officer of the Port authorized to sign bonds. The Bond also may be signed on behalf of the Port by any person who, on the actual date of signing of the Bond, is an officer of the Port authorized to sign bonds, although he or she did not hold the required office on the Issue Date.

(b) *Authentication.* Only if the Bond bears a Certificate of Authentication in substantially the following form, manually signed by the Registrar, shall the Bond be valid or obligatory for any purpose or entitled to the benefits of this resolution: "Certificate of Authentication. This Bond is the fully registered Port of Coupeville, Island County, Washington, Limited Tax General Obligation Bond, 2021 (Revolving Line of Credit), described in the Bond Resolution." 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.

Section 7. Payment of Bond. Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal of and interest on the Bond are payable by electronic transfer on the payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The final installment of principal of the Bond is payable upon presentation and surrender of the Bond by the Registered Owner to the Registrar. The Bond is not subject to acceleration under any circumstances.

Section 8. Bond Fund; Use of Bond Proceeds

(a) *Bond Fund.* The Bond Fund has been created as a special fund of the Port for the sole purpose of paying principal of and interest on the Bond and other general obligation bonds of the Port. All amounts allocated to the payment of the principal of and interest on the Bond shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bond. The principal of and interest on the Bond shall be paid out of the Bond Fund. Until needed for that purpose, the Port may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund.

(b) *Bond Proceeds.* Proceeds of draws on the revolving line of credit evidenced by the Bond shall be deposited in the appropriate Port fund and used to pay the cost of carrying out the Project and to pay the costs of issuance and sale of the Bond. Until needed to pay such costs, the Port may invest those proceeds temporarily in any legal investment, and the investment earnings shall be used for the purpose of carrying out the Project.

Section 9. Prepayment Provisions. The Port reserves the right and option to prepay at any time prior to the Maturity Date any or all of the outstanding principal evidenced by the Bond at par plus accrued interest to the date of prepayment. Interest on the amount of principal so prepaid shall cease to accrue on the date of prepayment. Any partial prepayment shall be applied first to accrued and unpaid interest and then to reduce the principal amount evidenced by the Bond.

Section 10. Failure To Pay Principal. If any principal evidenced by the Bond is not paid when due, the Port shall be obligated to pay interest on that principal at the same rate provided in the Bond until that principal is paid.

Section 11. Pledge of Taxes. The Bond constitutes a general indebtedness of the Port and is payable from tax revenues of the Port, proceeds of the Grants, and such other money as is lawfully available and pledged by the Port for the payment of principal of and interest on the Bond. For as long as the Bond is outstanding, the Port irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay the principal of and interest on the Bond as the same become due. The full faith, credit, and resources of the Port are pledged irrevocably for the prompt payment of the principal of and interest on the Bond, and such pledge shall be enforceable in mandamus against the Port.

Section 12. Tax Covenants; Designation of Bond as a “Qualified Tax Exempt Obligation.”

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

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

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

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

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

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

Section 13. Sale and Delivery of the Bond. The Bank has presented the Bank Offer to the Port offering to purchase the Bond, which written Bank Offer is on file with the Commission. The Commission finds that accepting the Bank Offer is in the Port’s best interest and accepts the offer contained therein and authorizes its execution by the Executive Director of the Port. The Bond will be prepared at Port expense and will be delivered to the Bank in accordance with the Bank Offer, together with the approving legal opinion of Bond Counsel regarding the Bond.

Section 14. Information Reporting. The Port shall provide or cause to be provided to the Registered Owner the annual financial compilation of the Port within 30 days of its availability.

Section 15. General Authorization and Ratification. Each Commissioner, the Executive Director, the Treasurer, and Bond Counsel are each individually authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application, use, and

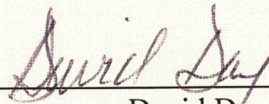
investment of the proceeds of draws on the revolving line of credit evidenced by the Bond. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 16. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

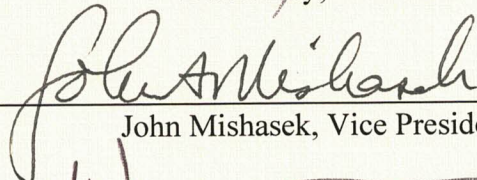
Section 17. Effective Date of Resolution. This resolution shall take effect and be in force from and after its adoption.

[Signature page follows]

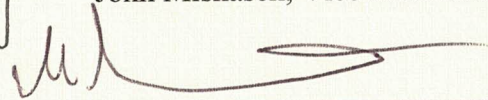
ADOPTED by the Port Commission of the Port of Coupeville, Island County, Washington, at the regular public meeting thereof held this 13th day of January, 2021, and duly authenticated in open session by the signatures of the Commissioners being present and voting.



David Day, President

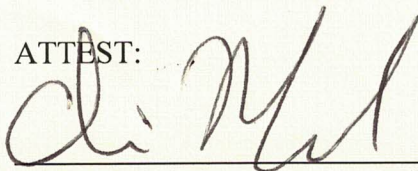


John Mishasek, Vice President



Mohammad Mostafavinassab, Secretary

ATTEST:



Chris Michalopoulos, Executive Director

CERTIFICATION

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Coupeville, Island County, Washington (the "Port"), hereby certify as follows:

1. The attached copy of Resolution No. 280 (the "Resolution") is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Commission held at the regular meeting place thereof on January 13, 2021, as that resolution appears on the minute book of the Port, and the Resolution is now in full force and effect; and

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

Dated: January 13, 2021.

PORT OF COUPEVILLE
ISLAND COUNTY WASHINGTON



Mohammad Mostafavinassab
Secretary of the Port Commission