

MASON COUNTY, WASHINGTON

RESOLUTION NO. 666-17

A RESOLUTION of Mason County, Washington, providing for the issuance, sale and delivery of not to exceed \$7,250,000 aggregate principal amount of limited tax general obligation refunding bonds to provide funds necessary to refund certain outstanding general obligation bonds of the County; fixing or setting parameters with respect to certain terms and covenants of the bonds; and appointing the County's designated representative to approve the final terms of the sale of the bonds.

Passed November 7, 2017

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**The cover page, table of contents and section headings of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.*

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THE BOARD OF COUNTY COMMISSIONERS OF MASON COUNTY, WASHINGTON, DOES RESOLVE AS FOLLOWS:

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

(a) "Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding or defeasance of the Refunded Bonds as authorized by this resolution.

(b) "Authorized Denomination" means \$5,000 or any integral multiple thereof within a maturity.

(c) "Beneficial Owner" means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(d) "Board" means the Board of Commissioners of Mason County, the general legislative authority of the County.

(e) "Bond Counsel" means the firm of Foster Pepper PLLC, its successor, or any other attorney or firm of attorneys selected by the County as bond counsel.

(f) "Bond Fund" means the "Limited Tax General Obligation Refunding Bond Fund, 2017" created for the payment of the principal of and interest on the Bonds.

(g) "Bond Register" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

(h) "Bond Registrar" means the Fiscal Agent, or any successor bond registrar selected by the County.

(i) "Bonds" means the bonds issued pursuant to and for the purposes provided in this resolution.

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

(k) “County” means Mason County, Washington, a municipal corporation duly organized and existing under the laws of the State.

(l) “DTC” means The Depository Trust Company, New York, New York, or its nominee.

(m) “Designated Representative” means the officer of the County appointed in Section 4 of this resolution to serve as the County’s designated representative in accordance with RCW 39.46.040(2).

(n) “Final Terms” means the terms and conditions for the sale of a Series of Bonds including, but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).

(o) “Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

(p) “Government Obligations” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(q) “Issue Date” means, with respect to any Series of Bonds, the date of initial issuance and delivery of such Series to the Underwriter in exchange for the purchase price of such Series.

(r) “Letter of Representations” means the Blanket Issuer Letter of Representations between the County and the Securities Depository, dated May 1, 1998, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(s) “MSRB” means the Municipal Securities Rulemaking Board.

(t) “Official Statement” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(u) “Owner” means, without distinction, the Registered Owner and the Beneficial Owner.

(v) “Rating Agency” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the County.

(w) “Record Date” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(x) “Refunded Bonds” means all or a portion of the Refunding Candidates selected by the Designated Representative to be refunded with proceeds of a Series of the Bonds and included in the Refunding Plan.

(y) “Refunding Candidates” means the 2002 Refunding Candidates and the 2008 Refunding Candidates.

(z) “*Refunding Plan*” means:

(i) the placement of sufficient proceeds of the Bonds which, with other money of the County, if necessary, may be used to acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee;

(ii) the payment of the principal of and interest on the Refunded Bonds when due up to and including the date as determined by the Designated Representative for the 2002 Refunded Bond, and June 1, 2018 for the 2008 Refunded Bonds, and the call, payment, and redemption on such dates, of all of the then-outstanding Refunded Bonds at a price of par; and

(iii) may include the payment of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

(aa) “Refunding Trust Agreement” means a Refunding Trust Agreement between the County and the Refunding Trustee.

(bb) “Refunding Trustee” means the trustee or escrow agent or any successor trustee or escrow agent serving as refunding trustee to carry out the Refunding Plan.

(cc) “Registered Owner” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the County utilizes the book-entry system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(dd) “Rule 15c2-12” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(ee) “SEC” means the United States Securities and Exchange Commission.

(ff) “Securities Depository” means DTC, any successor thereto, any substitute securities depository selected by the County, or the nominee of any of the foregoing. Any Securities Depository must be qualified under applicable laws and regulations to provide the services proposed to be provided by it.

(gg) “Series of Bonds” or “Series” means a series of Bonds issued pursuant to this resolution.

(hh) “State” means the State of Washington.

(ii) “Term Bonds” means those Bonds designated as Term Bonds and subject to mandatory redemption in the years and amounts as determined by the Designated Representative.

(jj) “2002 Bond” means the outstanding Limited Tax General Obligation Bond, 2002 (Payable from Sewer Revenue), of the County, issued pursuant to Resolution No. 11-02.

(kk) “2002 Refunded Bond” means all or a portion of the 2002 Refunding Candidates to be repaid with proceeds of a Series of the Bonds and included in the Refunding Plan.

(ll) “2002 Refunding Candidates” means the outstanding 2002 Bond, the repayment of which has been provided for by this resolution.

(mm) “2008 Bonds” means the County’s Limited Tax General Obligation Bonds, 2008, issued pursuant to Resolution No. 21-08.

(nn) “2008 Refunded Bonds” means all or a portion of the 2008 Refunding Candidates to be refunded with proceeds of a Series of the Bonds and included in the Refunding Plan.

(oo) “2008 Refunding Candidates” means the outstanding 2008 Bonds maturing in the years 2019, 2021, 2023, 2025 and 2027, the refundings of which has been provided for by this resolution.

(pp) “Undertaking” means the undertaking to provide continuing disclosure entered into pursuant to Section 19 of this resolution.

(qq) “Underwriter” means the corporation, firm, association, partnership, trust, or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement or underwriter in a negotiated sale of any Series of the Bonds.

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

(a) *Authority and Description of the Refunding Plan.*

(i) Pursuant to Resolution No. 11-02, the County heretofore issued its \$5,206,200 par value Limited Tax General Obligation Bond (Payable from Sewer Revenue), 2002 (the “2002 Bond”), for the purpose of making additions and betterments to and extensions of the sewerage collection and treatment system to serve the North Bay/Case Inlet area, and by that resolution reserved the right to repay the 2002 Bond, prior to its maturity, at a price of par plus accrued interest to the date fixed for redemption (the “2002 Refunding Candidates”).

(ii) There is presently \$4,313,976.46 par value of 2002 Refunding Candidates outstanding.

(iii) Pursuant to Resolution No. 21-08, the County heretofore issued its \$3,170,000 par value Limited Tax General Obligation Bonds, 2008 (the "2008 Bonds"), for the purpose of providing a portion of the funds needed to purchase property at Third and Pine, located adjacent to the County Government Complex in Shelton, and by that resolution reserved the right to redeem the 2008 Bonds maturing on and after December 1, 2018, prior to their maturity on or after June 1, 2018, at a price of par plus accrued interest to the date fixed for redemption (the "2008 Refunding Candidates," and together with the 2002 Refunding Candidates, the "Refunding Candidates").

(iv) There are presently \$2,280,000 par value of 2008 Refunding Candidates outstanding. In addition, there are an additional \$190,000 of outstanding 2008 Bonds maturing on December 1, 2017.

(v) After due consideration, it appears to the Board that all or a portion of the Refunding Candidates may be refunded by the issuance and sale of the limited tax general obligation refunding bonds authorized herein so that a savings will be effected by the difference between the principal and interest cost over the life of the Bonds and the principal and interest cost over the life of the Refunded Bonds but for such refunding, which refunding will be effected by carrying out the Refunding Plan.

(b) *Debt Capacity.* The maximum amount of indebtedness authorized by this resolution is \$7,250,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the County for general municipal purposes without a vote:

(i) The assessed valuation of the taxable property within the County as ascertained by the last preceding assessment for County purposes for collection in the calendar year 2017 is \$6,991,537,804.

(ii) As of July 31, 2017, the County had limited tax general obligation indebtedness, consisting of bonds, notes and conditional sales contracts outstanding in the principal amount of \$13,865,549, including the Refunding Candidates, which is incurred within the limit of up to 1½% of the value of the taxable property within the County permitted for general municipal purposes without a vote.

(iii) As of July 31, 2017, the County had no unlimited tax general obligation indebtedness.

(c) *The Bonds.* For the purpose of providing the funds necessary to carry out the Refunding Plan and to pay the costs of issuance and sale of the Bonds, the Board finds that it is in the best interests of the County and its taxpayers to issue and sell the Bonds to the Underwriter, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the County's Designated Representative consistent with this resolution.

Section 3. Authorization of Bonds. The County shall borrow money on the credit of the County and issue negotiable limited tax general obligation refunding bonds evidencing indebtedness in the amount of not to exceed \$7,250,000 to provide funds necessary to carry out the Refunding Plan and to pay the costs of issuance and sale of the Bonds. Any remaining proceeds of the Bonds, after payment of costs of issuance, shall be deposited into the Bond Fund to pay interest and principal on the Bonds on their first interest payment date.

Section 4. Description of the Bonds; Appointment of Designated Representative. The County Treasurer, or the County Auditor in the absence of the Treasurer, is appointed as the County's Designated Representative and is authorized and directed to conduct the sale of such Bonds in the manner and upon the terms deemed most advantageous to the County, and to approve the Final Terms of the Bonds, with such additional terms and covenants as she deems advisable, within the following parameters:

(a) *Principal Amount.* The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of \$7,250,000.

(b) *Date or Dates.* Each Series of Bonds shall be dated as of its date of delivery to the Underwriter, which date may not be later than December 31, 2018.

(c) *Denominations, Series Designation, etc.* The Bonds must be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(d) *Interest Rate(s).* The Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 5.50%, and the true interest cost to the County for a Series of Bonds may not exceed 4.50%.

(e) *Payment Dates.* Interest must be payable at fixed rates semiannually on such dates as are acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a payment date acceptable to the Designated Representative and must be payable at maturity or in mandatory redemption installments on such dates as are acceptable to the Designated Representative.

(f) *Final Maturity.* The Bonds shall mature no later than December 1, 2042.

(g) *Redemption Rights.* In her discretion, the Designated Representative may approve provisions for the optional and mandatory redemption of Bonds, as follows:

(i) Optional Redemption. Any Bond or Series of Bonds may be designated as being (A) subject to redemption at the option of the County prior to its maturity date on the dates and at the prices as determined by the Designated Representative or (B) not subject to redemption prior to its maturity date.

(ii) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts as determined by the Designated Representative.

(h) *Price*. The purchase price for any Series of Bonds may not be less than 95% or more than 125% of the stated principal amount of that Series.

(i) *Savings*. There is a minimum net present value savings of 5.00% of the Refunded Bonds.

(j) *Other Terms and Conditions*.

(i) A Series of Bonds may not be issued if it would cause the indebtedness of the County to exceed the County's legal debt capacity on the Issue Date.

(ii) The Bonds may be sold in accordance with Section 18 of this resolution.

(iii) The Designated Representative may determine whether it is in the County's best interest to provide for bond insurance or other credit enhancement, and may accept such additional terms, conditions and covenants as she or he may determine are in the best interests of the County, consistent with this resolution.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

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

(b) *Bond Registrar; Duties*. The Fiscal Agent is appointed as initial Bond Registrar for the Bonds. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the County at all times. The Bond Registrar is authorized, on behalf of the County, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the County'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 each Bond. The Bond Registrar may become an Owner of a Bond 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 Beneficial Owners.

(c) *Bond Register; Transfer and Exchange*. 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 Registered Owner of each Bond and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, 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 any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Form.* If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the County; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the County, the County may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the County does not appoint a substitute Securities Depository, or (ii) the County terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this resolution.

Neither the County nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the County nor the Bond Registrar shall be responsible for any notice which is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each Bond shall be signed by the Chair of the Board and County Auditor as ex officio Clerk of the Board, either or both of whose signatures may be manual or in facsimile, and the seal of the County or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the County authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the County, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the County as though that person had continued to be an officer of the County authorized to sign bonds. Any Bond also may be signed on behalf of the County by any person who, on the actual date of signing of the Bond, is an officer of the County authorized to sign bonds, although she or he did not hold the required office on its Issue Date.

(b) *Authentication.* Only Bonds bearing a Certificate of Authentication in substantially 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 Mason County, Washington, Limited

Tax General Obligation Refunding Bonds, 2017.” 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 Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the County is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Bond Fund. The Bond Fund is created as a special fund for the sole purpose of paying principal of and interest on the Bonds. Bond proceeds in excess of the amounts needed to carry out the Refunding Plan and paying the costs of issuance, if any, shall be deposited into the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Fund, and until needed for this purpose, the County may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and be used for the purposes of that fund.

Section 9. Redemption Provisions and Open Market Purchase of Bonds.

(a) *Optional Redemption.* The Bonds may be subject to optional redemption on terms acceptable to the Designated Representative, within the parameters set forth in Section 4. Any Bond that is subject to optional redemption may be selected by the County, in its sole discretion, for redemption in whole or in part at any time at which redemption is permitted as determined by the Designated Representative.

(b) *Mandatory Redemption.* Bonds designated as Term Bonds by the Designated Representative, within the parameters set forth in Section 4, if not previously redeemed under any optional redemption provisions, defeased or purchased and surrendered for cancellation under the provisions set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the redemption dates and in the redemption amounts as determined by the Designated Representative. If Term Bonds are redeemed under the optional redemption provisions, defeased or purchased by the County and cancelled, the principal amount of the Term Bonds so redeemed, defeased or purchased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The County shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of

its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* All or a portion of the principal amount of any Bond that is subject to optional or mandatory redemption may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed. The principal portion of any Bond registered in the name of the Securities Depository which is to be partially redeemed shall be selected in accordance with the Letter of Representations. If a Bond ceases to be held in book-entry form, the portion to be partially redeemed shall be selected randomly in such manner as the Bond Registrar shall determine.

(d) *Notice of Redemption.* While a Bond is registered in the name of the Securities Depository, notice of redemption shall be given as required in accordance with the Letter of Representations. If a Bond ceases to be held in book-entry form, unless waived by the Registered Owner of the Bond to be redeemed, the County shall cause notice of an intended redemption of Bonds to be given by the Bond Registrar 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 each Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner of any Bond. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Designated Representative shall determine, but these additional mailings shall not be a condition precedent to the redemption of a Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the County retains the right to rescind the redemption notice and the optional redemption of those 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 shall be of no effect, and a Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund (or in an escrow account established to carry out a refunding or defeasance of the redeemed Bonds, if any).

(g) *Open Market Purchase.* The County reserves the right to purchase any or all of the Bonds in the open market at any time at any price acceptable to the County plus accrued interest to the date of purchase.

Section 10. Failure To Pay Bonds. If any Bond is not redeemed when properly presented at its maturity date or date fixed for redemption, the County shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption 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 Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the County and are payable from tax revenues of the County, and sewer revenue from the North Bay/Case Inlet portion of the sewerage collection and treatment system for the portion of the Bonds used to repay the 2002 Bond, and such other money as is lawfully available and pledged by the County for repaying the Bonds. For as long as any of the Bonds are outstanding, the County 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 levy amounts sufficient, taking into account other money that is lawfully available, to pay principal of and interest on the Bonds as the same becomes due. The full faith, credit and resources of the County are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the County.

Nothing would prevent the County from issuing additional debt payable from the sewer revenue of the North Bay/Case Inlet portion of the sewerage collection and treatment system of the County, and to establish a priority of payments from such sewer revenue.

Section 12. Tax Covenants; Designation of Bonds as “Qualified Tax-Exempt Obligations.”

(a) *Preservation of Tax Exemption for Interest on Bonds.* The County covenants that it will take all actions necessary to prevent interest on the Bonds 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 Bonds or other funds of the County treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The County also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds, including the calculation and payment of any penalties that the County has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(b) *Post-Issuance Compliance.* The Treasurer, or her designee, is authorized and directed to review and update the County’s written procedures to facilitate compliance by the County with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Bonds as “Qualified Tax-Exempt Obligations.”* The Bonds shall be designated as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Bonds are not “private activity bonds” within the meaning of Section 141 of the Code;

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

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

Section 13. Refunding or Defeasance of the Bonds. The County may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on the affected Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the County sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, 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. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the County may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

While a Bond is registered in the name of the Securities Depository, notice of any defeasance shall be given in the manner prescribed in the Letter of Representations for notices of redemption of Bonds. If a Bond ceases to be held in book-entry form, then unless specified by the County in a refunding or defeasance plan, selection of Bonds to be defeased, notice of defeasance and replacement of Bond certificates shall be done in accordance with the provisions of this resolution for the redemption of Bonds prior to their maturity.

Section 14. Refunding of the Refunded Bonds.

(a) *Appointment of Refunding Trustee.* The Designated Representative is authorized to appoint a Refunding Trustee in connection with the Bonds.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations.* A sufficient amount of the proceeds of the sale of the Bonds and other funds of the County, if available, shall be

deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the County relating to the Refunded Bonds under Resolutions Nos. 11-02 and 82-08 by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations, if acquired, will be listed and more particularly described in an exhibit to be attached to the Refunding Trust Agreement between the County and the Refunding Trustee, but are subject to substitution as set forth below. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bonds shall be returned to the County and deposited into the Bond Fund to pay interest on the Bonds on the first interest payment date.

If payment of the costs of issuance of the Bonds is not included in the Refunding Plan, the Bond proceeds that are not deposited with the Refunding Trustee will be deposited with the County to be used to pay the costs of issuance of the Bonds.

(c) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the County reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful County purpose if, (a) in the opinion of the County's bond counsel, the interest on the Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations by the Refunding Trustee, the County reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bonds or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Bonds and the Refunded Bonds, as applicable, and that the County obtain, at its expense: (1) a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from a nationally recognized bond counsel to the County, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Bonds, will not cause the interest on the Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bonds. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired

Obligations and the substitutions therefor shall be released from the trust estate and transferred to the County to be used for any lawful County purpose.

(d) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations), if so directed by the Designated Representative, and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this resolution. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Resolutions Nos. 11-02 and 21-08, this resolution, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding or defeasance of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, Bond Counsel's fees, and other related expenses, shall be paid out of the proceeds of the Bonds.

(e) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan provided for by this resolution, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Designated Representative is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 15. Call for Redemption of the Refunded Bonds. The County calls for the repayment on or shortly after the issuance of the Bonds of the 2002 Bond at par plus accrued interest and for the redemption on June 1, 2018 all of the 2008 Bonds to be refunded at par plus accrued interest, or such other date(s) as may be determined by the Designated Representative. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof.

The proper County officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Resolutions Nos. 11-02 and 21-08 in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 16. Findings with Respect to Refunding. The Board authorizes the Designated Representative to issue the Bonds if it will achieve debt service savings to the County and is in the best interest of the County and its taxpayers. In making such finding and determination, the Designated Representative will give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds and other

money of the County used in the Refunding Plan, if any, pending payment and redemption of the Refunded Bonds.

The Designated Representative may also purchase Acquired Obligations to be deposited with the Refunding Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the County under Resolutions Nos. 11-02 and 21-08 with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the County therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such resolutions immediately upon the deposit of such money with the Refunding Trustee.

Section 17. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement consistent with this resolution, based on her assessment of market conditions, in consultation with appropriate County officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Final Terms of the Bonds, the Designated Representative shall take into account those factors that, in her judgment, may be expected to result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current interest rates for obligations comparable to the Bonds.

(b) *Procedure for Negotiated Sale or Private Placement.* If the Designated Representative determines that a Series of the Bonds are to be sold by negotiated sale or private placement, the Designated Representative shall select one or more purchasers with which to negotiate such sale. A bond purchase agreement for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the bond purchase agreement on behalf of the County, so long as the terms provided therein are consistent with the terms of this resolution.

(c) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at County expense and will be delivered to the Underwriter with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 18. Official Statement.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to her, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The County approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The County approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The County authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

Section 19. Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the County makes the following written Undertaking for the benefit of holders of the Bonds:

(a) *Undertaking to Provide Annual Financial Information and Notice of Listed Events.* The County 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 the final official statement for the Bonds and described in subsection (b)(i) of this section (“annual financial information”).

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds (which may be amended if Rule 15c2-12 is amended prior to the Issue Date of the Bonds): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the County, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the County to provide the required annual financial information described in paragraph (b)(i) on or before the date specified in paragraph (b)(ii).

(b) *Type of Annual Financial Information Undertaken to be Provided.* The annual financial information that the County 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 local governmental units of the State such as the County, as such principles may be changed from time to time; (2) authorized, issued and outstanding balance of general obligation bonds; (3) assessed valuation for the fiscal year; and (4) regular property tax levy rate for the fiscal year;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the County (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the County's fiscal year ending December 31, 2017; 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 filed with the SEC.

If not submitted as part of the annual financial information described in paragraph (b)(i) above, the County will provide or cause to be provided to the MSRB audited financial statements, when and if available.

(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 Rule 15c2-12. The County 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 County and the Beneficial Owner of a Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) *Termination of Undertaking.* The County's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the County's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the County to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the County, and the County provides timely notice of such termination to the MSRB.

(f) *Remedy for Failure to Comply with Undertaking.* As soon as practicable after the County learns of any failure to comply with the Undertaking, the County will proceed with due diligence to cause such noncompliance to be corrected. No failure by the County or other obligated person to comply with the Undertaking shall constitute a default in respect of the

Bonds. The sole remedy of a Beneficial Owner of a Bond shall be to take action to compel the County or other obligated person to comply with the Undertaking, including seeking an order of specific performance from an appropriate court.

(g) *Designation of Official Responsible to Administer Undertaking.* The Designated Representative or her designee is authorized to take such further actions as may be necessary, appropriate or convenient to carry out this Undertaking in accordance with Rule 15c2-12, 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, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the County is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

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

(v) Effecting any necessary amendment of the Undertaking.

Section 20. Supplemental and Amendatory Resolutions. The County may supplement or amend this resolution for any one or more of the following purposes without requiring the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not adversely affect the interests of the Beneficial Owners of the Bonds, or to surrender any right or power reserved to or conferred upon the County.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 21. General Authorization and Ratification. The Designated Representative, and other appropriate officers of the County are severally 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 Bonds to the Underwriter and for the proper application, use and investment of the bond proceeds. 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 22. 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 23. Effective Date of Resolution. This resolution shall be effective immediately after its adoption in the manner provided by law.

ADOPTED by the Board of County Commissioners of Mason County, Washington at a regular meeting held on November 7, 2017.

MASON COUNTY, WASHINGTON

By 

Chair of the Board of County Commissioners

By 

County Commissioner

By 

County Commissioner

ATTEST:



Clerk of the Board

CERTIFICATE OF MANUAL SIGNATURE

X 
facsimile signature

STATE OF WASHINGTON)
) ss.
COUNTY OF MASON)

I, the undersigned affiant, being first duly sworn, on oath depose and say:

My Name is Melissa Drewry
(print or type)

I have been duly chosen and am qualified and acting as:

Clerk of the Board of County Commissioners
(title or position)

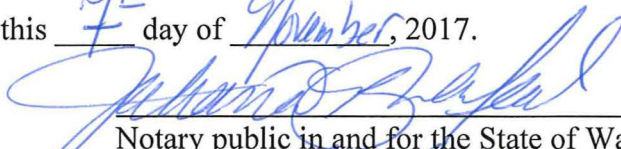
for Mason County, Washington

The signature appearing above is my true manual signature.

This affidavit is made to comply with Chapter 86, Washington Laws of 1969.

X 
Signature

Subscribed and sworn to before me this 7th day of November, 2017.


Notary public in and for the State of Washington
residing at Mason County

Printed Name Janel Biscay Neal
My appointment expires 4-1-2020



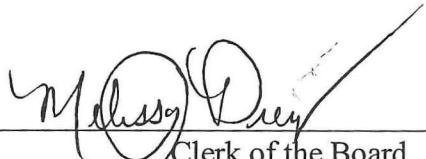
CERTIFICATION

I, the undersigned, Clerk of the Board of Commissioners of Mason County, Washington (herein called the "County") and keeper of the records of the Board of Commissioners of the County (herein called the "Board"), DO HEREBY CERTIFY:

1. That the attached Resolution is a true and correct copy of Resolution No. 66-17 of the County (herein called the "Resolution"), as finally passed at a regular meeting of the Board of the County held on the 7th day of November, 2017, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper adoption or passage of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the County this 7th day of November, 2017.


Clerk of the Board



Please sign three times (in the center of each box) using black ink. This signature will be used as your facsimile signature on the Limited Tax General Obligation Refunding Bonds, 2017.

Kevin Shetty:

Melissa Drewry:

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