

MASON COUNTY, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BONDS, 2008

\$3,170,000

RESOLUTION NO. 21-08

A RESOLUTION of the Board of County Commissioners of Mason County, Washington, providing for the issuance and sale of limited tax general obligation bonds of the County in the principal amount of \$3,170,000 to finance the acquisition of property and remodeling of such property to support governmental services being relocated to these buildings; providing the form and terms of the bonds; and authorizing REET payments and the annual levy of taxes to pay the principal of and interest on the bonds.

Adopted: February 12, 2008

Prepared By

K&L PRESTON GATES ELLIS LLP  
Seattle, Washington

Treasurer /  
Bond Counsel  
have original

## TABLE OF CONTENTS

	<u>Page</u>
Section 1. Definitions .....	1
Section 2. Plan of Finance .....	3
Section 3. Authorization of Bonds.....	4
Section 4. Registration, Exchange and Payments.....	5
Section 5. Redemption; Purchases.....	9
Section 6. Execution of Bonds.....	12
Section 7. Form of Bonds .....	13
Section 8. Bond Fund.....	15
Section 9. Pledge of Taxation and Credit .....	16
Section 10. Bonds Deemed to Be No Longer Outstanding .....	17
Section 11. Tax Covenant.....	17
Section 12. Lost or Destroyed Bonds .....	18
Section 13. Application of Bond Proceeds .....	19
Section 14. Sale of the Bonds .....	19
Section 15. Official Statement.....	19
Section 16. Bond Insurance .....	20
Section 17. Undertaking to Provide Ongoing Disclosure.....	20
Section 18. General Authorization; Ratification of Prior Acts.....	24
Section 19. Severability .....	24
Section 20. Effective Date .....	24

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WHEREAS, it is in the best interest of Mason County, Washington (the "County") that it finance the acquisition of the Third and Pine Property located adjacent to the County Government Complex in Shelton, Washington and the remodel of such property needed to support governmental services being relocated to these buildings, and other capital projects of the County approved by the Board of County Commissioners (the "Board") by issuance of limited tax general obligation bonds of the County (collectively, the "Projects"); and

WHEREAS, it appears to the Board that it is in the best interest of the County that the bonds provided for herein be sold in a single issue of limited tax general obligation bonds in an aggregate principal amount of \$3,170,000 (the "Bonds") to finance the Projects; and

WHEREAS, the County has received an offer from Piper Jaffray & Co. to purchase such Bonds on the terms and conditions set forth herein;

NOW, THEREFORE, BE IT RESOLVED, by the Board of County Commissioners of Mason County, Washington, as follows:

Section 1.     Definitions. As used in this resolution, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

“Board” means the Board of Commissioners of Mason County, the general legislative authority of the County.

“Bond Fund” means the “Mason County Limited Tax General Obligation Bond Fund, 2008” established pursuant to Section 8 herein.

“Bond Insurance Policy” means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

“Bond Register” means the registration records for the Bonds maintained by the Bond Registrar.

“Bond Registrar” means the fiscal agency of the State of Washington, in New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying principal of and interest on the Bonds.

“Bonds” mean the Mason County, Washington, Limited Tax General Obligation Bonds, 2008, issued pursuant to this resolution.

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

“Commission” means the Securities and Exchange Commission.

“County” means Mason County, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

“DTC” means The Depository Trust Company of New York, New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

“Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof, as issuer of a Bond Insurance Policy for the Bonds.

“Letter of Representations” means the Blanket Letter of Representations from the County to DTC.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“NRMSIR” means a nationally recognized municipal securities information repository.

“Projects” means capital projects, including, without limitation, the acquisition of the Third and Pine Property located adjacent to the County’s Government Complex in Shelton, Washington and the renovation of such buildings needed to support governmental services relocated to these buildings, and other capital projects approved by the Board.

“Registered Owner” means the person in whose name a Bond is registered on the Bond Register. For so long as the County utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934.

“SID” means a state information depository for the State of Washington (if one is created).

Section 2. Plan of Finance. The Board hereby finds that it is in the public interest for the County to acquire the Third and Pine Property located adjacent to the County’s Government

Complex in Shelton, Washington and to remodel such property needed to support governmental services being relocated to these buildings, and other capital improvements as may be approved by the Board (collectively, the "Projects"). A portion of the cost of the Projects will be financed from the proceeds of the sale of the Bonds. If the Board shall determine that it has become impractical to accomplish any portion of the Projects by reason of changed conditions, the County shall not be required to accomplish such portion of the Projects. If the Projects have been acquired or constructed or duly provided for, or found to be impractical, the Board may apply the proceeds of the Bonds or any portion thereof to the redemption of such Bonds or to other capital purposes as the Board, in its discretion, shall determine.

Section 3. Authorization of Bonds. The County shall issue and sell the Bonds in the aggregate principal amount of \$3,170,000 to provide money to finance the Projects and pay all costs incidental thereto and to the issuance of the Bonds. The Bonds shall be general obligations of the County; shall be designated "Mason County, Washington, Limited Tax General Obligation Bonds, 2008"; shall be dated the date of their delivery; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately and in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; shall bear interest (calculated based on a 360-day year of 12 30-day months) at the rates and payable June 1, 2008, and semiannually thereafter on the first day of each December and June, and shall mature each year as follows.

<u>Year (December 1)</u>	<u>Amounts</u>	<u>Interest Rates</u>
2013	\$ 100,000	3.50%
2014	200,000	3.50
2015	200,000	3.50
2016	200,000	3.50

Year (December 1)	Amounts	Interest Rates
2017	\$ 190,000	3.50%
2019	385,000	3.375
2021	420,000	3.60
2023	455,000	3.70
2025	490,000	3.75
2027	530,000	3.875

Section 4. Registrar, Exchange and Payments.

(a) *Registrar/Bond Register.* The County hereby adopts the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agency of the State of Washington in New York, New York, as registrar, authenticating agent, paying agent and transfer agent (the “Bond Registrar”). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bonds (the “Bond Register”), which shall be open to inspection by the County. The Bond Registrar is authorized, on behalf of the County, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution 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 Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The County and the Bond Registrar may deem and treat the Registered Owner of each Bond as the absolute owner for all purposes, and neither the County nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h), but such registration may be transferred as herein provided. All such payments made as described in Section 4(h) shall be

valid and shall satisfy the liability of the County upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the County has executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Letter of Representations”).

Neither the County nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the County to the Bond Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in this resolution to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in any Bonds.

(d) *Use of Depository.*

(i) The Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Bond for each maturity in a denomination equal to the total principal amount of such maturity. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its



nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the County pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) 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 County to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the County 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.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the County, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the County.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the County determines that it is in the best interest of the beneficial owners of the Bonds that the Bonds be provided in certificated form, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The County shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds in certificated form, to issue Bonds in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds, together with

a written request on behalf of the County to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Transfer or Exchange of Registered Ownership; Change in Denominations.* The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any 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 member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Bonds.

(g) *Registration Covenant.* The County covenants that, until all Bonds have been surrendered and canceled, the Bond Registrar will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 5.      Redemption; Purchases.

(a) *Optional Redemption.* The Bonds maturing on and after December 1, 2018 are subject to redemption prior to maturity from any available funds on or after June 1, 2018, in whole or in part at any time, at a price of par plus accrued interest to the date of redemption.

(b) *Mandatory Redemption.* The Bonds maturing on December 1, 2019, December 1, 2021, December 1, 2023, December 1, 2025 and December 1, 2027 (which shall be deemed to be Term Bonds), shall be redeemed prior to maturity by lot (or paid at maturity), not later than December 1 in the years shown below (to the extent such Bonds have not been previously redeemed or purchased) and in the principal amounts set forth below, without premium, together with the interest accrued to the date fixed for redemption.

2019 Term Bonds

Year	Amount
2018	\$ 190,000
2019*	195,000

\* Maturity.

2021 Term Bonds

Year	Amount
2020	\$ 205,000
2021*	215,000

\* Maturity.

2023 Term Bonds

Year	Amount
2022	\$ 225,000
2023*	230,000

\* Maturity.

2025 Term Bonds

Year	Amount
2024	\$ 240,000
2025*	250,000

\* Maturity.

2027 Term Bonds

Year	Amount
2026	\$ 260,000
2027*	270,000

\* Final maturity.

(c) *Partial Redemption.* If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar, there shall

be issued to the Registered Owner, without charge, for the then unredeemed balance of the principal amount, a new Bond or Bonds, at the option of the Registered Owner, of like maturity and interest rate in any authorized denomination.

(d) *Notice of Redemption.* Written notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the County by first class mail, postage prepaid, not less than 30 days nor more than 60 days before the redemption date to the Registered Owners of Bonds that are to be redeemed at their last addresses shown on the Bond Register. So long as the Bonds are in book-entry form, notice of redemption shall be given as provided in the Letter of Representations.

The requirements of this section shall be deemed complied with when notice is mailed, whether or not it is actually received by the owner.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of the Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Bonds being redeemed.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) *Effect of Redemption.* Unless the County has revoked a notice of redemption, the County shall transfer to the Bond Registrar amounts that, in addition to other money, if any, held by the Bond Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to be redeemed. From the redemption date interest on each Bond to be redeemed shall cease to accrue.

(f) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

(g) *Purchase on Open Market.* The County reserves the right to purchase any of the Bonds in the open market at any time and at any price.

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the County with the manual or facsimile signature of the Chair of the Board, attested by the manual or facsimile signature of the Clerk of the Board, and shall have the seal of the County impressed or imprinted thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the County with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the County by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the County.

The Bonds shall bear a Certificate of Authentication in the form set forth in Section 7, manually executed by the Bond Registrar and only if so executed shall the Bond be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such 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. Form of Bonds. The Bonds shall be in substantially the following form:

Financial Security Assurance Inc. ("Financial Security"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal of and interest on this Bond to The Bank of New York, New York, New York, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from Financial Security or the Paying Agent.

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON  
MASON COUNTY  
LIMITED TAX GENERAL OBLIGATION BOND, 2008

INTEREST RATE:                      MATURITY DATE:                      CUSIP: \_\_\_\_\_

REGISTERED OWNER:      CEDE & CO.

PRINCIPAL AMOUNT:

Mason County, Washington (the "County"), a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from February 26, 2008, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, determined on the basis of a year of 12 30-day months, payable on June 1, 2008, and semiannually thereafter on the first days of each succeeding December and June.

For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Blanket Issuer Letter of Representations from the County to The Depository Trust Company. In the event that the bonds of this issue are no longer held in fully immobilized form, interest on this bond shall be paid by check or draft mailed to the

Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the fiscal agency of the State of Washington in New York, New York (the "Bond Registrar"); provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

This bond is one of an issue of limited tax general obligation bonds of the County of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$3,170,000, issued pursuant to Resolution No. \_\_\_\_\_ of the County, passed on February 12, 2008 (the "Bond Resolution"), to provide financing for the acquisition of property and the remodeling of such property and other capital improvements.

The Bonds are subject to redemption as provided in the Bond Resolution.

The County has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes, within and as a part of the tax levy permitted to counties without a vote of the electorate, upon all property subject to taxation, in an amount sufficient, together with all other money legally available for such purposes, including real estate excise taxes (REET), to pay the principal of and interest on this Bond as the same shall become due. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

The bonds of this issue are issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, provided that no bond shall represent more than one maturity. Upon surrender to the Bond Registrar, bonds are interchangeable for bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the Registered Owner hereof or his/her duly authorized agent and only if endorsed in the manner provided hereon, and thereupon a new fully registered bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Such exchange or transfer shall be without cost to the Registered Owner or transferee. The County may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this bond and for any and all other purposes whatsoever.

The Bonds are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The County has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended.



Reference also is made to the Bond Resolution as more fully describing the covenants with and the rights of Registered Owners of the bonds or registered assigns and the meanings of capitalized terms appearing on this bond which are defined in such resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication has been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and resolutions of the County to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, the County has caused this bond to be executed by the manual or facsimile signature of the Chairman of the Board of County Commissioner and to be attested by the manual or facsimile signature of the Clerk of the Board, and has caused the seal of the County to be impressed or imprinted on this Bond, as of this 26<sup>th</sup> day of February, 2008.

MASON COUNTY, WASHINGTON

[SEAL]

By \_\_\_\_\_ /s/  
Chairman, Board of County Commissioners

ATTEST:

\_\_\_\_\_  
/s/  
Clerk of the Board

CERTIFICATE OF AUTHENTICATION

Dated: \_\_\_\_\_

This is one of the Limited Tax General Obligation Bonds, 2008, of Mason County, Washington, dated February 26, 2008, described in the Bond Resolution.

WASHINGTON STATE FISCAL  
AGENCY, as Bond Registrar

By \_\_\_\_\_  
Authorized Signatory

Section 8. Bond Fund. There has been created in the office of the Treasurer a special fund to be drawn upon for the purpose of paying the principal of and interest on the Bonds

known as the "Mason County Limited Tax General Obligation Bond Fund, 2008" (the "Bond Fund"). The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bonds. The taxes hereafter levied for the purpose of paying principal of and interest on the Bonds and other funds to be used to pay the Bonds shall be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of County funds. Any interest or profit from the investment of such money shall be deposited in the Bond Fund.

Section 9. Pledge of Taxation and Credit. The County hereby irrevocably covenants for as long as the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax, within and as part of the tax millage levy permitted to counties without a vote of the people, upon all the property within the County subject to taxation in an amount that will be sufficient together with all other money legally available for such purposes, including real estate excise taxes (REET), to pay the principal of and interest on the Bonds as the same shall become due.

The County hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the County prior to the full payment of the principal and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 10. Bonds Deemed to Be No Longer Outstanding. In the event that the County, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, held in trust by a trustee, cash or noncallable government obligations, as such obligations are now or hereafter defined in RCW 39.53, or any combination of cash and/or noncallable government obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bond shall be deemed to be not outstanding under this resolution.

The County shall provide, or cause to be provided, written notice of defeasance to the Registered Owners of all Bonds so provided for within 30 days of the closing date and to the SID, if any, and to each NRMSIR or to the MSRB in accordance with Section 17.

Section 11. Tax Covenant.

(a) *Tax Covenants.* The County shall comply with the provisions of this section unless, in the written opinion of Bond Counsel to the County, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The County hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the County which may be deemed to be proceeds of such Bonds

pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said regulations. The County will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable regulations thereunder throughout the term of the Bonds.

The County further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the Code.

The County will pay any rebate amount to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption of the interest payments on the Bonds, in accordance with the Federal Tax Certificate.

(b) *Bank Qualification.* The County hereby designates the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions. The County does not anticipate that it will issue more than \$10,000,000 of qualified tax-exempt obligations during 2008.

Section 12. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the County in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the County evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or

her ownership, and upon furnishing the County and the Bond Registrar with indemnity satisfactory to both.

Section 13. Application of Bond Proceeds. The proceeds of sale of the Bonds shall be deposited into the REET-1 Fund and used to finance the Projects or other capital improvements approved by the Board and to pay costs of issuing the Bonds.

Section 14. Sale of the Bonds. The Board finds that the purchase agreement that has been distributed to the Board is reasonable and that it is in the best interest of the County that the Bonds shall be sold to Piper Jaffray & Co. (the "Underwriter") upon the conditions set forth in the purchase agreement. The County accepts the purchase agreement and authorizes the Chair of the Board or Treasurer to execute the purchase agreement and deliver it to the Underwriter. The Bonds shall be issued and delivered to the Underwriter upon payment of the purchase price specified in the purchase agreement.

Section 15. Official Statement. The County approves the preliminary official statement presented to the Board and ratifies the Underwriter's distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the County deems the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds, including bond insurance, and the completion of the purchase contract. The County agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The County authorizes the Underwriter to use the official statement, substantially in the form of the preliminary official

statement, in connection with the sale of the Bonds. The Chair of the Board or Treasurer are hereby authorized to review and approve on behalf of the County the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable.

Section 16. Bond Insurance. In accordance with the sale of the Bonds to the Purchaser, the Board hereby approves the commitment of Financial Security Assurance Inc. (the “Insurer”) to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds (the “Bond Insurance Policy”). The Board further authorizes and directs all proper officers, agents, attorneys and employees of the County to execute a commitment letter with the Insurer and to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the County as shall be necessary or advisable in providing for the Bond Insurance Policy.

Section 17. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking*. This section constitutes the County’s written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data*. The County agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2009 for the fiscal year ended December 31, 2008):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the County’s general fund prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor

pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds;

2. The assessed valuation of taxable property in the County;
3. Ad valorem taxes due and percentage of taxes collected;
4. Property tax levy rate per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the County.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before nine months after the end of the County's fiscal year. The County's current fiscal year ends December 31. The County may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the County may cross-reference to other documents provided to the NRMSIR, the SID or to the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the County shall provide the County's audited annual financial statement prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to each then existing NRMSIR and the SID, if any.

(c) *Material Events.* The County agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- Modifications to the rights of Bond owners;
- Bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856);
- Defeasances;
- Release, substitution or sale of property securing repayment of the Bonds; and
- Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the County advises that no property secures payment of the Bonds.

(d) *Notification Upon Failure to Provide Financial Data.* The County agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to



the SID, if any, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Termination/Modification.* The County's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the County (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies each NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

The County may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the County shall describe such amendment in the next annual report and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection (c), and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) *Bond Owner's Remedies Under This Section.* The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the County's obligations under this section, and any failure by the

County to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 18. General Authorization; Ratification of Prior Acts. The Chair of the Board of County Commissioners, the Chief Administrative Officer, the Assistant Chief Administrative Officer, the Treasurer, the Clerk of the Board and other appropriate officers of the County are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 19. Severability. In the event that any one or more of the provisions of this resolution shall for any reason be held to be invalid, such invalidity shall not affect or invalidate any other provision of this resolution or the Bonds, but this resolution and the Bonds shall be construed and enforced as if such invalid provision had not been contained herein; provided, however, that any provision which shall for any reason be held by reason of its extent to be invalid shall be deemed to be in effect to the extent permitted by law.

Section 20. Effective Date. 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 February 12, 2008.

MASON COUNTY, WASHINGTON

By Tim Sheldon  
Chairman and Commissioner

By Sydney King Erickson  
Commissioner

By Bob Sullivan  
Commissioner

ATTEST:

Rebecca S Rogers  
Clerk of the Board

APPROVED AS TO FORM:

\_\_\_\_\_  
Bond Counsel

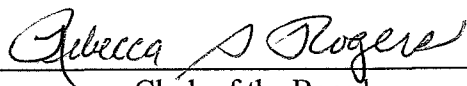
CERTIFICATE

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. 21-08 of the County (herein called the "Resolution"), as finally passed at a regular meeting of the Board of the County held on the 12<sup>th</sup> day of February, 2008, 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 12<sup>th</sup> day of February, 2008.

  
\_\_\_\_\_  
Clerk of the Board

NAME OF ISSUE Masc County, Washington  
Limited Tax General Obligation Bonds, 2008

Three specimens of your signature are needed for facsimile printing on your bond issue.

1. Sign with your official signature for this issue.
2. If possible use a **fountain pen** with red, black or dark blue ink. Light blue ink and ball point writing are very difficult for us to reproduce properly.
3. Try to stay within the box.

TITLE: Tim Sheldon – Chair, Board of County Commissioners

*Tim Sheldon*

*Tim Sheldon*

*Tim Sheldon*

TITLE: Rebecca S. Rogers, Clerk, Board of County Commissioners

*Rebecca S Rogers*

*Rebecca S. Rogers*

*Rebecca S Rogers*

SEAL IMPRESSIONS

