

**NORTH BEACH WATER DISTRICT  
PACIFIC COUNTY**

**RESOLUTION 08-2013**

**A RESOLUTION OF THE NORTH BEACH WATER DISTRICT OF  
PACIFIC COUNTY, WASHINGTON, APPROVING BOND FINANCING  
UNDERWRITER'S AGREEMENT WITH MARTIN NELSON & COMPANY**

**WHEREAS**, North Beach Water District is contemplating the issuance and sale of Water Revenue Bonds for capital purposes defined in its water system plan ; and

**WHEREAS**, North Beach Water District's general manager contacted three underwriting firms to submit proposals for the purpose of selecting a qualified firm to provide underwriting services; and

**WHEREAS**, The general manager received three proposals from interested underwriting firms; and

**WHEREAS**, The general manager, after reviewing the proposals and interviewing the firms, determined that Martin Nelson & Company is the most qualified firm to provide underwriting services to the District, Now, Therefore,

**Be It Resolved**, by the Board of Commissioners of North Beach Water District, Pacific County, Washington, as follows:

**Section 1.** To approve the Bond Financing Underwriter's Agreement between North Beach Water District and Martin Nelson & Company attached to this resolution and identified as Exhibit A

**Section 2.** To authorize the general manager to sign the Bond Financing Underwriter's Agreement between North Beach Water District and Martin Nelson & Company.

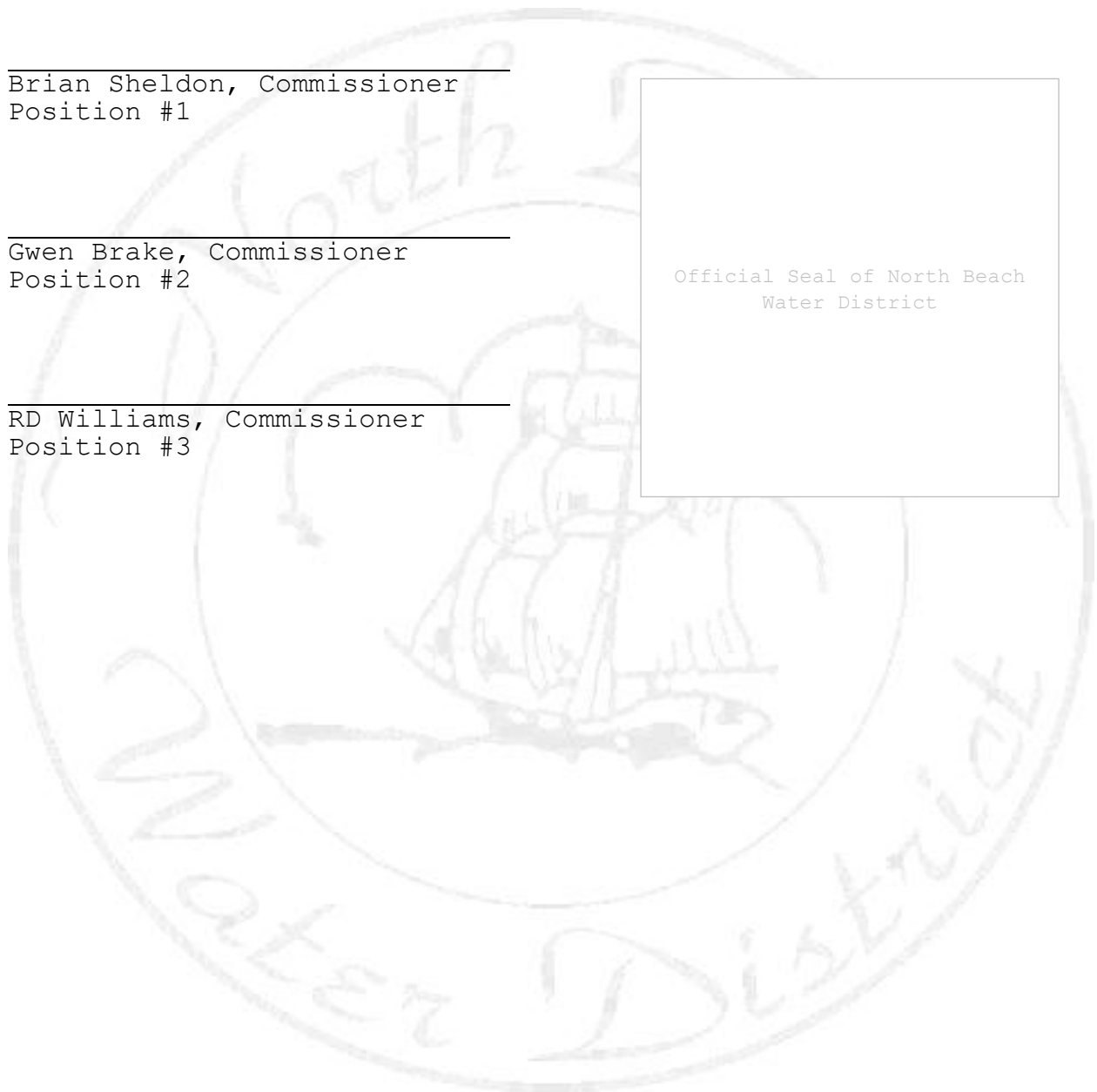
**Adopted by** the Board of Commissioners of North Beach Water District, Pacific County, Washington at its regular meeting held on the 18<sup>nd</sup> day of March, 2013.

\_\_\_\_\_  
Brian Sheldon, Commissioner  
Position #1

\_\_\_\_\_  
Gwen Brake, Commissioner  
Position #2

\_\_\_\_\_  
RD Williams, Commissioner  
Position #3

Official Seal of North Beach  
Water District





**BOND FINANCING UNDERWRITER'S AGREEMENT**

THIS UNDERWRITER'S AGREEMENT (the "Agreement") is entered into as of the date referenced below by and between the North Beach Water District, Pacific County, Washington, a political subdivision of the State of Washington, (the "District"), and Martin Nelson & Co., Inc., (herein called the "Underwriter").

WHEREAS, the District contemplates the issuance and sale of Water Revenue Bonds (the "Bonds") in an approximate amount of \$3,000,000, for the capital purposes defined in its Water System Plan (the "Project").

NOW, THEREFORE BE IT AGREED:

1. The District hereby appoints Martin Nelson & Co., Inc. as Underwriter for the offering of any financing required to accomplish the Project described above. Upon completion of the sale of a publicly sold bond issue, the Underwriter shall submit a Bond Purchase Agreement to purchase the Bonds.
2. The Underwriter, at their expense, will make such investigations and take such action as they consider necessary or appropriate to satisfy themselves as to the marketability of the Bonds, and, subject to such satisfaction, will perform all of the functions customarily performed by investment bankers for which are reasonably required to accomplish the sale of the Bonds, including, but not limited to:
  - A. Financial Services, including Financial Analysis of the District's past, present and expected future financial performance for purposes of determining a credit rating, Debt Structuring Services, Bond Marketing and Distribution Services, and assistance with meetings and presentations, relating to the Bonds.
  - B. Advise the District as to maturities, interest rates, structure, call feature, credit rating, timing of the Marketing Plan for the Bonds, and financing amount needed to implement the District's plans and goals.
  - C. Review and make comments with respect to the Bond Resolution (or Delegated Bond Resolution) and other underlying documents relating to the Bonds.
  - D. Prepare the preliminary and final Official Statements (the "Offering Document") to be issued by the District relating to the Bonds and consult with the District and its Bond Counsel regarding the same.
  - E. Distribute the preliminary and final Official Statements to a broad list of prospective investors.

F. Demonstrate that our interest rates and fees are commensurate with, or better than, market rates of comparable issues being sold at the time of the District's bond sale.

G. Evaluate and advise the District concerning fiscal policy development and the acquisition of bond insurance or any other acceptable and available credit enhancements. Prepare the District for a rating presentation to pursue underlying bond rating goals.

H. Provide a final payment schedule for the Bonds.

I. Assist the District and its Bond Counsel in registering, executing, and delivering the Bonds and the delivery of Bond proceeds via Pacific County (as de facto Treasurer for the District).

J. Assist the District with ongoing debt management compliance questions, monitoring or long-term capital planning as needed.

3. At such time as the applicable Resolutions, the Preliminary Official Statement and all other necessary documents and proceedings have been determined by the District, Bond Counsel and the Underwriter to be satisfactory in all material respects for financing purposes, the Underwriter will submit to the District a Bond Purchase Agreement for the purchase of the Bonds, which will detail the interest rates, purchase price, and the public offering prices of the Bonds. The acceptance of the purchase agreement by the District will be at the sole option of the District, and the District shall not be obligated to accept an offer made by the Underwriter in the purchase contract. If the District does not accept the offer of the Underwriter, the District shall be under no further obligation to the Underwriter with respect to the payment of any fees or compensation to the Underwriter.

4. In carrying out this agreement the Underwriter will make available the full experience of their organization and will employ their expertise so as to represent the District with maximum effectiveness in its relations with the financial community and with potential investors.

5. The Underwriter shall receive its sole compensation from the difference between the price at which the Bonds are to be resold to investors and the price paid to the District for the Bonds by the Underwriter (the "Underwriter Spread"). By executing this Agreement, the District accepts the Underwriter Spread offered in the Underwriter's Response to Request for Proposal (the "Financing Proposal") dated February 13, 2013 which presented a fixed fee quote of \$5.55 per \$1,000 of Bonds, regardless of the size of the amount borrowed, plus a \$1,500 Official Statement documentation fee. Until such time as the purchase agreement is submitted and accepted or rejected, the District appoints the Underwriter as its exclusive and sole investment banker for the purpose of submitting a purchase agreement for the Bonds. The District will not be charged for services of the Underwriter unless and until an actual bond financing is completed.

6. The District shall pay the Costs of Issuance including, but not limited to, bond counsel fee, bond insurance, and the bond rating fee, the Underwriter Spread and the Official Statement documentation fee.

7. This Agreement may be terminated by either party at any time with written notice provided at least 30 days prior to the date of termination.

8. This Agreement shall be governed by Washington State law.

IN WITNESS WHEREOF, the parties hereto cause this document to be executed by their duly authorized officers and representatives this \_\_\_\_\_ day of \_\_\_\_\_, 2013

MARTIN NELSON & CO., INC.  
1500 WESTLAKE AVE. NORTH  
SUITE 200  
SEATTLE, WA 98109

JAMES BLUMENTHAL  
VICE PRESIDENT

ACCEPTED BY AND FOR:

WILLIAM NEAL, GENERAL MANAGER  
NORTH BEACH WATER DISTRICT  
P.O. BOX 618  
OCEAN PARK, WA 98640

By: \_\_\_\_\_  
Signature

Its: \_\_\_\_\_  
Title