

RESOLUTION NO. 01-2006

A RESOLUTION of the Board of Directors of the North Beach Public Development Authority, Pacific County, Washington, authorizing the acquisition of domestic water supply and distribution facilities; authorizing the issuance of a water revenue bond in the principal amount of \$3,600,000 and water revenue bond anticipation notes, if necessary, to finance a portion of the costs of such acquisition and costs of improvements to the facilities; fixing the terms and covenants of such bond and notes; providing the terms under which the PDA may issue future water revenue bonds on a parity with such bond; and repealing Resolution No. 01-2006.

WHEREAS, the North Beach Public Development Authority, Pacific County, Washington (the "PDA") has been established as a public corporation pursuant to Resolution No. 2004-073 of the Board of Commissioners of Pacific County (the "County"), in accordance with Ordinance No. 155 of the County and the provisions of RCW 35.21.730-.759 relating to public corporations; and

WHEREAS, by its charter, approved by Resolution No. 2004-073 as amended by Resolution No. 2005-012 of the County Board of Commissioners (the "Charter"), the PDA is authorized to undertake, assist with and otherwise facilitate the improvement of municipal water and/or fire suppression service to the unincorporated communities, known as Ocean Park, on the Long Beach peninsula north of Cranberry Road; and

WHEREAS, the PDA's Board of Directors (the "Board") has determined that it is in the best interests of the residents of Ocean Park and in furtherance of the PDA's purpose under the Charter for the PDA to acquire the water supply and distribution facilities owned by Pacific Water Company ("PWC") and Phillip Leach and Virginia Leach (the "PWC Facilities") and the water supply and distribution facilities owned by Ocean Park Water Company ("OPWC" and the "OPWC Facilities"); and

WHEREAS, to finance a portion of the costs of acquiring the OPWC Facilities and PWC Facilities, the PDA has heretofore received low-interest loans from the State of Washington Public Works Trust Fund (the "PWTF Loans"); and

WHEREAS, the Board has heretofore authorized the PDA's entering into agreements with PWC and Phillip Leach and Virginia Leach to acquire the PWC facilities; and

WHEREAS, the Board has heretofore authorized the PDA's entering into agreements with Ocean Park Acquisitions LLC, a Washington limited liability company of which the PDA is the sole member ("OPA LLC"), to permit OPA LLC to acquire a controlling interest in OPWC, dissolve such company, and distribute the OPWC Facilities to the PDA; and

WHEREAS, the Board has determined that it is in the best interests of the PDA and the residents of Ocean Park that the PDA finance the balance of the cost of acquiring the PWC Facilities and OPWC Facilities and making certain improvements to the resulting publicly owned and operated system by the issuance of the water revenue bond and notes authorized by this resolution; and

WHEREAS, the PDA wishes to reserve the right to issue additional water revenue obligations on the terms and conditions set forth in this resolution;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY, PACIFIC COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution the following words shall have the following meanings:

Adjusted Rate means a per annum rate calculated as follows: the most recent Weekly 5-Year Interest Rate Swap Rate published in the Federal Reserve Statistical Release H15 multiplied by 66%, plus 130 basis points.

Annual Debt Service for any fiscal year or calendar year means the sum of: (a) the interest on all Parity Bonds due in such year, excluding, however, any interest to be paid from the proceeds of such Parity Bonds, and (b) the principal of all Parity Bonds due in such year, either as maturing principal of Serial Bonds or mandatory redemption payments for Term Bonds. If the interest rate on any such Parity Bonds is other than a fixed rate, the rate applicable at the time of the computation shall be used.

Assessments means assessments (including interest and penalties) levied in any utility local improvement district of the PDA (if permitted by law and the PDA's charter) for the acquisition or construction of additions and improvements to and extension of the System, if such assessments are pledged to be paid into the Bond Fund.

Average Annual Debt Service means the amount determined by dividing (a) the sum of all interest and principal to be paid on all Parity Bonds from the date of determination to the last maturity date of such Parity Bonds, by (b) the number of fiscal years or calendar years from and including the fiscal year or calendar year in which the determination is made to the last fiscal year or calendar year in which any of such Parity Bonds will be outstanding.

Bank means Cashmere Valley Bank.

Board means the Board of Directors of the PDA as the PDA's general legislative authority as the same shall be duly and regularly constituted from time to time.

Bond means the PDA's water revenue bond authorized to be issued to the Bank in the principal amount of \$3,600,000 by this resolution.

Bond Fund means the 2006 Water Revenue Bond Fund authorized to be created pursuant to Section 10 of this resolution.

Bond Payment Date means each June 1 and December 1, commencing on December 1, 2006.

Bond Register means the books or records maintained by the Registrar for the purpose of registration of the Bond and Notes.

Code means the federal Internal Revenue Code of 1986, as amended, and applicable regulations.

Costs of Maintenance and Operation means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expenses, but excludes depreciation, payments for debt service or into reserve accounts and costs of capital additions to or replacements of the System, taxes levied by the PDA or payments in lieu of taxes.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW, as amended, or its successor statute, if any.

Gross Revenue means all earnings, revenue and money, except Assessments, received by the PDA from or on account of the System, including proceeds from the sale, lease or other disposition of any of the properties or facilities of the System, and the income from investments of money in the Revenue Fund and any bond fund or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. "Gross Revenue" shall not include grants or bond proceeds, but shall include federal or state reimbursements of operating expenses to the extent such expenses are included as "Costs of Maintenance and Operation."

Interest Rate means, initially, a fixed interest rate of 4.25% per annum, which shall be reset to 4.42% on the Bond Payment Date in June that is at least three years following the date of issuance of the Bond, and shall be reset again to the Adjusted Rate on each of the following reset dates: the Bond Payment Dates that are at least five, ten and fifteen years following the date of issuance of the Bond.

Net Revenue means the Gross Revenue less the Costs of Maintenance and Operation.

Note Fund means the 2006 Water Revenue Bond Anticipation Note Fund authorized to be created pursuant to Section 9 of this resolution.

Notes means the Water Revenue Bond Anticipation Notes, 2006, authorized to be issued pursuant to this resolution.

Obligations means the Bond and the Notes.

Reserve Requirement means, with respect to the Bond or any additional Parity Bonds, an amount equal to the least of (a) 125% of average Annual Debt Service on such bonds, (b) 10% of the stated principal amount of such bonds, or (c) maximum Annual Debt Service on such bonds.

Revenue Fund means the special fund of the PDA known as the "North Beach Public Development Authority Water System Revenue Fund" authorized to be created pursuant to Section 8(a) of this resolution.

Serial Bonds means Parity Bonds other than Term Bonds.

System means the domestic water supply and distribution system of the PDA as the same now exists and as it may hereafter be added to, improved and extended for as long as any of the Parity Bonds are outstanding.

Term Bonds means any Parity Bonds identified as Term Bonds in the resolution authorizing the issuance thereof, the payment of the principal of which is provided for by a mandatory redemption schedule and corresponding deposits into the Bond Fund to pay for such mandatory redemptions.

Treasurer means the Pacific County Treasurer, as *ex officio* treasurer of the PDA, or any other public officer as may hereafter be designated pursuant to law to have custody of PDA funds.

Section 2. Establishing the Domestic Water System; Plan of Improvements

(a) *Findings.* The Board hereby finds that the best interests of the PDA and residents of the Ocean Park community within the PDA's jurisdiction will be served by the establishment of a publicly owned domestic water supply and distribution system consisting initially of the PWC Facilities and OPWC Facilities (together, the "System").

(b) *Approval of Plan of Improvements.* In accordance with the comprehensive plan for its domestic water supply and distribution system, the Board hereby specifies and adopts a system or plan of additions to and betterments and extensions of the System, consisting of the PWC Facilities and OPWC Facilities to be acquired by the PDA pursuant to agreements entered into by the PDA with PWC, Phillip Leach and Virginia Leach, and OPA LLC. The Board hereby ratifies and affirms such heretofore authorized agreements.

(c) *Financing Plan.* The acquisition of the PWC Facilities and OPWC Facilities shall be paid from proceeds of the PWTF Loans, as heretofore approved by the Board, and from proceeds of the Bond and Notes, as authorized by this resolution.

(d) *General Authorization and Ratification of Prior Acts.* The Board, and other appropriate officers, employees and agents of the PDA are hereby authorized and directed to take all actions necessary and convenient to acquire the PWC Facilities and OPWC Facilities and establish the System as authorized herein. All past acts of such PDA officers, employees and agents consistent with the authority granted herein but prior to the effective date of this resolution are hereby ratified and confirmed.

OPA LLC means Ocean Park Acquisitions LLC, a Washington limited liability company of which the PDA is the sole member.

OPWC means Ocean Park Water Company, a Washington corporation.

OPWC Facilities means the water supply and distribution facilities currently owned by Ocean Park Water Company.

Parity Bonds means the Bond and any additional bonds or other obligations of the PDA having a lien or Net Revenues equal to the lien thereon of the Bond.

PDA means the North Beach Public Development Authority, Pacific County, Washington, a public corporation chartered by Pacific County and duly organized and existing under the laws of the State of Washington, or any successor to the rights and obligations of the PDA.

Permitted Investments means any investments of PDA funds permitted under its Charter and the laws of the State of Washington as amended from time to time.

Professional Utility Consultant means the independent person(s) or firm(s) selected by the PDA having a favorable reputation for skill and experience with water systems of comparable size character to the System in such areas as are relevant to the purposes for which they are retained.

Project Fund means the 2006 Water System Project Fund authorized to be created pursuant to Section 19 of this resolution.

PWC means Pacific Water Company, a Washington corporation.

PWC Facilities means the water supply and distribution facilities currently owned by Pacific Water Company and Phillip Leach and Virginia Leach.

PWTF Loans means the loans obtained by the PDA from the State of Washington acting through the Public Works Board under Loan Agreement Nos. PW-05-691-PRE-117 and -129.

Rate Stabilization Account means the special account of that name authorized to be created pursuant to Section 8(b) of this resolution.

Registered Owner means the person in whose name a Bond is registered on the Bond Register.

Registrar means initially the Treasurer, whose duties include the registration and authentication of the Bond and Notes, maintenance of the Bond Register, effecting transfer of ownership of the Bond and Notes, and paying the principal of and interest on the Bond and Notes.

Reserve Account means the account of that name authorized to be created within the Bond Fund pursuant to Section 10 of this resolution.

Section 3. Authorization and Description of Obligations.

(a) *Authorization of Bond.* For the purpose of financing a portion of the cost of acquiring and making certain improvements to the System, the PDA shall issue to the Bank a water revenue bond of the PDA designated as the "North Beach Public Development Authority, Pacific County, Washington, Water Revenue Bond, 2006," in the principal amount of \$3,600,000 (the "Bond"). The Bond shall be dated as of the date of its delivery to the Bank and shall mature on the Bond Payment Date that is at least 20 years after its date of delivery. The Bond shall bear interest on unpaid principal at the Interest Rate. Installments of principal and interest shall be payable semiannually on the Bond Payment Dates, commencing on December 1, 2006. Principal shall be amortized based on an approximately 20-year payment schedule, which shall be adjusted each time the Interest Rate is reset as provided in the definition of "Interest Rate." Interest shall be calculated on the basis of a year of 360 days and twelve months of 30 days each.

The Bond shall be fully registered as to principal and interest, shall be in the denomination of \$3,600,000, and shall be numbered in such manner and with any additional identification as the Registrar deems necessary for identification. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal and interest on the Bond shall be paid by check or draft mailed, or by electronic transfer (on the date such installment is due) to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the Bond Payment Date. Upon final payment of all installments and interest thereon, the Bond shall be submitted to the Registrar for cancellation and surrender.

Principal of and interest on the Bond shall be payable solely from the Bond Fund. The Bond is not a general obligation of the PDA, Pacific County or of the State of Washington or any political subdivision thereof.

(b) *Authorization of Notes.* If the acquisition of the PWC Facilities closes prior to the issuance of the Bond, the PDA shall issue bond anticipation notes to finance a portion of the acquisition cost of the PWC Facilities, as provided in the purchase agreement between the PDA and PWC. Such notes shall be designated as the "North Beach Public Development Authority, Pacific County, Washington, Water Revenue Bond Anticipation Notes, 2006," in an aggregate principal amount of \$260,000. The Notes shall be dated as of the date of their delivery and shall mature on the date that is 90 days after the date of delivery. The Notes shall bear interest at a per annum rate of 4.5%. Principal of and interest on the Notes shall be payable upon maturity or the earlier prepayment of the Notes. Interest shall be calculated on the basis of a year of 365 days and actual days elapsed.

The Notes shall be fully registered as to principal and interest, shall be in denominations of \$130,000 each, and shall be numbered separately in such manner and with any additional identification as the Registrar deems necessary for identification. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America. Principal of and interest on the Notes shall be payable upon presentation and surrender thereof by the registered owner at the office of the Registrar.

The Notes shall be obligations only of the Note Fund and shall be payable and secured as provided herein. The Notes are not general obligations of the PDA, Pacific County or of the State of Washington or any political subdivision thereof.

Section 4. Registration.

(a) *Registrar.* The Treasurer is hereby requested to act as registrar, paying agent and transfer agent for the Obligations (collectively, the "Registrar"). The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Obligations. The Registrar is authorized to authenticate and deliver the Obligations transferred or exchanged in accordance with the provisions thereof and this resolution and to carry out all of the Registrar's powers and duties under this resolution.

(b) *Registered Ownership.* The PDA and the Registrar, each in its discretion, may deem and treat the Registered Owners of the Obligations as the absolute owners thereof for all purposes, and neither the PDA nor the Registrar shall be affected by any notice to the contrary. Payment of Obligations shall be made only as described in Section 3 hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 3 shall be valid and shall satisfy and discharge the liability of the PDA upon the Obligations to the extent of the amount or amounts so paid. Neither the PDA nor the Registrar will have any responsibility or obligations, legal or otherwise, to any party other than the Registered Owners of the Obligations.

(c) *Transfer or Exchange of Registered Ownership.* The registered ownership of Obligations may be transferred or exchanged, but no transfer of an Obligation Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Obligation duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Obligation and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Obligation of the same type, date, maturity and interest rate and for the same principal amount, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Obligation, in exchange for such surrendered and cancelled Obligation.

Section 5. Prepayment.

(a) *The Notes.* If the Notes are issued as authorized by this resolution, they shall be subject to mandatory prepayment on the date of issuance of the Bond at a price of par plus accrued interest to the date of prepayment. Prior to their stated maturity or mandatory prepayment, the PDA may elect to prepay the Notes at any time, in whole or in part, without penalty.

(b) *The Bond.* The Bond may be prepaid in whole or in part, without penalty, at any time.

Section 6. Execution of Obligations. The Obligations shall be executed on behalf of the PDA with the manual or facsimile signature of the President of the Board and attested with the

manual or facsimile signature of the Secretary of the PDA. In case any of the officers who have signed or attested an Obligation cease to be such officer before such Obligation has been actually issued and delivered, such Obligation shall be valid nevertheless and may be issued by the PDA with the same effect as though the persons who had signed or attested such Obligation had not ceased to be such officers, and the Obligation may be signed or attested on behalf of the PDA by officers who at the date of actual execution of such Obligation are the proper officers, although at the nominal date of execution of such Obligation such officer was not an officer of the PDA.

Only such Obligation as bears thereon a Registration Certificate in the form set forth in Section 7 hereof, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Registration Certificate shall be conclusive evidence that the Obligation so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

Section 7. Form of Bond and Notes.

(a) *The Bond.* The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$3,600,000

STATE OF WASHINGTON

NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY
PACIFIC COUNTY

WATER REVENUE BOND, 2006.

INTEREST RATE: Initially 4.25%, then 4.42% effective on _____, 2009, then an Adjusted Rate, as described herein, effective on _____, 2011, _____, 2016, and _____ 2021.

MATURITY DATE: June 1, 2026

REGISTERED OWNER: CASHMERE VALLEY BANK

PRINCIPAL AMOUNT: THREE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS

The North Beach Public Development Authority, Pacific County, Washington (the "PDA"), a public corporation of the State of Washington, for value received hereby promises to pay to the Registered Owner identified above the Principal Amount identified above, and to pay interest on the unpaid balance thereof, from the date hereof, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above, in approximately equal semiannual installments of principal and interest payable on the first days of each June and December, commencing on December 1, 2006, with final payment of all outstanding principal and

the interest due thereon at final maturity of the Bond on June 1, 2026. Both principal of and interest on this bond are payable in lawful money of the United States of America. Upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Pacific County Treasurer, as registrar and paying agent (the "Registrar") for cancellation and surrender.

The principal of and interest on this bond are payable solely out of the special fund of the PDA known as the "2006 Water Revenue Bond Fund" ("Bond Fund"). Installments of principal of and interest on this bond shall be paid by check or draft mailed, or by electronic transfer (on the date such installment is due) to the Registered Owner at the address shown on the Bond Register as of the 15th day of the month preceding the Bond Payment Date.

This bond is issued under authority of Resolution No. 01-2006, adopted by the Board on January 30, 2006 (the "Bond Resolution"), for the purpose of financing the acquisition of certain water supply and distribution facilities for the PDA and improvements to such facilities. Capitalized terms used in this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

This bond may be prepaid as provided in the Bond Resolution.

The PDA has designated this bond as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. The PDA does not expect to issue more than \$10,000,000 in qualified tax-exempt obligations during calendar year 2006.

The PDA hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Resolution.

This bond is payable from Net Revenue. By the Bond Resolution, the PDA has pledged Net Revenue for the payment when due of all amounts required by the Bond Resolution to be paid out of the Revenue Fund into the Bond Fund. Said amounts so pledged are a lien and charge on Net Revenue equal to the lien and charge thereon of any additional Parity Bonds and superior to all other charges of any kind or nature.

The PDA has further bound itself to maintain the System in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges in each calendar year that will make available, for the payment of the principal of and interest on outstanding Parity Bonds as the same shall become due, Net Revenue in an amount that will be equal to at least 1.25 times Annual Debt Service for such year (after deducting Assessments actually collected for such year).

The pledge of Net Revenue and other obligations of the PDA under the Bond Resolution may be discharged at or prior to the maturity or prepayment of this bond issue upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

This bond is a special limited obligation of the PDA and is not an obligation of Pacific County, the State of Washington or any political subdivision thereof other than the PDA, and

neither the full faith and credit nor the taxing power of the PDA or Pacific County or the State of Washington is pledged to the payment of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution (as hereinafter defined) until the Registration Certificate hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened and to have been performed precedent to and in the issuance of this bond do exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this bond, together with all other obligations or indebtedness of the PDA, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, the North Beach Public Development Authority, Pacific County, Washington, has caused this bond to be signed by the manual or facsimile signatures of the President and Secretary of the PDA, all as of the _____ day of _____, 20__.

NORTH BEACH PUBLIC
DEVELOPMENT AUTHORITY, PACIFIC
COUNTY, WASHINGTON

By _____ /s/ _____
President, Board of Directors

Attest:

_____/s/_____
Secretary, Board of Directors

(b) *The Notes.* The Notes shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$130,000

STATE OF WASHINGTON

NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY
PACIFIC COUNTY

WATER REVENUE BOND ANTICIPATION NOTE, 2006

INTEREST RATE: 4.5%--

MATURITY DATE: _____, 2006

REGISTERED OWNER: [PHILLIP LEACH/VIRGINIA LEACH]

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND AND NO/100 Dollars

The North Beach Public Development Authority, Pacific County, Washington (the "PDA"), a public corporation of the State of Washington, for value received hereby promises to pay to the Registered Owner identified above, on the Maturity Date identified above or date of earlier prepayment, the Principal Amount identified above together with interest thereon at the Interest Rate set forth above. Interest shall be calculated on the basis of a year of 365 days and actual days elapsed.

Both principal of and interest on this Note are payable in lawful money of the United States of America upon presentation and surrender thereof to the Pacific County Treasurer, as registrar and paying agent (the "Registrar") for cancellation and surrender.

This Note is issued under authority of Resolution No. 01-2006, adopted by the Board of Directors of the North Beach Public Development Authority (the "PDA") on January 30, 2006 (the "Note Resolution"), for the purpose of financing the acquisition of certain water supply and distribution facilities for the PDA. Capitalized terms used in this Note and not otherwise defined herein shall have the meanings given such terms in the Note Resolution.

This Note is subject to optional and mandatory prepayment as provided in the Note Resolution.

The PDA has taken no action to cause interest on the Notes to be excluded from gross income for purposes of federal income taxation.

The PDA hereby covenants and agrees with the owner of this Note that it will keep and perform all the covenants of this Note and of the Note Resolution.

Both principal of and interest on this Note are payable solely out of the Note Fund. By the Note Resolution, the PDA has pledged and bound itself to pay into the Note Fund from proceeds of the Bond or Net Revenue an amount sufficient to pay the principal of and interest on this Note when due, either at Maturity or upon earlier prepayment as provided in the Note Resolution.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Resolution until the Registration Certificate hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this Note, together with all other obligations or indebtedness of the PDA, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, the North Beach Public Development Authority, Pacific County, Washington, has caused this Note to be signed by the manual or facsimile signatures of the President and Secretary of the PDA, all as of the _____ day of _____, 2006.

NORTH BEACH PUBLIC
DEVELOPMENT AUTHORITY, PACIFIC
COUNTY, WASHINGTON

By _____ /s/_____
President, Board of Directors

Attest:

_____/s/_____
Secretary, Board of Directors

(c) *Additional Requirements for the Obligations.* Each of the Obligations shall also include a Registration Certificate and provisions for assignment, substantially as follows:

REGISTRATION CERTIFICATE

THIS [bond/note] is registered in the name of the Registered Owner on the books of the PDA, in the office, as to both principal and interest, as noted in the registration blank below. No transfer hereof shall be valid unless made by the Registered Owner or his/her duly authorized agent in writing, and similarly noted hereon.

Date of Registration	Name and Address of Registered Owner	Signature of Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code, of Transferee)

the within [bond/note] and does hereby irrevocably constitute and appoint _____ as attorney-in-fact to transfer said [bond/note] on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within [bond/note] in every particular, without alteration or enlargement or any change whatever.

Section 8. Revenue Fund; Rate Stabilization Account.

(a) *Revenue Fund.* A special fund of the PDA designated as the "North Beach Public Development Authority Water System Revenue Fund" (the "Revenue Fund") is hereby authorized to be created in the office of the Treasurer. The PDA hereby obligates and binds itself to pay all Gross Revenue as collected into the Revenue Fund. The money in the Revenue Fund shall be held separate and apart from all other funds and accounts of the PDA. From and after the date of issuance of the Bond, the Gross Revenue deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

FIRST, to pay the Costs of Maintenance and Operation and to maintain a balance in the Revenue Fund sufficient to enable the PDA to meet Costs of Maintenance and Operation on a current basis;

SECOND, to make all payments required to be made into the Bond Fund to pay when due the interest on the Bond and any additional Parity Bonds;

THIRD, to make all payments required to be made into the Bond Fund to pay when due the principal of the Bond and any additional Parity Bonds;

FOURTH, to make all payments required to be made into the Reserve Account within the Bond Fund;

FIFTH, to make all payments required to be made into any revenue bond redemption fund, debt service account, or reserve account created to pay or secure the payment of the principal of and interest on any revenue bonds, or other revenue obligations of the PDA having a lien upon Net Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds;

SIXTH, to make all payments of principal of and interest on the PWTF Loans; and

SEVENTH, to retire by redemption or purchase in the open market any outstanding water revenue bonds or other water revenue obligations of the PDA, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, to make deposits into the Rate Stabilization Account, or for any other lawful PDA purpose.

(b) *Rate Stabilization Account.* A special account of the PDA designated as the "North Beach Public Development Authority Water System Rate Stabilization Account" (the "Rate Stabilization Account") is hereby authorized to be created in the office of the Treasurer. In accordance with the provisions of subsection (a) above, the PDA may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom for deposit in the Revenue Fund to prevent or mitigate water rate increases or for other lawful purposes of the PDA related to the System.

Section 9. Note Fund. If the Notes are issued, as provided herein, there is hereby authorized to be created in the office of the Treasurer a fund of the PDA to be known as the "2006 Water Revenue Bond Anticipation Note Fund" (the "Note Fund"), which fund shall be

drawn upon for the sole purpose of paying principal of and interest on the Notes. The Note Fund shall be held separate and apart from all other funds and accounts of the PDA and shall be a trust fund for the owner of the Notes.

The PDA hereby irrevocably obligates and binds itself for as long as the Notes remain outstanding to set aside and pay into the Note Fund out of the proceeds of sale of the Bond, or from Net Revenue prior to the date of issuance of the Bond, such amounts as are required to pay the interest on and principal of the Notes at the earlier of their maturity or optional or mandatory prepayment.

The PDA hereby covenants that it will issue the Bond in an amount sufficient, with other money of the PDA legally available therefor, to pay the principal of and interest on the Notes on or prior to their scheduled maturity as provided in this resolution. The PDA further covenants that, simultaneously with the receipt of such proceeds of sale of the Bond to the Bank, it will pay into the Note Fund money sufficient to pay the principal of and interest on the Notes and will apply said money to mandatory prepayment of the Notes as provided in this resolution.

Section 10. Bond Fund. There is hereby authorized to be created in the office of the Treasurer a fund of the PDA to be known as the "North Beach Public Development Authority 2006 Water Revenue Bond Fund" (the "Bond Fund"), which fund shall be drawn upon for the sole purpose of paying the principal of, premium if any, and interest on the Bond and any additional Parity Bonds. The money in the Bond Fund shall be kept separate and apart from all other funds and accounts of the PDA and shall be a trust fund for the owners of Parity Bonds.

(a) *Debt Service Account.* A special account known as the Debt Service Account is hereby authorized to be created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds. As long as any Parity Bonds remain outstanding, the PDA hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account, on or before each Bond Payment Date for the installment of principal of and/or interest next coming due on the Bond, an amount that, together with money in the Debt Service Account available therefor, shall be sufficient to pay such installment when due.

The PDA covenants that in the event it issues any additional Parity Bonds, it will provide in each resolution authorizing the issuance of the same for timely payments to be made from the Revenue Fund into the Debt Service Account in the Bond Fund sufficient, together with any other money in such account available therefor, to provide for the payments of principal of and interest on such additional Parity Bonds, including payments to satisfy the mandatory redemption requirements with respect to any Term Bonds.

(b) *Reserve Account.* A special account known as the Reserve Account is hereby authorized to be created in the Bond Fund for the purpose of securing the payment of principal of and interest on the Bond and any additional Parity Bonds. The PDA hereby covenants that it will satisfy the Reserve Requirement for the Bond by making one or more deposits into the Reserve Account, in approximately equal annual amounts, the first such amount

to be deposited within one year of the date of issuance of the Bond, so that the required balance in the Reserve Account shall be fully funded within three years of the date of issuance of the Bond.

The PDA further covenants and agrees that in the event it issues any additional Parity Bonds it will provide in each resolution authorizing the issuance of such Parity Bonds that on or prior to the date that is three years after the date of issuance of such bonds money shall be deposited into the Reserve Account, from proceeds of such Parity Bonds or other funds available therefor in approximately equal annual payments, so that the total amount of money in the Reserve Account will at least equal the Reserve Requirement.

The PDA further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Requirement, as redetermined in each calendar year with respect to the bonds secured by such Reserve Account. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Parity Bonds secured thereby. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Parity Bonds secured by such Reserve Account, as long as the money remaining on deposit in such Reserve Account is at least equal to the Reserve Requirement determined with respect to the Parity Bonds then outstanding.

In the event that Parity Bonds outstanding are ever refunded, the money set aside in the Reserve Account to secure the payment thereof may be used to retire Parity Bonds or may be transferred to any other reserve account that may be created to secure the payment of any bonds issued to refund the Parity Bonds.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from money in the Revenue Fund first available after making the payments required to be made under paragraphs "FIRST" through "THIRD" of Section 8(a) of this ordinance.

(c) *Lien of Bond Fund.* The Bond and any additional Parity Bonds shall be payable from Net Revenue. The PDA hereby pledges Net Revenue for the payment when due of all amounts required by this resolution to be paid out of the Revenue Fund into the Bond Fund. Said amounts so pledged are hereby declared to be a lien and charge on Net Revenue equal to the lien and charge thereon of any additional Parity Bonds and superior to all other charges of any kind or nature.

(d) *Investment of Money in Bond Fund.* All money in the Debt Service Account in the Bond Fund may be kept in cash or invested in Permitted Investments maturing not

later than the last maturity of the Parity Bonds outstanding at the time of such purchase. Interest earned on or profits made from the sale of such investments shall be deposited in and become a part of the Revenue Fund.

Section 1.1. Covenants and Agreements. The PDA hereby covenants with the owner of each of the Parity Bonds for as long as any of the same remain outstanding as follows:

(a) *Rates and Charges.* The PDA will establish, maintain and collect lawful rates and charges for the use of the services and facilities of the System, and shall adjust such rates and charges from time to time so that:

(1) Gross Revenue will at all times be sufficient (a) to pay all Costs of Maintenance and Operation and to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or payments in lieu thereof and any and all other amounts that the PDA may now be and hereafter become obligated to pay from Gross Revenue by law or contract, and, together with Assessments actually collected, (b) to pay the principal of and interest on all outstanding Parity Bonds as and when the same become due and payable.

(2) Net Revenue in each calendar year will equal at least 1.25 times Annual Debt Service for such year (after deducting from Annual Debt Service the amount of Assessments actually collected for such year). For the purpose of meeting the requirement of this paragraph there may be added to Net Revenue for any calendar year any amount withdrawn from the Rate Stabilization Account and deposited in the Revenue Fund. There shall be subtracted from Net Revenue for any calendar year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Account in such calendar year.

(b) *Maintenance of System.* The PDA will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Sale or Disposition of the System.* The PDA will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on all then outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System unless such facilities are replaced or provision is made for payment into the Bond Fund of the greater of:

(1) An amount that will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(2) An amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the System sold or disposed of bears to the book value of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System (to the extent required above) shall be paid into the Bond Fund.

Notwithstanding any other provision of this subsection, the PDA may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the System with a value less than 3% of the net utility plant of the System or that has become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into either Bond Fund.

(d) *Collection of Assessments.* The PDA shall promptly collect all Assessments levied in any utility local improvement district now or hereafter created to secure the payment of the principal of and interest on any Parity Bonds and shall pay the same into the Bond Fund. It is hereby provided further, however, that nothing in this resolution or in this subsection shall be construed to prohibit the PDA from issuing revenue bonds having a lien on Net Revenue subordinate to the lien on such revenue for the payment of the principal of and interest on the Parity Bonds and pledging as security for the payments of such subordinate lien bonds assessments levied in any utility local improvement district that may be created to pay part or all the cost of improvements to the System for which such subordinate lien revenue bonds were specifically issued.

(e) *Books and Accounts.* The PDA will maintain complete books and records relating to the operation of the System and its financial affairs and will cause such books and records to be audited in accordance with state law. So long as the Bank is the Registered Owner of the Bond, the PDA shall provide the Bank a copy of the PDA's unaudited and audited annual financial statements as soon as each is available.

(f) *Insurance.* The PDA will carry the type of insurance on the property of the System in the amounts normally carried by water utilities together with public liability insurance, if obtainable at rates the PDA finds reasonable. The cost of such insurance shall be a Cost of Maintenance and Operation. In lieu of any such insurance, the PDA may implement a self-insurance or a self-insurance pool program with reserves adequate, in the reasonable judgment of the Board, to protect the PDA against loss.

(g) *Delinquencies.* The PDA will promptly collect all service charges and Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

(h) *No Free Service.* Except as permitted by law, the PDA will not furnish any service of the System to any customer free of charge.

Section 12. Tax Covenants. The PDA covenants that it will take such action or refrain from such action as may be necessary to comply with the Code to assure (i) that interest on the Bond will be excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, (ii) that the Bond will not become an "arbitrage bond" within the meaning of Section 148 of the Code and the applicable regulations thereunder, and (iii) that the Bond will not become a "private activity bond" under Section 141 of the Code and the applicable regulations thereunder.

The PDA hereby designates the Bond as a qualified tax-exempt obligation for purchase by financial institutions pursuant to Section 265(b) of the Code. The PDA does not expect to issue more than \$10,000,000 in tax-exempt obligations in calendar year 2006.

The PDA has taken no action to cause interest on the Notes to be excluded from gross income for purposes of federal income taxation.

Section 13. Adequacy of Revenues. The Board hereby declares that in fixing the amounts to be paid into the Bond Fund as hereinbefore provided it has exercised due regard for the Costs of Maintenance and Operation and has not obligated the PDA to set aside and pay into the Bond Fund a greater amount of money from the Revenue Fund than in its judgment will be available over and above such Costs of Maintenance and Operation.

Section 14. Defeasance. In the event that money and/or Government Obligations maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire the Bond in accordance with its terms are set aside in a special account to effect such redemption and retirement and such money and the principal of and interest on such 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 the Bond so provided for, and the owner of the Bond shall cease to be entitled to any lien, benefit or security of this resolution except for the right to receive the money so set aside and pledged, and the Bond shall be deemed not to be outstanding hereunder.

Section 15. Issuance of Additional Parity Bonds. The PDA hereby further covenants and agrees with the owner of the Bond for as long as it remains outstanding as follows:

(a) That it will issue no bonds with a lien on Gross Revenue superior to the lien thereon of the Bond. The PDA may issue additional Parity Bonds for the following purposes: (i) acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements or repairs and capital improvements to the System; or (ii) refunding or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or other obligations payable out of Gross Revenue; upon compliance with the following conditions:

(1) That at the time of the issuance of such additional Parity Bonds there is no deficiency in the Bond Fund.

(2) If there are special assessments levied in any utility local improvement district in which additions and improvements to and extensions of the System will be constructed from the proceeds of such additional Parity Bonds, the resolution authorizing such additional Parity Bonds shall require that such special assessments be paid into the Bond Fund.

(3) If there are special assessments pledged to be paid into a bond redemption fund for revenue bonds being refunded by such additional Parity Bonds, the resolution authorizing such additional Parity Bonds shall require such special assessments to be used for the refunding or paid into the Bond Fund.

(4) The principal of and interest on any additional Parity Bonds shall be payable out of the Bond Fund, and the resolution authorizing their issuance shall further provide for payments into the Bond Fund to amortize any Term Bonds and satisfaction of the Reserve Requirement, all as required by Section 10 of this resolution.

(5) Prior to the delivery of any additional Parity Bonds, the PDA shall have on file a certificate of a Professional Utility Consultant showing: that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such additional Parity Bonds (the "Adjusted Net Revenue") will equal at least 1.25 times the Annual Debt Service (after deducting from each year's Annual Debt Service the amount of Assessments due and payable in such year according to the assessment roll for such Assessments) for each such calendar or fiscal year for all Parity Bonds plus the additional Parity Bonds proposed to be issued.

The Adjusted Net Revenue shall be the Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed additional Parity Bonds as adjusted by such Professional Utility Consultant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the additional Parity Bonds proposed to be issued, shall be outstanding:

(i) the additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 12-month period, had been in force during the full 12-month period;

(ii) the additional Net Revenue that would have been received if any facility of the System that became fully operational after the beginning of such 12-month period had been so operating for the entire period; and

(iii) the additional Net Revenue estimated by such Professional Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System that are (a) under construction at the time of such certificate or (b) will be constructed from the proceeds of the additional Parity Bonds to be issued.

Such Professional Utility Consultant may rely upon, and his or her certificate shall have attached thereto, financial statements of the System certified by the Treasurer showing income and expenses for the period upon which the same is based.

The certificate of such Professional Utility Consultant shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subsection (5).

(6) Notwithstanding the foregoing provisions of subsection (5), additional Parity Bonds may alternatively be issued with the prior written consent of the owners of all outstanding Parity Bonds and no certificate of a Professional Utility Consultant shall be required.

(b) Notwithstanding the requirements set forth in subsection (a), if additional Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding additional Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding additional Parity Bonds over and above the amount required in such year for the principal of and interest on the Parity Bonds being refunded thereby, the condition stated in subsections (a)(5) and (a)(6) of this section need not be met.

(c) Nothing herein contained shall prevent the PDA from issuing any revenue bonds or other obligations with a lien on Net Revenue subordinate to the lien thereon of the Parity Bonds.

Section 16. Supplements and Amendments.

(a) The Board from time to time and at any time may adopt a resolution or resolutions supplemental hereof, which resolution or resolutions thereafter shall become a part of this resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the PDA in this resolution other covenants and agreements thereafter to be observed, which will not adversely affect the interests of the owners of any Parity Bonds in any material respect, or to surrender any right or power herein reserved to or conferred upon the PDA.

(2) To cure any ambiguities or correct or supplement any defective provision contained in this resolution in regard to such matters or questions as the Board may deem necessary or desirable and not inconsistent with this resolution and which will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

(3) To amend or supplement any provision contained in this resolution for the purpose of obtaining or maintaining a rating on the Parity Bonds so long as such amendment or supplement is not inconsistent with this resolution and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

Any such supplemental resolution of the Board may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section; provided, however, that the PDA shall obtain an opinion of nationally recognized bond counsel to the effect that such supplemental resolution complies with this subsection (a).

(b) With the consent of the owners of not less than 65% in aggregate principal amount of the Parity Bonds at the time outstanding, the Board may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(1) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each bond so affected; or

(2) Reduce the aforesaid percentage of bondowners required to approve any such supplemental resolution, without the consent of the owners of all of the Parity Bonds then outstanding.

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

(c) Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the PDA under this resolution and all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this resolution for any and all purposes.

Section 17. Lost or Destroyed Obligation. In case any Obligation shall be lost, stolen or destroyed, the Registrar may authenticate and deliver a new Obligation of like amount, date and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the PDA and Registrar in connection therewith and upon his or her filing with the PDA and Registrar evidence satisfactory to it that such Obligation was actually lost, stolen or destroyed and of his or her ownership thereof, and upon furnishing the PDA and Registrar with indemnity satisfactory to them.

Section 18. Delivery of Obligations; Authorization to PDA Officials. The Board hereby accepts the proposal of the Bank dated January 26, 2006, to purchase the Bond. The Bond will be delivered to the Bank on the terms set forth in this resolution and in the Bank's proposal, including the payment of a loan fee of 1% of the principal amount of the Bond.

If the closing for the PDA's acquisition of the PWC Facilities occurs prior to issuance of the Bond, the PDA shall issue the Notes to Phillip Leach and Virginia Leach as provided in this resolution and in the PDA's agreement for acquisition of the PWC Facilities.

The proper officials and agents of the PDA are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bond and the Notes as provided in this resolution.

Section 19. Project Fund; Application of Bond Proceeds. There is hereby authorized to be created in the office of the Treasurer a fund of the PDA to be known as the "2006 Water System Project Fund" (the "Project Fund"), which fund shall be drawn upon to pay costs of the acquisition of and improvements to the System.

If the Notes are outstanding on the date of issuance of the Bond, sufficient proceeds of the Bonds shall be deposited into the Note Fund to pay for the mandatory prepayment of the Notes in accordance with Section 5(a) of this resolution. The balance of the proceeds of the Bond shall be deposited in the Project Fund and applied to pay costs of the acquisition of and improvements to the System.


Section 20. Repealer. Resolution No. 07-2005 of the Board adopted on December 12, 2005, is hereby repealed in its entirety.

Section 21. Severability. If any one or more of the covenants and agreements provided in this resolution to be performed on the part of the PDA shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 22. Effective Date. This resolution shall become effective upon its adoption as provided by law.

ADOPTED by the Board of Directors of the North Beach Public Development Authority,
Pacific County, Washington, at a special meeting thereof held this 30th day of January, 2006.

NORTH BEACH PUBLIC DEVELOPMENT
AUTHORITY, PACIFIC COUNTY,
WASHINGTON

By 
President, Board of Directors

Attest:


Secretary, Board of Directors

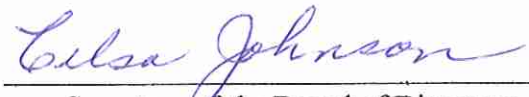
CERTIFICATE OF SECRETARY OF THE PDA

I DO HEREBY CERTIFY that I am the duly chosen, qualified and acting Secretary of the Board of Directors of the North Beach Public Development Authority, Pacific County, Washington (the "PDA"), and keeper of the records of the Board ; and

1. That the attached resolution is a true and correct copy of Resolution No. 01-2006 of the Board (the "Resolution"), as finally passed at a special meeting of the Board held on the 30th day of January, 2006 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 was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the passage of the Resolution; that all other requirements and proceedings incident to the proper passage of the 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 this 30th day of January, 2006.



Secretary of the Board of Directors
North Beach Public Development Authority