

all backup
in office of
Finance Mgr.

RESOLUTION NO. 2013-14-1

A RESOLUTION AUTHORIZING THE SALE OF GENERAL REVENUE BONDS AND EXECUTION OF A SUPPLEMENTAL REVENUE BOND DECLARATION

The Board of Commissioners of the Port of Hood River finds that:

- A. The Port Board of Commissioners adopted Resolution No. 2002-03-5 on June 17, 2003 (“Resolution No. 2002-03-5”), authorizing the Port to execute and deliver the Master General Revenue Bond Declaration (the “Master Declaration”), which establishes the terms under which the Port may issue general revenue bonds, and to issue up to \$8,000,000 of its general revenue bonds (the “Series 2003 Bonds”).
- B. The Series 2003 Bonds are dated August 15, 2003, and were issued under Oregon Revised Statutes (“ORS”) Section 777.560 in the aggregate principal amount of \$8,000,000.
- C. The Series 2003 Bonds maturing on and after December 1, 2014, are subject to redemption prior to maturity at the option of the Port on any date on or after December 1, 2013 at par, plus accrued interest to the date of redemption.
- D. Section 7 of the Master Declaration provides that Parity Obligations may be issued for any purpose relating to the Facilities that is authorized by law.
- E. ORS 287A.360 provides that in addition to any other authority to issue refunding bonds, a public body may issue current refunding bonds to refund its outstanding bonds.
- F. The Port has determined that present value savings may be achieved by currently refunding all or a portion of the Series 2003 Bonds.
- G. The Port adopts this resolution to authorize the sale of its General Revenue Bonds, Series 2013.
- H. Capitalized terms used but not defined herein shall have their respective meanings as set forth in the Master Declaration.

NOW, THEREFORE, based upon the above findings,

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT OF HOOD RIVER, a municipal corporation of the State of Oregon, as follows:

Section 1. Bonds Authorized

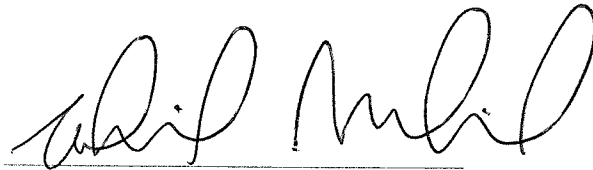
- 1.1 The Port hereby authorizes the sale and delivery of general revenue bonds (the “Series 2013 Bonds”) in a maximum aggregate principal amount necessary to refund the Series 2003 Bonds, fund any required debt service reserve and pay costs of issuance of the Series 2013 Bonds in accordance with this Resolution and the Master Declaration. Proceeds of the Series 2013 Bonds shall only be

- 2.7 Appoint and enter into agreements with professionals and service providers in connection with the Series 2013 Bonds.
- 2.8 Enter into covenants to maintain the excludability of interest on the Series 2013 Bonds from gross income under the Internal Revenue Code of 1986, as amended (the "Code").
- 2.9 Designate the Series 2013 Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.
- 2.10 Execute a credit facility agreement, escrow deposit agreement and any other documents, and take any other action in connection with the Series 2013 Bonds, that the Port Official finds will be advantageous to the Port.

Section 3. Effective Date

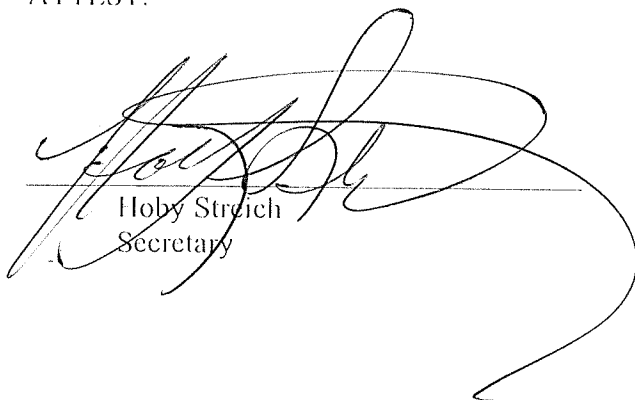
This resolution takes effect upon adoption by the Board of Commissioners.

PASSED by the Board of Commissioners of the Port of Hood River this 10th day of September, 2013



Rich McBride
President

ATTEST:



Hoby Strich
Secretary

SUPPLEMENTAL GENERAL REVENUE BOND DECLARATION

THIS SUPPLEMENTAL GENERAL REVENUE BOND DECLARATION is executed as of September 10, 2013, by the Port Official of the Port of Hood River, Hood River County, Oregon pursuant to authority granted to the Port Official by Port Resolution 2013-14-1 to establish the terms under which the Port's General Revenue Bonds, Series 2013 may be issued.

Section 1. Recitals.

The Port finds:

- 1.1 The Port's Master General Revenue Bond Declaration (the "Master Declaration") was executed as of August 28, 2003 by the Port Official of the Port of Hood River, Hood River County, Oregon pursuant to authority granted to the Port Official by Port Resolution 2002-03-5 to establish the terms under which the Port's General Revenue Bonds, Series 2003 and future general revenue bonds may be issued.
- 1.2 The Port issued its Series 2003 Bonds in the aggregate principal amount of \$8,000,000 under the authority of the Master Declaration and Oregon Revised Statutes ("ORS") Section 777.560. The Series 2003 Bonds are dated August 15, 2003.
- 1.3 Section 7 of the Master Declaration provides that Parity Obligations may be issued for any purpose relating to the Facilities which is authorized by law.
- 1.4 The Port is authorized by ORS 287A.360 to issue current refunding bonds.
- 1.5 The Board of Port Commissioners has adopted Resolution No. 2013-14-1, authorizing the Port to issue its general revenue bonds in a maximum aggregate principal amount necessary to refund the Series 2003 Bonds, to fund any required debt service reserve and to pay costs of issuing the Series 2013 Bonds, and to execute and deliver this Supplemental Declaration, which establishes the terms under which the Port's General Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") are issued.

Section 2. Definitions.

As used in this Supplemental Declaration, the following words shall have the following meanings. Capitalized terms used but not defined herein shall have the meanings assigned in the Master Declaration.

"Bond Counsel" means Mersereau Shannon LLP or such other counsel designated by the Port.

"Port Official" means the Executive Director of the Port or the Finance Manager of the Port.

“Series 2013 Bonds” means the Port’s General Revenue Refunding Bonds, Series 2013 issued in an aggregate principal amount of \$ 3,750,000.

Section 3. The 2013 Bonds.

3.1 Sale Authorized. Pursuant to Section 7 of the Master Declaration, ORS 287A.360 and Port Resolution 2013-14-1, the Port issues its Series 2013 Bonds in the aggregate principal amount of \$ 3,750,000 for the purpose of currently refunding the Series 2003 Bonds. The Series 2013 Bonds shall be Bonds as defined in the Master Declaration and shall have a lien on the Net Operating Revenues which is equal to the lien of all then Outstanding Bonds and all Parity Obligations issued in accordance with Section 7 of the Master Declaration. The Series 2013 Bonds shall bear interest payable on June 1st and December 1st of each year at the following rates, commencing ??__, and shall mature in the following years in the following principal amounts:

Date	Principal Amount	Interest Rate
------	------------------	---------------

3.2 Limitation on Payment. The Series 2013 Bonds shall be special obligations of the Port, and shall be payable solely from the Net Operating Revenues and amounts required to be deposited in the Revenue Bond Reserve Account as required and as provided by the Master Declaration.

3.3 Bond Form. The Series 2013 Bonds shall be in substantially the form attached as Exhibit A hereto and shall be signed with the facsimile or manual signatures of the President and the Secretary of the Board of Port Commissioners.

3.4 Purchaser; Places of Payment; Authentication, Registration and Transfer.
[To be completed.]

3.5 Paying Agent; Trustee. [To be completed.]

3.6 Redemption. [To be completed.]

3.7 Disposition of Series 2013 Bond Proceeds. [To be completed.]

3.8 Tax-Exempt Status.

(A) The Port covenants for the benefit of the Owner of the Series 2013 Bonds to comply with all provisions of the Code which are required for interest on the Series 2013 Bonds to be excluded from gross income for federal taxation purposes. In determining what actions are required to comply, the Port may

rely on an opinion of Bond Counsel. The Port makes the following specific covenants with respect to the Code:

- (1) The Port will not take any action or omit any action if it would cause the Series 2013 Bonds to become "arbitrage bonds" under Section 148 of the Code.
 - (2) The Port shall operate the facilities refinanced with the proceeds of the Series 2013 Bonds so that the Series 2013 Bonds do not become private activity bonds within the meaning of Section 141 of the Code.
 - (3) The Port shall pay, when due, all rebates and penalties with respect to the Series 2013 Bonds which are required by Section 148(f) of the Code.
- (B) The Port Official may enter into additional covenants to protect the tax-exempt status of the Series 2013 Bonds. The covenants contained in this Section 3.7 and any covenants in the closing documents for the Series 2013 Bonds shall constitute contracts with the Owner of the Series 2013 Bonds, and shall be enforceable by them.
- (C) The Series 2013 Bonds are designated Qualified Tax-Exempt Obligations pursuant to Section 265(b)(3) of the Code.

3.9 Covenants.

- (A) The Port shall charge rates and fees projected to generate Net Operating Revenues equal to the amount described in Section 5.1 of the Master Declaration, including the 2013 Obligations.
- (B) The Port shall make a deposit to the Revenue Bond Reserve Account in an amount sufficient to make the balance in the Revenue Bond Reserve Account at least equal to the Required Reserve.

Section 4. Notices. [To be completed.]

Dated this __10th day of September, 2013.

**PORT OF HOOD RIVER,
HOOD RIVER COUNTY, OREGON**

By: _____
Port Official – Fred Kowell

ACCEPTED:

By: _____
||

Exhibit A
Form of Bond

UNITED STATES OF AMERICA
STATE OF OREGON
PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON
GENERAL REVENUE REFUNDING BOND
SERIES 2013

NUMBER: R-1

\$ 3,750,000

DATED RATE OF INTEREST MATURITY DATE

Port of Hood River, Hood River County, Oregon (the "Port"), for value received, acknowledges itself indebted and hereby promises to pay to the order of Columbia Bank (the "Bank"), the aggregate principal amount of Three million seven hundred fifty thousand DOLLARS (\$ 3,750,000). The outstanding principal amount shall bear interest at 2.38% per annum, based on a 30/360 day year. Interest shall be due and payable in arrears on June 1st and December 1st, commencing _____. Principal and interest shall be due in _____ () semiannual payments, on each June 1st and December 1st, commencing _____, in accordance with the following schedule:

Capitalized terms used in this Bond have the meanings defined for such terms in the Master General Revenue Bond Declaration dated as of August 28, 2003, as supplemented by the Supplemental General Revenue Bond Declaration dates as of September 10, 2013 (collectively, the "Declaration").

This General Revenue Refunding Bond, Series 2013 (the "Series 2013 Bonds") is authorized by Port Resolution 2013-14-1 adopted September 10, 2013 and the Declaration. The Series 2013 Bonds are issued for the purpose of refinancing the Series 2003 Bonds, as defined in the Declaration. The Series 2003 Bonds financed improvements to a toll bridge operated by the Port and related capital improvements.

The Series 2013 Bonds constitute valid and legally binding special obligations of the Port and is authorized pursuant to Oregon Revised Statutes Chapter 287A, the Declaration, Resolution No 2013-14-1 of the Port adopted September 10, 2013. The Net Operating Revenues, as defined in the Declaration, are pledged for the punctual payment of the principal of and interest on the Series 2013 Bonds. The Port is not authorized to levy any additional taxes to pay the Series 2013 Bonds. Parity Obligations may be issued on a parity of lien with the Series 2013 Bonds, subject to certain conditions described in the Declaration.

The Series 2013 Bonds do not constitute a debt or indebtedness of Hood River County, the State of Oregon or any political subdivision hereof other than the Port.

The interest payable on this Note is excludable from gross income under the Code. This Note is not a "private activity bond" within the meaning of Section 141 of the Code. The Port has designated this Note as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.

The Series 2013 Bonds are subject to redemption as described in the Declaration.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2013 Bond do exist, have happened and have been performed in the form and manner required by the Constitution and Statutes of the State of Oregon and that this Series 2013 Bond, together with all other indebtedness of the Port does not exceed any limitation prescribed by law.

IN WITNESS WHEREOF, the Port has caused this Bond to be signed on its behalf by its President and Secretary of the Board of Commissioners, as of this 10th day of September, 2013.

**PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

By: _____
President – Rich McBride

By: _____
Secretary – Hoby Streich

Commission Memo

To: Commissioners
From: Fred Kowell
Date: September 10, 2013
Re: 2003 Bond Refinancing – Bond Counsel Agreement

The Port is in the process of refinancing its 2003 Revenue Bridge Bonds. This contract will allow the Port to use the services of Mersereau Shannon LLP as Bond Counsel in the proposed issuance of General Revenue Refunding Bonds, Series 2013. Any refinancing involves the tax exempt status of the bonds and the special execution issues required under a refinancing of a bond of this type.

The cost of this service is \$16,500 and well within a reasonable cost for such a refinancing.

Courtney Dausz is the attorney with Mersereau Shannon LLP that was the bond counsel to the marina SDAO FlexLease Loan. Due to the tax exempt nature of that transaction it was necessary for her to fully understand our 2003 General Revenue Bridge Bonds. She has a full understanding of the 2003 bond issuance and won't need to review past information that is already known.

RECOMMENDATION: Approve the agreement with Mersereau Shannon LLP as bond counsel to the 2013 issuance of General Revenue Refunding Bonds.

MERSEREAU SHANNON LLP

PETER R. MERSEREAU
KAREN M. VICKERS
BARRETT C. MERSEREAU
BLAKE H. FRY

LAWYERS
FOUNDED IN 1885
SMITH & TEAL

JAMES P. SHANNON, LL.M.
THOMAS W. MCPHERSON
COURTNEY L. DAUSZ

TELEPHONE : 503-226-6400

ONE S.W. COLUMBIA STREET, SUITE 1600
PORTLAND, OREGON 97258
MERSHANLAW.COM

FACSIMILE: 503-226-0383

September 4, 2013

Mr. Fred Kowell
Finance Manager
Port of Hood River
1000 E. Port Marina Driver
Hood River, OR 97031
fkowell@portofhoodriver.com

Re: Proposed Issuance of General Revenue Refunding Bonds, Series 2013

Dear Mr. Kowell:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the Port of Hood River (the "Port") in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of refunding the Port's General Revenue Bonds, Series 2003, which financed improvements to a toll bridge, and paying costs of issuance of the Bonds (the "Project"). We further understand that the Bonds will be purchased at a negotiated sale by Columbia State Bank.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties:

- (1) Subject to the completion of proceedings to our satisfaction, render our approving legal opinion (the "Opinion") regarding the Resolution and Declaration as valid and legally binding obligations of the Port, the legal authorization and issuance of the Bonds, and the tax-exempt status of the Bonds.
- (2) Prepare an authorizing resolution, supplemental declaration and certain other documents necessary to the authorization, issuance and delivery of the Bonds.

Thank you. We look forward to working with you.

MERSEREAU SHANNON LLP



Courtney L. Dausz

Accepted and Approved:

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

By: _____
Fred Kowell, Finance Manager

Date: _____