



**Board of Directors  
Chelan Douglas Regional Port Authority  
Meeting Minutes  
Confluence Technology Center  
285 Technology Center Way  
Wenatchee, WA 98801  
April 28<sup>th</sup>, 2020  
9:00 am**

**Present:**

**Directors**

JC Baldwin, Director (via Zoom)  
Donn Etherington, Director (via Zoom)  
\*Rory Turner, Director

Jim Huffman, Director (via Zoom)  
Alan Loeb sack, Director (via Zoom)  
Mark Spurgeon, Director (via Zoom)

**Staff**

\*Jim Kuntz, Chief Executive Officer  
Monica Lough, Director of Finance & Admin.  
Ron Cridlebaugh, Director of Economic Development  
Craig Larsen, Business Development Manager  
Tricia Degnan, CTC Manager  
Sarah Deenik, Communications Coordinator  
Cami Harris, Executive Assistant  
\*Commissioner Turner, Jim Kuntz, Trent Moyers, Quentin Batjer, and Pete Fraley in person; others via Zoom.

\*Trent Moyers, Director of Airports  
\*Pete Fraley, Legal Counsel  
\*Quentin Batjer, Legal Counsel  
Stacie de Mestre, Property & Facilities Mgr.  
Randy Asplund, Consultant  
Ron Russ, Airport Operations Manager

**Guests:**

Ray Dobbs, City of Chelan (via Zoom)  
Cynthia Weed, K & L Gates (via Zoom)  
Mark Urdahl (via Zoom)  
Carl Florea, Mayor of Leavenworth (via Zoom)  
Chris Herman, WPPA (via Zoom)

**The Chelan Douglas Regional Port Authority (CDRPA) Meeting was called to order at 9:00 am. Due to the Covid-19 virus outbreak, the meeting was held at the Confluence Technology Center via Zoom as previously posted in the required Public Meeting Notice.**

**Conflict of Interest** – Commissioner Turner advised he has a conflict of interest regarding an agenda item: issuance of debt for Executive Flight Building through North Cascades Bank.

**CDRPA CONSENT AGENDA:**

The Consent Agenda consisting of minutes of the Chelan Douglas Regional Port Authority (CDRPA) meeting of March 24<sup>th</sup>, 2020; check register pages #2020-07-#2020-09; March 2020 Commission Calendar; and Resolution No. 2020-09 voiding check #5261 was presented and the following action was taken:

**Motion No.**

Moved by:

Seconded by:

**04-01-20 CDRPA**

JC Baldwin

Mark Spurgeon

To approve the Chelan Douglas Regional Port Authority (CDRPA) Consent Agenda consisting of minutes of March 24<sup>th</sup>, 2020 meeting; check register pages #2020-07-#2020-09; March 2020 Commission Calendar; and CDRPA Resolution No. 2020-09 voiding check #5261, as presented.

Motion passed 6-0.

**PORT OF CHELAN COUNTY CONSENT AGENDA:**

The Port of Chelan County (POCC) consent agenda consisting of check register pages #2020-06-#2020-07 was presented and the following action was taken:

<b>Motion No.</b>	<b>04-02-20 POCC</b>
Moved by:	JC Baldwin
Seconded by:	Rory Turner
	To approve the Port of Chelan County Consent Agenda consisting of check register pages #2020-06-#2020-07, as presented.

*Motion passed 3-0.*

**PORT OF DOUGLAS COUNTY CONSENT AGENDA:**

The Port of Douglas County (PODC) consent agenda consisting of check register page #2020-05 was presented and the following action was taken:

<b>Motion No.</b>	<b>04-03-20 PODC</b>
Moved by:	Jim Huffman
Seconded by:	Mark Spurgeon
	To approve the Port of Douglas County Consent Agenda consisting of check register page #2020-05, as presented.

*Motion passed 3-0.*

**PORT OF CHELAN COUNTY ACTION ITEMS:**

**PORT OF CHELAN COUNTY PUBLIC HEARING:**

Port Legal Counsel recommended the Port of Chelan County Surplus Property Public Hearing be continued to May 12, 2020 at 9:00 am.

<b>Motion No.</b>	<b>04-04-20 POCC</b>
Moved by:	Rory Turner
Seconded by:	JC Baldwin
	To continue the Port of Chelan County Surplus Property Hearing to May 12, 2020 at 9:00am at the Regional Port Authority office located at One Campbell Parkway, East Wenatchee, WA 98802.

*Motion passed 3-0.*

**POCC Resolution No. 2020-07 Authorizing to Reprice Banner Bank Bonds for Cashmere Mill District** – Kuntz presented Resolution No. 2020-07 authorizing the repricing of Banner Bank Bonds for Cashmere Mill District. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>04-05-2020 POCC</b>
Moved by:	JC Baldwin
Seconded by:	Rory Turner
	To adopt POCC Resolution No. 2020-07 authorizing the repricing of Banner Bank Bonds for Cashmere Mill District.

*Motion passed 3-0.*

**POCC Resolution No. 2020-06 Authorizing conversion of unsecured note payable to Executive Flight to a 10 year privately held bond with North Cascades Bank** – Kuntz presented Resolution No. 2020-06 authorizing the conversion of an unsecured note payable to Executive Flight to a 10 year privately held bond with North Cascades Bank. Commissioner Turner left the room and did not participate in the discussion. The following action was taken:

**Motion No.**  
*Moved by:*  
*Seconded by:*

**04-06-2020 POCC**  
*JC Baldwin*  
*Donn Etherington*  
*To adopt POCC Resolution No. 2020-06 converting unsecured note payable to Executive Flight to a 10 year privately held bond with North Cascades Bank.*

*Motion passed 2-0.*  
*Commissioner Turner abstained.*

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY ACTION ITEMS:**

**Accor Lease Modification** – Kuntz provided information on a proposed Accor lease modification reducing the surety bond from \$650,000 to \$570,000. Discussions ensued and the following action was taken:

**Motion No.**  
*Moved by:*  
*Seconded by:*

**04-07-2020 CDRPA**  
*Jim Huffman*  
*Alan Loeb sack*  
*To authorize the CEO to enter into a lease modification with Accor reducing the required lease surety bond from \$650,000 to \$570,000.*

*Motion passed 6-0.*

**Review Final RFP for Lineage North (Columbia Street Property)** – Kuntz provided information on the Lineage North RFP draft proposal. Asplund and de Mestre provided further information on the RFP draft. Discussions ensued and the following action was taken:

**Motion No.**  
*Moved by:*  
*Seconded by:*

**04-08-2020 CDRPA**  
*Donn Etherington*  
*Mark Spurgeon*  
*To authorize staff to modify the RFP as discussed and proceed with issuing the request for proposals.*

*Motion passed 6-0.*

**REEF (Republic Parking)** – Kuntz provided information on REEF Parking request to waive minimum parking guarantees for three months at Pangborn Memorial Airport. Moyers provided additional information. Discussion ensued and the following action was taken:

**Motion No.**  
*Moved by:*  
*Seconded by:*

**04-09-20 CDRPA**  
*JC Baldwin*  
*Mark Spurgeon*  
*To authorize the CEO to approve REEF Parking (Republic Parking) request to waive minimum parking guarantees for three months (April, May, June) at Pangborn Memorial Airport.*

*Motion passed 6-0.*

**CDRPA Resolution No. 2020-10 authorizing CEO to waive late fees and/or finance charges and defer rents for the remainder of fiscal year 2020** – Kuntz presented CDRPA Resolution No. 2020-10 as drafted by legal counsel that authorizes CEO to waive late fees and/or finance charges and defer rents (up to three months) for the remainder of fiscal year 2020. A typo was noted on page 3 and will be corrected prior to signatures. The following action was taken:

<b>Motion No.</b>	<b>04-10-20 CDRPA</b>
<i>Moved by:</i>	Mark Spurgeon
<i>Seconded by:</i>	JC Baldwin
	<i>To adopt CDRPA Resolution No. 2020-10.</i>

*Motion passed 6-0.*

**Washington State Department of Commerce Grant Funding for “Working Washington Small Business Grants”** – Kuntz reviewed the status of the grant applications for Washington State Department of Commerce “Working Washington Small Business Emergency Grants.” The Regional Port received over 800 applications from small businesses in Chelan and Douglas Counties. Discussion ensued and the following actions were taken:

<b>Motion No.</b>	<b>04-11-20 CDRPA</b>
<i>Moved by:</i>	JC Baldwin
<i>Seconded by:</i>	Mark Spurgeon
	<i>To authorize the CEO to accept Washington State Department of Commerce Grant funding for “Working Washington Small Business Grants.”</i>

*Motion passed 6-0.*

<b>Motion No.</b>	<b>04-12-20 CDRPA</b>
<i>Moved by:</i>	Mark Spurgeon
<i>Seconded by:</i>	JC Baldwin
	<i>To authorize the CEO to issue “Working Washington Small Business Grants” to Governor selected small business in Chelan and Douglas Counties.</i>

*Motion passed 6-0.*

**Community Development Block Grants – Kuntz reported several local governments have an interest in providing the Regional Port with Community Development Grant Funding for small business micro grants. The following action was taken:**

<b>Motion No.</b>	<b>04-13-20 CDRPA</b>
<i>Moved by:</i>	Jim Huffman
<i>Seconded by:</i>	JC Baldwin
	<i>To authorize the CEO to enter into Interlocal Agreements with local governments for Community Block Grant Funding, subject to legal counsel review.</i>

*Motion passed 6-0.*

**Giga Watt Settlement Agreement** – Kuntz provided an update on a proposed settlement agreement between the Giga Watt Trustee, Mark D. Waldron and the Regional Port. The trustee has agreed to have personal property from their Pangborn Business Park location removed by May 7, 2020 and pay the Chelan Douglas Regional Port Authority \$22,500. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>04-14-20 CDRPA</b>
<i>Moved by:</i>	Mark Spurgeon
<i>Seconded by:</i>	JC Baldwin
	<i>To approve the Settlement Agreement and Release between Chelan Douglas Regional Port Authority and Giga Watt Trustee Mark D. Waldron.</i>

*Motion passed 6-0.*

**Pangborn Memorial Airport Terminal Building Parking Lot Seal Coating and Restriping** – Kuntz and de Mestre provided information on the airport terminal building parking lot seal coating and restriping project. Moe Asphalt and Paving was the apparent low bidder. Discussion ensued and the following actions were taken:

<b>Motion No.</b>	<b>04-15-20 CDRPA</b>
<i>Moved by:</i>	<i>Jim Huffman</i>
<i>Seconded by:</i>	<i>JC Baldwin</i>
	<i>To concur with the CEO awarding the terminal building parking lot seal coating and restriping project to Moe Asphalt Paving and Seal Coating LLC in the amount of \$66,740, plus sales tax.</i>

*Motion passed 6-0.*

<b>Motion No.</b>	<b>04-16-20 CDRPA</b>
<i>Moved by:</i>	<i>Mark Spurgeon</i>
<i>Seconded by:</i>	<i>Jim Huffman</i>
	<i>To establish an overall project budget for the terminal building parking lot seal coating and restriping project in an amount not to exceed \$85,000.</i>

*Motion passed 6-0.*

**Pangborn Terminal Building Capacity Improvement Project** – Kuntz and Russ provided information on the need to increase the budget for the Airport Terminal Building Capacity Project from \$396,354 to \$409,375. Discussions ensued and the following action was taken:

<b>Motion No.</b>	<b>04-17-20 CDRPA</b>
<i>Moved by:</i>	<i>JC Baldwin</i>
<i>Seconded by:</i>	<i>Jim Huffman</i>
	<i>To approve an increase in the airport terminal building capacity improvement project from \$396,354 to \$409,375.</i>

*Motion passed 6-0.*

**Interagency Agreement with WSU for Small Business Development Center** – Kuntz provided information on the renewal of the WSU Small Business Development Center agreement. The agreement provides for a Regional Port contribution of \$40,000 per year for two years. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>04-18-20 CDRPA</b>
<i>Moved by:</i>	<i>Jim Huffman</i>
<i>Seconded by:</i>	<i>JC Baldwin</i>
	<i>To authorize the CEO to renew the Interagency Agreement with WSU for the Small Business Development Center.</i>

*Motion passed 6-0.*

**Federal Air Service Grant for Bay Area** – Kuntz reviewed a request from one donor for a refund of their contribution in light of the COVID-19 outbreak and the likelihood of additional air service being delayed. Discussions ensued and the board directed staff to refund the contribution of \$5,000.

**Regional Port Authority Office HVAC update** – Kuntz and de Mestre provided an update on needed HVAC repairs. The goal is to get the repairs complete before the next heating season. Holaday Parks is in the process of completing their evaluation of the system. Commissioner Etherington requested a space study be completed at the same time so that HVAC improvements are consistent with the planned uses of the building.

**CARES Act – Pangborn Memorial Airport** – Kuntz provided information on the CARES Act award in the amount of \$18,120,860 to Pangborn Memorial Airport. The following actions were taken:

<b>Motion No.</b>	<b>04-19-20 CDRPA</b>
Moved by:	JC Baldwin
Seconded by:	Mark Spurgeon
	To authorize the CEO to submit a formal grant application request to the FAA for the CARES Act funding.

*Motion passed 6-0.*

<b>Motion No.</b>	<b>04-20-20 CDRPA</b>
Moved by:	JC Baldwin
Seconded by:	Mark Spurgeon
	Upon receipt of the FAA CARES Grant, to seek reimbursement for Pangborn Airport operational expenses.

*Motion passed 6-0.*

**COVID-19 Impacts on CDRPA tenants** - Kuntz provided a listing of tenants that have been granted rent deferments along with tenants likely to be asking for rent relief.

**COVID-19 Impacts on CDRPA Revenues** – Kuntz provided a report on projected revenue losses from several Regional Port business units. The greatest impact will be Airport terminal building parking lot revenue and Confluence Technology Center meeting room revenue.

**Property Development – LOJO Orchards** – Kuntz provided information on property located in Malaga near Alcoa. The property is well suited for the development into a business park. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>04-21-20 CDRPA</b>
Moved by:	JC Baldwin
Seconded by:	Mark Spurgeon
	To authorize the CEO to enter into a Purchase and Sale Agreement with LOJO Orchards.

*Motion Passed 6-0.*

**Property Development - Waterville Library Building** – Kuntz reported several Waterville community leaders has requested the Regional Port purchase from a private owner the Waterville Library building. The Board authorized the CEO to pursue the purchase of the building subject to final approval by the Board.

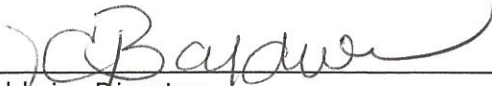
**Public Comment – An opportunity for public comment was provided; however no public comments were received.**

**ITEMS FROM BOARD OF DIRECTORS: None.**

**The Chelan Douglas Regional Port Authority meeting was adjourned at 12:55 pm.**

Signed and dated this 12<sup>th</sup> day of May, 2020.

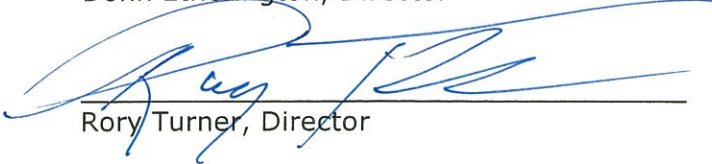
**CHELAN DOUGLAS REGIONAL PORT AUTHORITY**

  
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JC Baldwin, Director

  
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Jim Huffman, Director

  
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Donn Etherington, Director

  
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Mark Spurgeon, Director

  
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Rory Turner, Director

  
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W. Alan Loebach, Director

**Board of Directors  
Chelan Douglas Regional Port Authority  
Meeting Minutes  
One Campbell Parkway  
East Wenatchee, WA 98802  
and  
Confluence Technology Center  
285 Technology Center Way  
Wenatchee, WA 98801  
March 24<sup>th</sup>, 2020  
9:00 am**

**Present:**

**Directors**

JC Baldwin, Director (via Zoom)  
Donn Etherington, Director (via Zoom)  
Rory Turner, Director

Jim Huffman, Director (via Zoom)  
Alan Loeb sack, Director (via Zoom)  
Mark Spurgeon, Director (via Zoom)

**Staff**

\*Jim Kuntz, Chief Executive Officer  
\*Monica Lough, Director of Finance & Admin.  
Ron Cridlebaugh, Director of Economic Development  
Craig Larsen, Business Development Manager  
Tricia Degnan, CTC Manager  
\*Sarah Deenik, Communications Coordinator  
Cami Harris, Executive Assistant  
\*Jim Kuntz, Monica Lough, Trent Moyers, Sarah Deenik, Quentin Batjer, and Pete Fraley in person;  
others via Zoom.

\*Trent Moyers, Director of Airports  
\*Pete Fraley, Legal Counsel  
\*Quentin Batjer, Legal Counsel  
Stacie de Mestre, Property & Facilities Mgr.  
Randy Asplund, Consultant

**Guests:**

Ray Dobbs, City of Chelan (via Zoom)  
Allie Jordan (via Zoom)

**The Chelan Douglas Regional Port Authority (CDRPA) Meeting was called to order at 9:00 am; and due to the Covid-19 virus outbreak, the meeting was held at the Chelan Douglas Regional Port Authority office, the Confluence Technology Center, and via Zoom as previously posted in the required Public Meeting Notice.**

**Roll call was taken.**

**Addition to Agenda Items** – Kuntz requested the following items be added to the agenda under CDRPA Action Items:

- Reef letter – regarding waiver of minimum parking guarantees at Pangborn Memorial Airport.
- Subsplash lease – request to extend lease to September 30<sup>th</sup>, 2020.

**Conflict of Interest** – Commissioner Turner advised he may have a conflict of interest regarding agenda items: possible refunding of debt and the Subsplash lease.



## **CDRPA CONSENT AGENDA:**

The Consent Agenda consisting of minutes of the Chelan Douglas Regional Port Authority (CDRPA) meeting of March 10<sup>th</sup>, 2020; and February 2020 Commission Calendar was presented and the following action was taken:

<b>Motion No.</b>	<b>03-12-20 CDRPA</b>
Moved by:	Mark Spurgeon
Seconded by:	JC Baldwin
	To approve the Chelan Douglas Regional Port Authority (CDRPA) Consent Agenda consisting of minutes of March 10 <sup>th</sup> , 2020 meeting; and February 2020 Commission Calendar, as presented.

*Motion passed 6-0.*

## **PORT OF CHELAN COUNTY PUBLIC HEARING:**

Commissioner Turner opened the Port of Chelan County Public Hearing at 9:21 am.

**POCC Resolution No. 2020-05 Concerning Surplus Property** – Kuntz presented Resolution No. 2020-05 declaring the Lineage North Node property surplus to the needs of the Port of Chelan County. In light of Washington State Governor Jay Inslee’s March 23<sup>rd</sup>, 2020 order concerning the Covid-19 virus and self-isolating, the public’s opportunity to comment may have been impaired. The Commission unanimously approved continuing the Public Hearing until the Regular Meeting held on April 28, 2020.

**An opportunity for public comment was provided; however no public comments were made. Public Hearing continued to April 28<sup>th</sup>, 2020. Any public comments during the continuance will be accepted.**

## **CDRPA ACTION ITEMS:**

**US Forest Service Helipad Project – Lease Amendment No. 4** - Kuntz reviewed Lease Amendment No. 4 between the CDRPA and the US Forest Service. The amendment addresses three items: increases the lease rate; extends lease terms; and provides for the US Forest Service to reimburse the CDRPA for the helipad construction. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>03-13-20 CDRPA</b>
Moved by:	JC Baldwin
Seconded by:	Mark Spurgeon
	To authorize the CEO to enter into Lease Amendment No. 4, subject to approval of one CDRPA Director, concerning any material changes to Lease Amendment No. 4.

*Motion passed 6-0.*

**US Forest Service Helipad Project – Bid Award** – Kuntz presented the bids received for the US Forest Service Helipad Project. Rudnick and Sons, LLC is the apparent low bidder. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>03-14-20 CDRPA</b>
Moved by:	Mark Spurgeon
Seconded by:	Jim Huffman
	To authorize the CEO to accept the Engineer’s recommendation that Rudnick and Sons, LLC is the apparent low bidder for the Helipad Project and award said bid in the amount of \$237,962.18, including tax, subject to the US Forest Service first having executed Lease Amendment No. 4.

*Motion passed 6-0.*

## US Forest Service Helipad Project –Authorization to Award and Sign Contract

**Motion No.**  
Moved by:  
Seconded by:

### **03-15-20 CDRPA**

JC Baldwin

Mark Spurgeon

To authorize the CEO to award and sign the contract with Rudnick and Sons, LLC in the amount of \$237,962.18, including tax, upon receipt and acceptance of all necessary deliverables required by the contract from the contractor and further subject to the US Forest Service first having executed Lease Amendment No. 4.

*Motion passed 6-0.*

**US Forest Service Helipad Project – Establishing Overall Project Budget** – Moyers presented the overall project budget for the US Forest Service Helipad Project including contingencies. Discussion ensued and the following action was taken:

**Motion No.**  
Moved by:  
Seconded by:

### **03-16-20 CDRPA**

Jim Huffman

JC Baldwin

To establish an overall project budget in an amount not to exceed \$297,582.00.

*Motion passed 5-1.*  
*Commissioner Etherington Nay.*

## **CDRPA Resolution No. 2020-06 Authorizing Grant Submittal to WSDOT Aviation Division for the Waterville Airport**

– Kuntz and Moyers provided information on submitting a grant request to WSDOT Aviation Division for the Waterville Airport. Discussion ensued and the following action was taken:

**Motion No.**  
Moved by:  
Seconded by:

### **03-17-20 CDRPA**

Jim Huffman

JC Baldwin

To adopt Resolution No. 2020-06 authorizing a grant application to the WSDOT Aviation Division in the amount of \$184,783.50 and committing to a local match of \$20,531.50.

*Motion passed 6-0.*

## **CDRPA Resolution No. 2020-07 Authorizing Grant Submittal to WSDOT Aviation Division for the Mansfield Airport**

– Kuntz and Moyers provided information on submitting a grant request to WSDOT Aviation Division for the Mansfield Airport. Discussion ensued and the following action was taken:

**Motion No.**  
Moved by:  
Seconded by:

### **03-18-20 CDRPA**

Jim Huffman

Mark Spurgeon

To adopt Resolution No. 2020-07 authorizing a grant application to the WSDOT Aviation Division in the amount of \$106,650 and committing to a local match of \$11,850.00.

*Motion Failed 4-2.*  
*Commissioners Baldwin & Etherington Nay.*

**CDRPA Resolution No. 2020-08 Authorizing Emergency Powers and Delegating Authority to the CEO in Response to the Outbreak of Covid-19** – Kuntz provided information on the need for Resolution No. 2020-08 authorizing emergency powers and delegating authority to the CEO in response to the outbreak of Covid-19. Numerous other government agencies are passing similar resolutions. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>03-19-20 CDRPA</b>
Moved by:	Mark Spurgeon
Seconded by:	Jim Huffman
	To adopt Resolution No. 2020-08 authorizing emergency powers and delegating authority to the CEO in response to the outbreak of Covid-19.

*Motion Passed 6-0.*

**Parking at Pangborn Memorial Airport** – Reef (Republic Parking) recently requested Pangborn waive minimum guarantee parking fees for three months during the Covid-19 outbreak. Discussions ensued and the Board directed staff to renegotiate the contract with Reef to defer payments rather than waive. No formal action taken.

**Subsplash Lease at Pybus Incubator** – Kuntz provided an update on the Subsplash lease at Pybus. Subsplash requested an additional lease extension from June 30<sup>th</sup> to September 30<sup>th</sup> primarily due to Covid-19 outbreak and their ability to secure a new location. Discussion ensued and the following action was taken:

<b>Motion No.</b>	<b>03-20-20 CDRPA</b>
Moved by:	JC Baldwin
Seconded by:	Mark Spurgeon
	To extend the Subsplash Lease from June 30 <sup>th</sup> , 2020 to September 30, 2020.

*Motion passed 5-0.  
Commissioner Tuner abstained.*

**Note: Commissioner Turner left the room and did not participate in the discussion.**

## **CDRPA INFORMATIONAL ITEMS**

**Lineage North Draft RFP** – Kuntz and Asplund reviewed the draft RFP for the sale of the Lineage North Node. The criteria for the sale was reviewed and discussions ensued. The Board directed staff to continue working on the RFP and bring back to the Board at the April 28<sup>th</sup> meeting.

**Covid-19 Virus Update** – Kuntz provided an update on what the CDRPA is doing in light of the Covid-19 virus outbreak including limited staffing at the CDRPA and Pangborn, closing the CTC for two weeks, and keeping the Orondo River Park closed until further notice.

HOM Solutions, a tenant at the Olds Station Business Park, has requested a two month rent deferment as their carpet installation business has been impacted by the COVID -19 crisis. They are requesting a two month deferment (April & May) totaling \$6,783.26. The deferment will be paid back in full on or before December 15, 2020. Kuntz said he had the authority to grant said deferment, but wanted to brief the board.

**Repricing of Debt** – Lough reviewed the bond with Banner Bank for financing of the buildings at the Cashmere Mill District. Banner Bank will lower the bond interest rate to 2.49%. The Board directed staff to proceed with repricing of the bond. Repricing documents will be brought back for Board approval at the April 28<sup>th</sup> Board Meeting.

**Refunding of Debt** – Lough reported North Cascades Bank has offered the best rates to convert the unsecured note payable to Executive Flight to a 10 year privately held bond with an interest rate of 3%. The Board directed staff to proceed with the transaction. The new loan will be brought back to the Board for approval at the April 28<sup>th</sup> meeting.

**STAFF REPORTS & UPDATES:**

**Kuntz provided information and updates including:**

- Gigawatt update – CDRPA will get the property back on May 7<sup>th</sup>, per Judge order.
- Staffing update – hiring an assistant for de Mestre.
- Accor surety deposit update – after discussions, staff was directed to reduce the surety deposit requirement on the Accor lease to a total of two years of debt service (from \$650,000 to \$570,000). Staff will prepare a lease amendment and it will be brought back to Board at the April 28<sup>th</sup> meeting for approval.

**Lough provided information and updates including:**

- Discussion with Paul Jarvis of TVI Investments regarding CDRPA portfolio.

**Cridlebaugh provided information and updates including:**

- Worked with Representatives Schrier and Newhouse for assistance for small businesses in light of Covid-19 virus.

**Moyers provided information and updates including:**

- Reviewed Load Factor; down due to limited travel orders.
- Terminal Security & Capacity Projects are moving forward.
- Potential of Alaska Airlines parking airplanes at Pangborn if airplanes are grounded in light of the Covid-19 virus – airport has capacity for parking 34 airplanes. Board directed staff that parking to be at no cost to Alaska Airlines.

**Public Comment** – Ray Dobbs reported on the upcoming City of Chelan City Council Meeting on March 24<sup>th</sup>, 2020.

**ITEMS FROM BOARD OF DIRECTORS:**

**Commissioner Baldwin**


- Commissioner Loeb sack will be on the Columbia Basin Development League board instead of her.

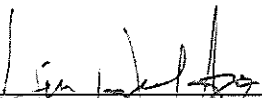
**Cancellation of April 14<sup>th</sup>, 2020 Board of Director’s meeting** – due to the Covid-19 virus, the Board elected to cancel the April 14<sup>th</sup> meeting.

**The Chelan Douglas Regional Port Authority meeting was adjourned at 12:33 pm.**

Signed and dated this 28<sup>th</sup> day of April, 2020.

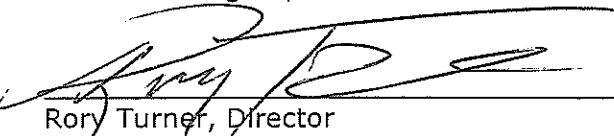
**CHELAN DOUGLAS REGIONAL PORT AUTHORITY**

  
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JC Baldwin, Director

  
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Mark Spurgeon, Director

  
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Rory Turner, Director

  
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W. Alan Loeb sack, Director

RESOLUTION NO. 2020-07

A RESOLUTION OF THE PORT COMMISSION OF THE PORT OF CHELAN COUNTY, WASHINGTON, AMENDING RESOLUTION NO. 2018-07 TO MODIFY THE INTEREST RATE AND AMEND THE TERMS OF THE PORT'S LIMITED TAX GENERAL OBLIGATION BOND, 2018 (TAXABLE) HELD BY BANNER BANK.

WHEREAS, the Port Commission (the "Commission") adopted Resolution No. 2018-07 on July 3, 2018, providing for the issuance of the Port's Limited Tax General Obligation Bond, 2018 (Taxable) (the "Bond"), in the aggregate principal amount of \$3,000,000 for the purpose of financing the acquisition of a building located in the Pangborn Memorial Airport Industrial Park; and

WHEREAS, the Port issued and sold the Bond to Banner Bank, Wenatchee, Washington (the "Bank") on August 3, 2018; and

WHEREAS, the building acquisition was not completed by the Port due to changed circumstances and the proceeds of the Bond were used to construct and equip industrial buildings located at the Cashmere Mill District Business Park within the Port; and

WHEREAS, the Port has received a proposal from the Bank dated April 21, 2020 (the "Proposal") to modify the terms of the amend the terms of the Bond to effect a decrease in the interest rate; and

WHEREAS, it is now in the best interests of the Port to accept the Bank's Proposal;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1.     Amendment to Resolution No. 2018-07. Section 1 of Resolution No. 2018-07 is hereby amended to read as follows (additions are double underscored and deletions are shown as stricken text):

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.

*Acquisition* means the construction and equipping of industrial buildings within the Port ~~of a building and associated leasehold interests, and equipment~~ as described in Section 2 of this resolution.

*Adjustment Date* means June 1, 2024~~2023~~, June 1, 2029~~2028~~, and June 1, 2034~~2033~~.

*Adjusted Fixed Rate* means, as of each Adjustment Date, the lower of (a) the then-current Federal Home Loan Bank (FHLB) of Des Moines five-year Long-Term Fixed Rate Advances Bullet Index, published thirty days prior to the Adjustment Date, plus 1.20%; or (b) the Interest Rate Cap; provided, however, that, notwithstanding the foregoing, the Adjusted Fixed Rate shall not be less than the Interest Rate Floor.

*Bank* means Banner Bank, and any business successor thereto.

*Bond* means the Port of Chelan County, Washington, Limited Tax General Obligation Bond, 2018 (Taxable) in the principal amount of \$3,000,000, issued pursuant to this resolution.

*Bond Fund* means the Port of Chelan County General Obligation Bond Redemption Fund created or maintained in the office of the Treasurer, as provided in Section 9 of this resolution.

*Bond Register* means the registration books showing the name, address and tax identification number of the registered owner of the Bond.

*Bond Registrar*, initially, means the Treasurer who will register and authenticate the Bond, maintain the Bond Register, effect transfer of ownership of the Bond and pay principal of and interest on the Bond. At any time following the issuance of the Bond, however, the Treasurer may determine to appoint a different Bond Registrar, including, but not limited to the fiscal agent of the State of Washington. The term *Bond Registrar* also shall include any successor Bond Registrar appointed by the Treasurer as permitted by law.

*Commission* means the legislative body of the Port, or any successor thereto as provided by law.

*Commitment Letter* means the commitment letter from the Bank, dated June 12, 2018, submitted to the Port to purchase the Bond, as approved pursuant to Section 11 of this resolution.

***Date of Issue*** means the date of original issuance and delivery of the Bond to the Bank on August 3, 2018.

***Designated Port Representative*** means the Executive Director of the Port or such other person as may be directed by resolution of the Commission.

***Initial Fixed Rate*** means the fixed rate of 4.19% per annum from August 3, 2018 through May 31, 2020 and the fixed rate of 2.49% as of June 1, 2020, which rate shall remain in effect until the first Adjustment Date.

***Interest Rate Cap*** means the maximum interest rate to be in effect beginning on each Adjustment Date, which shall be equal to (a) 5.79% per annum, during years six through ten of the Bond, (b) 7.29% per annum, during years during years eleven through fifteen of the Bond; and (c) 8.29% per annum, during years sixteen through twenty of the Bond.

***Interest Rate Floor*** means the minimum interest rate to be in effect beginning on each Adjustment Date, which shall not be less than 2.49% ~~4.19%~~.

***Maturity Date*** means the twentieth anniversary of the Date of Issue, or if such date is not a business day, the next preceding business day.

***Port*** means the Port of Chelan County, Washington, a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington.

***Treasurer*** means the office/officer of the Port designated to perform the functions identified in RCW 53.36.010 or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds~~the Chelan County Treasurer, as *ex officio* treasurer of the Port, or any successor to the functions of the Treasurer.~~

Section 2.     Amendment to Resolution No. 2018-07. Section 2 of Resolution No. 2018-07 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken text):

Section 2.     Acquisition. Due to changed circumstances, proceeds of the Bond were used to construct and equip industrial buildings located at the Cashmere Mill District Business Park within the Port (the "Acquisition"). ~~The Port intends to undertake the purchase of a building, totaling approximately 64,305 square feet, and associated leasehold interests, and equipment located at Pangborn Memorial Airport (the "Acquisition").~~ The cost of the Acquisition is estimated to be in excess of \$4,000,000. All or a portion of the cost of the Acquisition will be paid from the proceeds of the hereinafter authorized Bond. At the time of acquisition, the Port will loan \$500,000 to Pangborn Memorial Airport for its acquisition of a second building previously owned by Executive Flight.

Section 3. Amendment to Resolution No. 2018-07. Section 7 of Resolution No. 2018-07 is hereby further amended to read as follows (additions are double underscored and deletions are shown as stricken text):

Section 7. Form of Bond. The Bond shall be reissued in substantially the following form in exchange for the Bond delivered at the original Date of Issue and provided, however, that the Bond delivered in exchange will be issued with the changes shown below:

UNITED STATES OF AMERICA

NO. R-1

\$3,000,000

STATE OF WASHINGTON  
PORT OF CHELAN COUNTY  
LIMITED TAX GENERAL OBLIGATION BOND, 2018 (TAXABLE)

INTEREST RATE: initially, 4.19% per annum from August 3, 2018 through May 31, 2020 and the fixed rate of 2.49% as of June 1, 2020, for the first five-year period, then subject to the Adjusted Fixed Rate, as set forth in the Bond Resolution (defined below)

MATURITY DATE: August 3 \_\_\_\_\_, 2038

REGISTERED OWNER: BANNER BANK  
501 N. MISSION STREET  
WENATCHEE, WA 98801

TAX IDENTIFICATION #: 91-1645638

PRINCIPAL AMOUNT: THREE MILLION AND NO/100 DOLLARS

THE PORT OF CHELAN COUNTY, WASHINGTON (the "Port"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, together with interest thereon, at the Initial Fixed Rate. Principal and interest shall be repaid in semiannual installments, commencing on December 1, 2018, and on each June 1 and December 1 thereafter, with the final payment of outstanding principal and interest thereon at final maturity of this bond. The Initial Fixed Rate and installment payments shall be adjusted on the Adjustment Date to the Adjusted Fixed Rate, in accordance with the terms set forth in Resolution No. 2018-07, adopted by the Port Commission on July 3, 2018, as amended by Resolution No. 2020-07, adopted by the Port Commission on April 28, 2020 (collectively, the "Bond Resolution"). The initial amortization installments, as amended pursuant to Resolution No. 2020-07, are set forth on Schedule 1, attached hereto. Interest shall be calculated on the basis of the actual number of days elapsed over a year of 360 days.



Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check or draft of the Treasurer of Chelan County, as *ex officio* treasurer of the Port, or any successor to the functions of the Treasurer (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such principal and interest is due to the Registered Owner. Upon payment by the Port of the final installment of principal and all accrued interest on this bond, the Registered Owner shall present and surrender this bond at the principal office of the Bond Registrar for cancellation.

This bond is issued pursuant to the Bond Resolution, to provide funds for the purpose of constructing and equipping of industrial buildings within the Port of property located in the Pangborn Memorial Airport Industrial Park and to pay costs of issuance. Capitalized terms appearing on this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

The Port reserves the right to prepay principal of this bond in advance of the scheduled payments, in whole or in part, on any Payment Date, with no prepayment penalty. The Port shall provide the Bank with 15 days prior notice of any prepayment.

This bond is not transferable, except in whole to another financial institution.

The Port has taken no action to cause the interest on this bond to be exempt from federal income taxation.

The Port hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the Port within the levy limits permitted to the Port without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the Port 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 may be discharged prior to maturity of this bond by making provision for the payment thereof on the terms and conditions set forth in the Bond 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 hereon shall have been manually signed by or on behalf of the Registrar or its duly designated agent.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions duly adopted by the Port Commission including the Bond Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington 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 Port may incur.

IN WITNESS WHEREOF, the Port of Chelan County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission and the seal of the Port imprinted, impressed or otherwise reproduced hereon originally dated August 3, 2018, and reissued as of the \_\_\_\_\_ day of \_\_\_\_\_, 2020 ~~2018~~.

[SEAL]

PORT OF CHELAN COUNTY,  
WASHINGTON

By \_\_\_\_\_ /s/\_\_\_\_\_  
President, Port Commission

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Secretary, Port Commission

The Registrar's Certificate of Authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is the Bond described in the within-mentioned Bond Resolution and is the Limited Tax General Obligation Bond, 2018 (Taxable) of the Port of Chelan County, Washington, originally dated August 3\_\_\_\_\_, 2018, and reissued on\_\_\_\_\_, 2020.

~~CHELAN COUNTY~~-TREASURER OF THE  
~~PORT OF CHELAN COUNTY~~, as Bond  
Registrar

By Monica Haugh  
~~Chelan County~~-Treasurer

\* \* \* \* \*

SCHEDULE 1

AMORTIZATION SCHEDULE, AS AMENDED  
PURSUANT TO THE BANK PROPOSAL

Section 4. Bank Proposal. The Port hereby approves and accepts the Bank's Proposal.

Upon closing, reissuance and delivery of the Bond, the Port shall pay to the Bank an amount of

\$2,500.00 for its costs in connection with the reissuance and rate modification, which payment shall be made by check, wire transfer or other mutually acceptable means to the Bank.

Section 5. Confirmation of Resolution No. 2018-07, as amended. Resolution No. 2018-07, as amended by this amendatory resolution is hereby ratified and confirmed.

Section 6. Authorization of Port Officials. The proper Port officials are authorized to deliver a new Bond to the Bank reflecting the terms of this amendatory resolution.

Section 7. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Chelan County, Washington held this 28th day of April, 2020.

PORT OF CHELAN COUNTY, WASHINGTON

By:   
\_\_\_\_\_  
President and Commissioner

By:   
\_\_\_\_\_  
Vice President and Commissioner

By:   
\_\_\_\_\_  
Secretary and Commissioner

## CERTIFICATE

I, the undersigned, Secretary of the Commission (the "Commission") of the Port of Chelan County, Washington (the "Port") and keeper of the records of the Commission, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2020-07 of the Commission (the "Resolution"), duly adopted at a regular meeting thereof held on the 28th day of April, 2020; and

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given, that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption 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 28th day of April, 2020.

  
Secretary, Commission

PORT OF CHELAN COUNTY, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BONDS,  
2020A (TAX-EXEMPT) AND 2020B (TAXABLE)

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RESOLUTION NO. 2020-06

A RESOLUTION OF THE COMMISSION OF THE PORT OF CHELAN COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,009,500, TO FINANCE THE ACQUISITION OF EXECUTIVE FLIGHT PROPERTY AND PAYING COSTS OF ISSUANCE OF THE BONDS; PROVIDING THE DATE, FORM, AND REPAYMENT TERMS OF THE BONDS AND FOR THE PLEDGE OF THE PORT'S FULL FAITH AND CREDIT TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AND APPROVING THE SALE OF SUCH BONDS.

ADOPTED: APRIL 28, 2020

Prepared By:

K&L GATES LLP  
Seattle, Washington

**PORT OF CHELAN COUNTY**

**RESOLUTION NO. 2020-06**

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\* This table of contents is not a part of this resolution; it is included for convenience of the reader only.

RESOLUTION NO. 2020-06

A RESOLUTION OF THE COMMISSION OF THE PORT OF CHELAN COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE PORT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,009,500, TO FINANCE THE ACQUISITION OF EXECUTIVE FLIGHT PROPERTY AND PAYING COSTS OF ISSUANCE OF THE BONDS; PROVIDING THE DATE, FORM, AND REPAYMENT TERMS OF THE BONDS AND FOR THE PLEDGE OF THE PORT'S FULL FAITH AND CREDIT TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AND APPROVING THE SALE OF SUCH BONDS.

WHEREAS, the Port of Chelan County, Washington (the "Port") has determined to acquire the Executive Flight building at Pangborn Memorial Airport (the "Acquisition"); and

WHEREAS, the Port is authorized by RCW 53.36.030 and Ch. 39.46 RCW to borrow money and issue general obligation bonds payable, *inter alia*, from regular tax levies of the Port; and

WHEREAS, it is in the best interest of the Port to issue limited tax general obligation bonds in the aggregate principal amount of not to exceed \$3,009,500 in two series (collectively, the "Bonds") to pay the costs of the Acquisition and costs of issuance; and

WHEREAS, the Port has received proposals from North Cascades Bank, a division of Glacier Bank (the "Bank"), dated April 28, 2020, to purchase the Bonds, and the Commission wishes to accept such proposals on the terms and conditions set forth therein and herein;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE PORT OF CHELAN COUNTY, WASHINGTON, as follows:

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

**Acquisition** means the acquisition of the Executive Flight Building at Pangborn Memorial Airport.

**Bank** means North Cascades Bank, a division of Glacier Bank, Chelan, Washington, and any business successor thereto.

**Bonds** mean, collectively, the 2020A Bond and the 2020B Bond.

**Bond Fund** means the Port of Chelan County General Obligation Bond Redemption Fund created or maintained in the office of the Treasurer of the Port as provided in Section 8 of this resolution.

**Bond Register** means the books or records maintained by the Bond Registrar containing the name, mailing address and tax identification number of the owner of the Bonds or nominee of such owner and the principal amount outstanding.

**Bond Registrar**, initially, means the Treasurer who will register and authenticate the Bonds, maintain the Bond Register, effect transfer of ownership of the Bonds and pay principal of and interest on the Bonds. At any time following the issuance of the Bonds, however, the Treasurer may determine to appoint a different Bond Registrar, including, but not limited to the fiscal agent of the State of Washington. The term **Bond Registrar** also shall include any successor Bond Registrar appointed by the Treasurer as permitted by law.

**Code** means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

**Commission** means the legislative body of the Port, or any successor thereto as provided by law.

**Date of Issue** means the date of issuance and delivery of the Bonds to the Bank.



**Designated Port Representative** means the Executive Director or the Director of Finance & Administration of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

**General Fund** means the Port of Chelan County General Fund heretofore established by the Treasurer with Banner Bank.

**Maturity Date** means December 1, 2029.

**Port** means the Port of Chelan County, Washington, a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington.

**Treasurer** means the office/officer of the Port designated to perform the functions identified in RCW 53.36.010 or any other public officer as may hereafter be designated pursuant to law to have the custody of Port funds.

**2020A Bond** means the Port of Chelan County, Washington, Limited Tax General Obligation Bond, 2020A (Tax-Exempt), issued pursuant to this resolution.

**2020A Bond Interest Rate** means a fixed rate per annum of 2.60%.

**2020A Bond Purchase Agreement** means the Bond Purchase Agreement for the 2020A Bond as approved pursuant to Section 10 of this resolution.

**2020B Bond** means the Port of Chelan County, Washington, Limited Tax General Obligation Bond, 2020B (Taxable), issued pursuant to this resolution.

**2020B Bond Interest Rate** means a fixed rate per annum of 3.00%.

**2020B Bond Purchase Agreement** means the Bond Purchase Agreement for the 2020B Bond as approved pursuant to Section 10 of this resolution.

**Rules of Interpretation.** In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular

article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds; Description of Bonds. The Port shall issue and sell to the Bank its limited tax general obligation bonds in two series in the aggregate principal amount of not to exceed \$3,009,500 (the “Bonds”) to provide funds to complete the Acquisition and to pay costs of issuance.

(a) *2020A Bond.* For the purpose of financing a portion of the cost of the Acquisition, the Port shall issue the 2020A Bond. The 2020A Bond shall be designated “Port of Chelan, Washington, Limited Tax General Obligation Bond, 2020A (Tax-Exempt),” with such description and additional designations for identification purposes as may be approved by the Designated Port Representative, shall be dated as of the Date of Issue, shall be fully registered as

to both principal and interest, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Commission hereby authorizes the Designated Port Representative to approve the final principal amount of the 2020A Bond, not to exceed \$836,641, and the amortization schedule in accordance with the 2020A Bond Purchase Agreement, attached hereto as Exhibit A, as adjusted by agreement between the Designated Port Representative and the Bank. The 2020A Bond shall bear interest on unpaid principal from its date or the most recent date to which interest has been paid at the 2020A Bond Interest Rate. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2020A Bond shall be repayable in approximately equal semiannual payments of principal and interest on the 1st day of each June and December, beginning on June 1, 2020, with the final payment of all outstanding principal, together with interest thereon, on December 1, 2029 (the "Maturity Date").

(b) *2020B Bond.* For the purpose of financing a portion of the cost of the Acquisition, the Port shall issue the 2020B Bond. The 2020B Bond shall be designated "Port of Chelan, Washington, Limited Tax General Obligation Bond, 2020B (Taxable)," with such description and additional designations for identification purposes as may be approved by the Designated Port Representative, shall be dated as of the Date of Issue, shall be fully registered as to both principal and interest, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Commission hereby authorizes the Designated Port Representative to approve the final principal amount of the 2020B Bond, not to exceed \$2,172,859, and the amortization schedule in accordance with the 2020B Bond Purchase Agreement, attached hereto as Exhibit B, as adjusted by agreement between the Designated Port Representative and the Bank. The 2020B Bond shall bear interest on unpaid principal from its date or the most recent date to which

interest has been paid at the 2020B Bond Interest Rate. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2020B Bond shall be repayable in approximately equal semiannual payments of principal and interest on the 1st day of each June and December, beginning on June 1, 2020, with the final payment of all outstanding principal, together with interest thereon, on December 1, 2029 (the "Maturity Date").

Section 3. Registration, Payments and Transfer. The Treasurer of the Port shall act as the initial Bond Registrar. The duties of the Bond Registrar hereunder shall be limited to authenticating the Bonds and to remitting money to the Bank on the payment dates as provided therein. The Treasurer may determine at any time that she no longer wishes to act as Bond Registrar and thereupon may appoint a successor Bond Registrar, which may or may not be the fiscal agent of the State of Washington. The Bond Registrar is authorized, on behalf of the Port to authenticate and deliver the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution.

Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bonds shall be paid by check, wire, or electronic transfer on the date due to the Bank; *provided, however*, that upon payment of the final installment of principal on the Bonds, the Bank shall present and surrender the Bonds at the principal office of the Bond Registrar for cancellation and surrender.

The Bonds are transferable only in whole to: (i) an affiliate of the Purchaser; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

Section 4. Prepayment. The Port reserves the right to prepay principal of the Bonds in advance of the scheduled payments, in whole or in part, on any payment date, with 10 days'

prior written notice to the Bank, with no prepayment penalty. If the Port makes a partial prepayment on the Bonds, the remaining semiannual installment payments would be recalculated by the Bank to reflect a reduction in the semiannual payment amounts. Within seven business days after any partial prepayment, the Bank shall provide to the Port a revised payment schedule.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

THIS BOND MAY NOT BE TRANSFERRED EXCEPT AS PROVIDED HEREIN.

NO. R-1 UNITED STATES OF AMERICA [\$836,641] [\$2,172,859]

STATE OF WASHINGTON  
PORT OF CHELAN COUNTY  
LIMITED TAX GENERAL OBLIGATION BOND,  
[2020A (TAX-EXEMPT)][2020B (TAXABLE)]

INTEREST RATE: [2.60%][3.00%]

MATURITY DATE: DECEMBER 1, 2029

REGISTERED OWNER: NORTH CASCADES BANK,  
A DIVISION OF GLACIER BANK  
220 JOHNSON AVENUE  
CHELAN, WA 98816

TAX IDENTIFICATION #: 81-0251125

PRINCIPAL AMOUNT: [EIGHT HUNDRED THIRTY-SIX SIX HUNDRED FORTY-ONE] [TWO MILLION ONE HUNDRED SEVENTY TWO EIGHT HUNDRED FIFTY-NINE] AND NO/100 DOLLARS

THE PORT OF CHELAN COUNTY, WASHINGTON (the "Port"), 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 specified above, and to pay interest thereon from May 5, 2020, 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, payable on June 1, 2020, and semiannually thereafter on the first days of each succeeding December and June. Interest on this bond shall be calculated on the basis of a 30/360-day year. Principal of and interest on this bond shall be repaid in semiannual installments as set forth on Exhibit A to this bond.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check or draft of the Port as the initial registrar, authenticating agent and paying agent (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation.

This bond is issued pursuant to Resolution No. 2020-06 of the Commission (the "Bond Resolution") to provide a part of funds for the acquisition of real property and to pay costs of issuance. Simultaneously herewith, the Port is issuing its limited tax general obligation bond, [2020A (Tax-Exempt)][2020B (Taxable)]. Capitalized terms appearing on this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

The Port reserves the right to prepay principal of this bond in advance of the scheduled payments set forth above, in whole or in part on any payment date without penalty, as provided in the Bond Resolution.

This bond is transferable only in whole to: (i) an affiliate of the Registered Owner; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act.

[This bond is not a "private activity bond" and has been designated by the Port as a "qualified tax-exempt obligation" eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.] [The Port has taken no action to cause the interest on this bond to be exempt from federal income taxation.]

The Port hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the Port within the levy limits permitted to the Port without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the Port 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 may be discharged prior to maturity of this bond by making provision for the payment thereof on the terms and conditions set forth in the Bond 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 hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions duly adopted by the Commission including the Bond Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington 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 Port may incur.

IN WITNESS WHEREOF, the Port of Chelan County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Commission and the seal of the Port imprinted, impressed or otherwise reproduced hereon as of the 5th day of May, 2020.

[SEAL]

PORT OF CHELAN COUNTY,  
WASHINGTON

By \_\_\_\_\_ /s/  
President, Commission

ATTEST:

\_\_\_\_\_/s/  
Secretary, Commission

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: May 5, 2020

This bond is the Limited Tax General Obligation Bond, [2020A (Tax-Exempt)][2020B (Taxable)], of the Port of Chelan County, Washington, as described in the within-mentioned Bond Resolution.

TREASURER OF THE PORT OF CHELAN  
COUNTY, as Bond Registrar

By Monica Gough  
Treasurer

\*\*\*\*\*

EXHIBIT A

AMORTIZATION SCHEDULE

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the Port with the manual or facsimile signatures of the President and Secretary of the Commission and the seal of the Port impressed, imprinted or otherwise reproduced hereon thereon. Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by or on behalf of the Bond Registrar or its duly designated agent, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the Port before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the Port, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. The Bonds may also be signed and attested on behalf of the Port by such persons who are at the actual date of delivery of the Bonds, the proper officers of the Port although at the original date of the Bonds any such person shall not have been such officer of the Port.

Section 7. Lost, Stolen or Destroyed Bonds. In case either Bond shall be lost, stolen or destroyed, the Port may execute and the Bond Registrar may deliver a new Bond of like date and tenor to the Bank and upon its filing with the Bond Registrar evidence satisfactory to said



Bond Registrar that the Bond was actually lost, stolen or destroyed, and upon furnishing the Bond Registrar with indemnity satisfactory to the Bond Registrar.

Section 8.     Bond Fund and Provision for Tax Levy Payments. A special fund of the Port known as the “Port of Chelan County General Obligation Bond Redemption Fund” (the “Bond Fund”) shall be maintained in the office of the Director of Finance & Administration. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on general obligation bonds of the Port.

The Port hereby further irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes upon all of the property in the Port subject to taxation within and as a part of the tax levy permitted to port districts without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest on the Bonds.

Section 9.     Tax Covenants.

(a)     *General.* The Port hereby covenants that it will not make any use of the proceeds of sale of the 2020A Bond or any other funds of the Port that may be deemed to be proceeds of the 2020A Bond pursuant to Section 148 of the Code that will cause the 2020A Bond to be an “arbitrage bond” within the meaning of said section and said regulations. The Port will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the 2020A Bond) and the applicable Regulations thereunder throughout the term of the 2020A Bond.

The Port further covenants that it will not take any action or permit any action to be taken that would cause the 2020A Bond to constitute a “private activity bond” under Section 141 of the Code.

(b) *Designation under Section 265(b).* The Port hereby designates the 2020A Bond as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. The Port does not anticipate issuing more than \$10,000,000 of tax-exempt obligations during 2020 (excluding obligations permitted by the Code to be excluded for purposes of the Port’s qualification as a qualified small issuer).

(c) *2020B Bond.* The Port has taken no action to cause the interest on the 2020 Bond to be exempt from federal income taxation.

Section 10. Sale of the Bonds. The Commission hereby ratifies and confirms its acceptance of the Bank’s proposal April 28, 2020, to purchase the Bonds, and the Bonds shall be sold to the Bank in accordance with the terms of the 2020A Bond Purchase Agreement and the 2020B Bond Purchase Agreement and this resolution. Accordingly, the Designated Port Representative is hereby authorized to execute and deliver the 2020A Bond Purchase Agreement and the 2020B Bond Purchase Agreement to the Bank. The 2020A Bond Purchase Agreement and the 2020B Bond Purchase Agreement include proposed debt service schedules, which may be modified upon agreement between the Bank and the Designated Port Representative if the Port determines to include costs of issuance in the aggregate principal amount of the Bonds, respectively, if the Date of Issue is not May 5, 2020.

To the extent there are inconsistent terms between this resolution and the 2020A Bond Purchase Agreement and the 2020B Bond Purchase Agreement, the terms in this resolution shall prevail. The proper Port officials, including the Designated Port Representative, are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the

Bonds to the Bank and for the proper application and use of the proceeds of the Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance and other retained services, including Bond Counsel, and other expenses customarily incurred in connection with issuance and sale of Bonds.

Section 11. Application of Bond Proceeds. The proceeds of sale of the Bonds shall be delivered to the Director of Finance & Administration and shall be utilized by her to pay costs of the Acquisition and costs of issuance at the Port's option; provided, however, that the proceeds of the 2020A Bond shall be allocated solely the portion of the Acquisition that is used and occupied by the administrative staff of the Port, Pangborn Memorial Airport, the University of Washington or other state or local governments and paying related costs of issuance. Any unspent proceeds of the 2020B Bond may be used for any Port purpose.

Section 12. No Undertaking to Provide Ongoing Disclosure; Information to be Provided to Bank. The Bonds are not subject to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the Port makes no undertaking regarding ongoing disclosure with respect to the Bonds.

As long as the Bonds are outstanding, the Port will provide to the Bank the financial information of the Port as the Bank from time to time may reasonably request, including the Port's annual financial statements/reports, audit reports, and audited financial statements, as available.

Section 13. Resolution and Laws a Contract with the Bank. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 36 of the Revised Code of Washington, as amended and supplemented. In consideration of the loan made by the Bank, evidenced by the Bonds, the

provisions of this resolution and of said laws shall constitute a contract with the Bank, and the obligations of the Port and its Commission under said laws and under this resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Bonds set forth shall be for the equal benefit of the Bank and any permitted transferee or assignee.

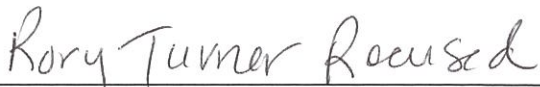
Section 14. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

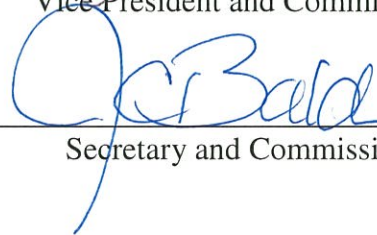
Section 15. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED at a regular meeting of the Commission of the Port of Chelan County, Washington held this 28th day of April, 2020.

PORT OF CHELAN COUNTY, WASHINGTON

By:   
President and Commissioner

By:   
Vice President and Commissioner

By:   
Secretary and Commissioner

**EXHIBIT A**  
**2020A BOND PURCHASE AGREEMENT**



April 28, 2020

Via Email

Monica Lough, CPA  
Director of Finance & Administration  
Chelan Douglas Regional Port Authority  
[monica@cdrpa.org](mailto:monica@cdrpa.org)

**Port of Chelan County, Washington  
Limited Tax General Obligation Bond, 2020A**

**Bond Purchase Agreement**

Dear Ms. Lough,

North Cascades Bank, division of Glacier Bank, Chelan, Washington (the "Bank") is pleased to provide this Bond Purchase Agreement outlining the terms and conditions the Bank has approved for purchase of a tax-exempt general obligation bond of the Port of Chelan County, Washington. Capitalized terms not defined herein have the meaning given in Resolution No. 2020-06 passed by the Board of Commissioners at their meeting on April 28, 2020 (the "Bond Resolution").

**Terms**

1. Issuer: Port of Chelan County, Washington (the "Port").
2. Description: Limited Tax General Obligation Bond, 2020A (the "2020A Bond").
3. Par Amount: \$836,641
4. Purpose: To provide funds for the acquisition of the Executive Flight Building at Pangborn Memorial Airport which the Port currently occupies under contract, and to pay the costs of issuing the 2020A Bond.
5. Closing Date: The 2020A Bond will close on or about May 5, 2020 (the "Closing Date"). The Bank will receive the adopted Bond Resolution, authenticated Bond and legal opinion (or pdf copies thereof) prior to the Closing Date.
6. Maturity Date: December 1, 2029 (the "Maturity Date").

**North Cascades Bank Municipal Services**

Chelan Office  
220 Johnson Ave  
PO Box 1648  
Chelan, WA 98816  
Telephone: 509.682.7306

**[www.northcascadesbank.com](http://www.northcascadesbank.com)**

Edmonds Office  
152 3<sup>rd</sup> Avenue South  
Suite 200  
Edmonds, WA 98020  
Telephone: 509.682.7306



Port of Chelan County, Washington  
LTGO Bond 2020A (Tax-exempt)  
Bond Purchase Agreement  
April 28, 2020

7. Tax Status: The Port shall designate the 2020A Bond as a “qualified tax-exempt obligation” under the Code.
8. Interest Rate: The 2020A Bond shall bear interest at a rate of 2.60% *per annum*, calculated on the basis of a 360-day year consisting of twelve 30-day months.
9. Payment: Approximately equal semiannual installments of principal and interest on each June 1 and December 1 (each a “Payment Date”), commencing June 1, 2020. The debt service schedule is attached below as Exhibit A.
10. Prepayment: The 2020A Bond may be prepaid, in whole or in part, on any Payment Date without penalty at a price of par plus accrued interest to the date of prepayment. Partial prepayments will be applied first to accrued interest due to the date of prepayment, and second, to the reduction of principal. Upon a partial prepayment, the remaining semiannual installments of principal and interest will be recalculated to reflect a reduction in the remaining payment amounts to the Maturity Date.
11. Security: The 2020A Bond shall be a limited tax general obligation of the Port. The Port irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to port districts without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other revenues and money legally available therefor, to pay the principal of and interest on the 2020A Bond as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.
12. Reporting: The Port shall provide the Bank its annual financial report, along with other information the Bank may reasonably request from time to time, for as long as the 2020A Bond is outstanding and held by the Bank.
13. Bond Registrar: The Port Treasurer will serve as Bond Registrar as set forth in the Bond Resolution.
14. Transferability: The Bank is purchasing the 2020A Bond with the intent to hold until maturity. The 2020A Bond shall be transferable, only in whole, to a qualified investor.
15. Documentation: Bond documentation will be prepared by bond counsel to the Port, at Port expense. All Bond documentation shall be in the form and substance satisfactory to the Bank and will include additional terms and conditions not set forth herein.
16. Additional Items: As of the Closing Date, the credit of the Port and all other characteristics of this financing shall be as represented to the Bank without material adverse change. In the event of material adverse change, including litigation, the Bank may

Port of Chelan County, Washington  
LTGO Bond 2020A (Tax-exempt)  
Bond Purchase Agreement  
April 28, 2020

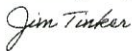
terminate this Bond Purchase Agreement at any time by notifying the Port in writing. This Bond Purchase Agreement supersedes all prior offers or commitments, whether oral or in writing, and may only be modified in writing.

17. Acceptance: To acknowledge and accept the terms of this commitment, the Port must return an electronic copy (pdf or docuSign) of this signed Bond Purchase Agreement to the Bank by 5 p.m. PST on Friday, May 1, 2020 with the original to follow by mail. If the Bank has not received such electronic copy of the signed Bond Purchase Agreement by May 1, 2020, this Bond Purchase Agreement shall terminate upon written notice by the Bank to the Port.
18. Expiration: If the 2020A Bond has not closed by May 8, 2020 this Bond Purchase Agreement shall terminate without notice, unless extended in writing by the Bank.

PLEASE NOTE ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

The Bank appreciates the opportunity to work with the Port and its finance team.

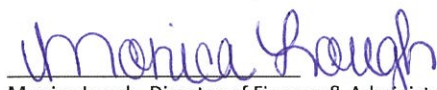
Kind regards,



Jim Tinker  
Vice President  
North Cascades Bank

**Acknowledged and accepted this 28<sup>th</sup> day of April, 2020**

PORT OF CHELAN COUNTY, WASHINGTON



Monica Lough, Director of Finance & Administration

Port of Chelan County, Washington  
 LTGO Bond 2020A (Tax-exempt)  
 Bond Purchase Agreement  
 April 28, 2020

EXHIBIT A

PORT OF CHELAN COUNTY  
 LTGO Bond 2020A (Tax-Exempt)

Debt Service Schedule

Closing Date: 5/5/2020  
 Maturity Date: 12/1/2029

Payment Date	Principal	Rate	Interest	Payment	Annual Debt Service
6/1/2020	45,679.97	2.60%	1,571.03	47,251.00	
12/1/2020	36,968.51	2.60%	10,282.49	47,251.00	94,502.00
6/1/2021	37,449.10	2.60%	9,801.90	47,251.00	
12/1/2021	37,935.94	2.60%	9,315.06	47,251.00	94,502.00
6/1/2022	38,429.10	2.60%	8,821.90	47,251.00	
12/1/2022	38,928.68	2.60%	8,322.32	47,251.00	94,502.00
6/1/2023	39,434.75	2.60%	7,816.25	47,251.00	
12/1/2023	39,947.41	2.60%	7,303.59	47,251.00	94,502.00
6/1/2024	40,466.72	2.60%	6,784.28	47,251.00	
12/1/2024	40,992.79	2.60%	6,258.21	47,251.00	94,502.00
6/1/2025	41,525.70	2.60%	5,725.30	47,251.00	
12/1/2025	42,065.53	2.60%	5,185.47	47,251.00	94,502.00
6/1/2026	42,612.38	2.60%	4,638.62	47,251.00	
12/1/2026	43,166.34	2.60%	4,084.66	47,251.00	94,502.00
6/1/2027	43,727.50	2.60%	3,523.50	47,251.00	
12/1/2027	44,295.96	2.60%	2,955.04	47,251.00	94,502.00
6/1/2028	44,871.81	2.60%	2,379.19	47,251.00	
12/1/2028	45,455.14	2.60%	1,795.86	47,251.00	94,502.00
6/1/2029	46,046.06	2.60%	1,204.94	47,251.00	
12/1/2029	46,641.60	2.60%	606.34	47,247.94	94,498.94
	836,641.00		108,375.94	945,016.94	945,016.94



## EXHIBIT B

### 2020B BOND PURCHASE AGREEMENT



April 28, 2020

Via Email

Monica Lough, CPA  
Director of Finance & Administration  
Chelan Douglas Regional Port Authority  
[monica@cdrpa.org](mailto:monica@cdrpa.org)

**Port of Chelan County, Washington  
Limited Tax General Obligation Bond, 2020B**

**Bond Purchase Agreement**

Dear Ms. Lough,

North Cascades Bank, division of Glacier Bank, Chelan, Washington (the "Bank") is pleased to provide this Bond Purchase Agreement outlining the terms and conditions the Bank has approved for purchase of a taxable general obligation bond of the Port of Chelan County, Washington. Capitalized terms not defined herein have the meaning given in Resolution No. 2020-06 passed by the Board of Commissioners at their meeting on April 28, 2020 (the "Bond Resolution").

Terms

1. Issuer: Port of Chelan County, Washington (the "Port").
2. Description: Limited Tax General Obligation Bond, 2020B (the "2020B Bond").
3. Par Amount: \$2,172,859
4. Purpose: To provide funds for the acquisition of the Executive Flight Building at Pangborn Memorial Airport which the Port currently occupies under contract, and to pay the costs of issuing the 2020B Bond.
5. Closing Date: The 2020B Bond will close on or about May 5, 2020 (the "Closing Date"). The Bank will receive the adopted Bond Resolution, authenticated Bond and legal opinion (or pdf copies thereof) prior to the Closing Date.
6. Maturity Date: December 1, 2029 (the "Maturity Date").

**North Cascades Bank Municipal Services**

Chelan Office  
220 Johnson Ave  
PO Box 1648  
Chelan, WA 98816  
Telephone: 509.682.7306

**[www.northcascadesbank.com](http://www.northcascadesbank.com)**

Edmonds Office  
152 3<sup>rd</sup> Avenue South  
Suite 200  
Edmonds, WA 98020  
Telephone: 509.682.7306



Port of Chelan County, Washington  
LTGO Bond 2020B (Taxable)  
Bond Purchase Agreement  
April 28, 2020

7. **Tax Status:** The 2020B Bond will be taxable under the Code.
8. **Interest Rate:** The 2020B Bond shall bear interest at a rate of 3.00% *per annum*, calculated on the basis of a 360-day year consisting of twelve 30-day months.
9. **Payment:** Approximately equal semiannual installments of principal and interest on each June 1 and December 1 (each a "Payment Date"), commencing June 1, 2020. The debt service schedule is attached below as Exhibit A.
10. **Prepayment:** The 2020B Bond may be prepaid, in whole or in part, on any Payment Date without penalty at a price of par plus accrued interest to the date of prepayment. Partial prepayments will be applied first to accrued interest due to the date of prepayment, and second, to the reduction of principal. Upon a partial prepayment, the remaining semiannual installments of principal and interest will be recalculated to reflect a reduction in the remaining payment amounts to the Maturity Date.
11. **Security:** The 2020B Bond shall be a limited tax general obligation of the Port. The Port irrevocably covenants and agrees that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to port districts without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other revenues and money legally available therefor, to pay the principal of and interest on the 2020B Bond as the same shall become due. The full faith, credit and resources of the Port are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.
12. **Reporting:** The Port shall provide the Bank its annual financial report, along with other information the Bank may reasonably request from time to time, for as long as the 2020B Bond is outstanding and held by the Bank.
13. **Bond Registrar:** The Port Treasurer will serve as Bond Registrar as set forth in the Bond Resolution.
14. **Transferability:** The Bank is purchasing the 2020B Bond with the intent to hold until maturity. The 2020B Bond shall be transferable, only in whole, to a qualified investor.
15. **Documentation:** Bond documentation will be prepared by bond counsel to the Port, at Port expense. All Bond documentation shall be in the form and substance satisfactory to the Bank and will include additional terms and conditions not set forth herein.
16. **Additional Items:** As of the Closing Date, the credit of the Port and all other characteristics of this financing shall be as represented to the Bank without material adverse change. In the event of material adverse change, including litigation, the Bank may terminate this Bond Purchase Agreement at any time by notifying the Port in

Port of Chelan County, Washington  
LTGO Bond 2020B (Taxable)  
Bond Purchase Agreement  
April 28, 2020

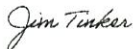
writing. This Bond Purchase Agreement supersedes all prior offers or commitments, whether oral or in writing, and may only be modified in writing.

17. Acceptance: To acknowledge and accept the terms of this commitment, the Port must return an electronic copy (pdf or docuSign) of this signed Bond Purchase Agreement to the Bank by 5 p.m. PST on Friday, May 1, 2020 with the original to follow by mail. If the Bank has not received such electronic copy of the signed Bond Purchase Agreement by May 1, 2020, this Bond Purchase Agreement shall terminate upon written notice by the Bank to the Port.
18. Expiration: If the 2020B Bond has not closed by May 8, 2020 this Bond Purchase Agreement shall terminate without notice, unless extended in writing by the Bank.

PLEASE NOTE ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

The Bank appreciates the opportunity to work with the Port and its finance team.

Kind regards,



Jim Tinker  
Vice President  
North Cascades Bank

**Acknowledged and accepted this 28<sup>th</sup> day of April, 2020**

PORT OF CHELAN COUNTY, WASHINGTON

  
Monica Lough, Director of Finance & Administration

Port of Chelan County, Washington  
 LTGO Bond 2020B (Taxable)  
 Bond Purchase Agreement  
 April 28, 2020

EXHIBIT A

PORT OF CHELAN COUNTY  
 LTGO Bond 2020B (Taxable)

Debt Service Schedule

Closing Date: 5/5/2020  
 Maturity Date: 12/1/2029

Payment Date	Beginning Balance	Principal	Rate	Interest	Payment	Annual Debt Service
6/1/2020	2,172,859.00	120,252.14	3.00%	4,707.86	124,960.00	
12/1/2020	2,052,606.86	94,170.90	3.00%	30,789.10	124,960.00	249,920.00
6/1/2021	1,958,435.96	95,583.46	3.00%	29,376.54	124,960.00	
12/1/2021	1,862,852.50	97,017.21	3.00%	27,942.79	124,960.00	249,920.00
6/1/2022	1,765,835.29	98,472.47	3.00%	26,487.53	124,960.00	
12/1/2022	1,667,362.82	99,949.56	3.00%	25,010.44	124,960.00	249,920.00
6/1/2023	1,567,413.26	101,448.80	3.00%	23,511.20	124,960.00	
12/1/2023	1,465,964.46	102,970.53	3.00%	21,989.47	124,960.00	249,920.00
6/1/2024	1,362,993.93	104,515.09	3.00%	20,444.91	124,960.00	
12/1/2024	1,258,478.84	106,082.82	3.00%	18,877.18	124,960.00	249,920.00
6/1/2025	1,152,396.02	107,674.06	3.00%	17,285.94	124,960.00	
12/1/2025	1,044,721.96	109,289.17	3.00%	15,670.83	124,960.00	249,920.00
6/1/2026	935,432.79	110,928.51	3.00%	14,031.49	124,960.00	
12/1/2026	824,504.28	112,592.44	3.00%	12,367.56	124,960.00	249,920.00
6/1/2027	711,911.85	114,281.32	3.00%	10,678.68	124,960.00	
12/1/2027	597,630.52	115,995.54	3.00%	8,964.46	124,960.00	249,920.00
6/1/2028	481,634.98	117,735.48	3.00%	7,224.52	124,960.00	
12/1/2028	363,899.51	119,501.51	3.00%	5,458.49	124,960.00	249,920.00
6/1/2029	244,398.00	121,294.03	3.00%	3,665.97	124,960.00	
12/1/2029	123,103.97	123,103.97	3.00%	1,846.56	124,950.53	249,910.53
		2,172,859.00		326,331.53	2,499,190.53	2,499,190.53

**CERTIFICATE**

I, the undersigned, Secretary of the Commission (the “Commission”) of the Port of Chelan County, Washington (the “Port”) and keeper of the records of the Commission, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2020 -06 of the Commission (the “Resolution”), duly adopted at a regular meeting thereof held on the 28th day of April, 2020; and

2. That said meeting was duly convened and held in all respects in accordance with law, due and proper notice of such meeting was given, that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption 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 28th day of April, 2020.

  
Secretary, Commission

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY  
RESOLUTION NO. 2020-09  
RESOLUTION TO VOID CHECK NO. 5261**

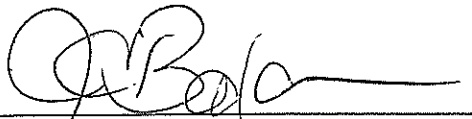
**Whereas** Check No. 5261 in the amount of \$336.00 payable to Blue Spirits Distilling on Register Page No. 2020-07 was created and signed on March 13, 2020.

**Whereas** it was requested after the fact, by the vendor, for this service to be deemed a donation to the Chelan Douglas Regional Port Authority's Business after Hours event with the Wenatchee Chamber of Commerce.

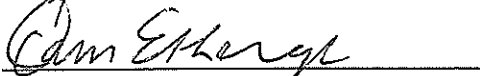
**Now, therefore be it resolved** by the Board of Directors of the Chelan Douglas Regional Port Authority, a municipal corporation of the State of Washington, that Check No. 5261 be declared VOID.

Dated this 28<sup>th</sup> day of April, 2020.

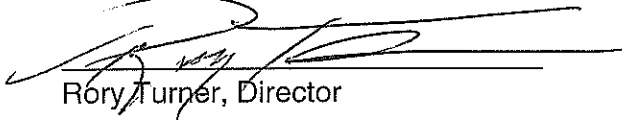
Chelan Douglas Regional Port Authority



JC Baldwin, Director



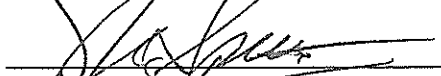
Donn Etherington, Director



Rory Turner, Director



Jim Huffman, Director



Mark Spurgeon, Director



W. Alan Loeb sack, Director

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY  
RESOLUTION 2020-10**

**A RESOLUTION OF THE CHELAN DOUGLAS REGIONAL PORT  
AUTHORITY TEMPORARILY AUTHORIZING THE CEO TO MODIFY REAL  
PROPERTY LEASES IN RESPONSE TO THE OUTBREAK OF COVID-19**

**Whereas**, COVID-19, a respiratory disease that can result in serious illness or death to vulnerable or at-risk populations, is caused by the SARS-CoV-2 virus, which is a new strain of coronavirus that had not been previously identified in humans and can easily spread from person to person; and

**Whereas**, the United States Centers for Disease Control and Prevention (“CDC”) identifies the potential public health threat posed by COVID-19 both globally and in the United States as “high”, and has advised that person-to-person spread of COVID-19 will continue to occur globally, including within the United States; and

**Whereas**, on January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for COVID-19, beginning on January 27, 2020; and

**Whereas**, on February 29, 2020, Governor Jay Inslee proclaimed a state of emergency within the State of Washington due to COVID-19; and

**Whereas**, on March 11, 2020 the World Health Organization declared COVID-19 a global pandemic; and

**Whereas**, COVID-19 has the potential to adversely affect the health of people in Chelan and Douglas Counties; and

**Whereas**, Chelan and Douglas Counties have issued county-wide emergency declarations and access restrictions in response to the COVID-19 spread; the Chelan Douglas Health District has also formally activated its emergency response in response to the pandemic; and

**Whereas**, since February 29, 2020, Governor Inslee has issued a series of emergency orders in response to the crisis progressively limiting business and other activities to prevent the spread of the illness, including Proclamation 20-25, “Stay Home, Stay Healthy;” and

**Whereas**, on March 24, 2020, the Chelan Douglas Regional Port Authority adopted Resolution 2020-08 authorizing emergency powers and delegating certain authority to the CEO in response to the outbreak of COVID-19; and

**Whereas**, the emergency orders enacted to prevent the spread of COVID-19 have included the mandatory extended closure of businesses located on CDRPA-leased properties, with associated loss of business income and unemployment; and

**Whereas**, all levels of government, including local jurisdictions, have taken emergency actions in response to the COVID-19 crisis to assist businesses and individuals adversely impacted by loss of revenue and/or unemployment, including the deferral of fees and charges; and

**Whereas**, the Board of Directors desires to assist CDRPA tenants adversely impacted by the COVID-19 crisis.

**Now, Therefore**, Be It Resolved by the Board of Directors of the Chelan Douglas Regional Port Authority as follows:

SECTION I – TEMPORARY MODIFICATION OF REAL PROPERTY LEASES

A. As described in the Recitals above, a state of emergency exists in the State of Washington and Chelan and Douglas counties resulting from the COVID-19 crisis.

B. The Port's adopted policies and procedures for the Delegation of Authority (Resolution 2019-18) and Real Property Management (Joint Resolution 2020-02) and shall be temporarily modified as follows:

- i. The CEO or his/her designees are hereby authorized to suspend the issuance of notices of default and initiation of lease termination for nonpayment of rents for CDRPA tenants adversely impacted by the COVID-19 crisis.
- ii. The CEO or his/her designees shall require CDRPA tenants seeking a deferral under this authorization to provide a self-certified application detailing the adverse impact of the COVID-19 crisis on the tenant's ability to pay rent amounts due and efforts to mitigate the impact. A copy of the COVID-19 Pandemic Rent Relief Application is attached hereto as Exhibit A and can be found on the CDRPA website under the "Doing Business with Us" tab.
- iii. Port tenants qualifying for suspension of default under this provision shall not be charged interest and/or lease late fees.
- iv. The CEO or his/her designees are hereby authorized to defer rent and fees for up to three months provided that the deferral is within the current CDRPA fiscal year and do not exceed \$80,000 per tenant. Rent deferral requests exceeding the current fiscal year or above \$80,000 per tenant shall require Board approval.




- v. This authorization shall last until December 31, 2020, unless otherwise terminated or extended by the Board of Directors.

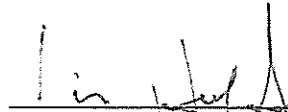
SECTION II – REPORTING

A. The CEO shall briefings to the Commission as soon as practicable on the action taken pursuant to this Resolution and the attendant budgetary impacts during an open and public meeting.

**ADOPTED** by the Board of Directors of the Chelan Douglas Regional Port Authority this 29<sup>th</sup> day of April, 2020m and duly authenticated in open session by the signatures of the Board of Directors voting in favor thereof.



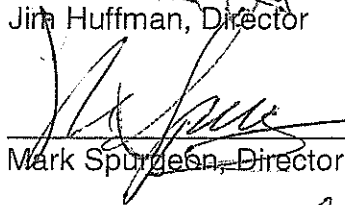
JC Baldwin, Director



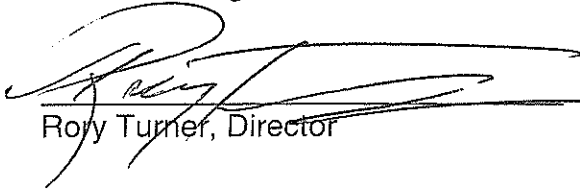
Jim Huffman, Director



Donn Etherington, Director



Mark Spurgeon, Director



Roy Turner, Director



W. Alan Loebsock, Director

Exhibit A



**Covid-19 Pandemic Rent Relief Application**

**Applicant Information**

Name:

Last \_\_\_\_\_ First \_\_\_\_\_ Business Title: \_\_\_\_\_

Business Entity: \_\_\_\_\_

Cell Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Type of Authorization(s): Lease  Other  Describe: \_\_\_\_\_

**Rent Relief Request**

I am a CDRPA tenant or customer that is undergoing a financial hardship as a result of the Covid-19 Pandemic. I hereby request deferment of rent or fees for \_\_\_\_\_ months' (up to 3) beginning \_\_\_\_\_, 2020 (the "Initial Deferral Date") and extending through \_\_\_\_\_, 2020.

**Business Information**

Were your operations fully or partially suspended as a result of a Government order? YES  NO

If yes, enter date suspended \_\_\_\_\_, and describe if fully or partially and explain details (attach additional pages if necessary): \_\_\_\_\_

If no, how has your business operations been effected by the Covid-19 Pandemic? \_\_\_\_\_

How were your employees and staffing levels impacted by the Covid-19 Pandemic?

My business has laid off or furloughed staff, including: # of employees \_\_\_\_\_, out of \_\_\_\_\_ total staff, or has otherwise curtailed its workforce or been impacted; explain details (attach additional pages if necessary): \_\_\_\_\_

Did your revenues substantially decrease as a result of Covid-19 Pandemic? YES  NO  explain in detail (attach additional pages if necessary):

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My B&O Tax filing information showing substantial decrease in revenue is attached? YES  NO  If not explain:

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Have you applied for the Federal Paycheck Protection under the Coronavirus Aid, Relief and Economic Security Act?

YES  NO  If not, explain: \_\_\_\_\_

Do you qualify for business interruption coverage from your insurance? YES  NO

My insurance policy is attached? YES  NO

Provide additional information regarding impacts the Covid-19 Pandemic has had on you as a business tenant or a customer (attach additional pages if necessary):

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Provide additional information regarding actions you are taking to address such impacts beyond requesting deferred rent (attach additional pages if necessary): \_\_\_\_\_

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### **Duty to Mitigate**

As a condition of a deferred rent agreement you will have a duty to mitigate by: (1) diligently pursuing relief provided by State and/or Federal programs, (2) filing claims under business interruption insurance policies or similar for rent and other charges sought to be deferred, and (3) making your books and records available to the Port for inspection, including an audit by Port staff or a third party, to assure you have pursued relief and filed claims.

Will you agree to this Duty to Mitigate? YES  NO

### **Signature**

I hereby affirm that the foregoing information is true and correct to the best of my knowledge and that I am authorized to sign this document.

Signature \_\_\_\_\_ Date: \_\_\_\_\_

**CHELAN DOUGLAS REGIONAL PORT AUTHORITY  
RESOLUTION 2020-11**

**A RESOLUTION OF THE CHELAN DOUGLAS REGIONAL PORT AUTHORITY  
DIRECTING THE CEO TO DEVELOP A GRANT PROGRAM TO TEMPORARILY ASSIST  
REGIONAL BUSINESSES AND ADDRESS ECONOMIC IMPACTS CAUSED BY THE  
COVID-19 PANDEMIC**

**Whereas** COVID-19, a respiratory disease that can result in serious illness or death to vulnerable or at-risk populations, is caused by the SARS-CoV-2 virus, which is a novel strain of coronavirus that had not been previously identified in humans and can easily spread from person to person; and

**Whereas**, on January 31, 2020, the United States Department of Health and Human Services Secretary declared a public health emergency for COVID-19, beginning on January 27, 2020; and

**Whereas** on February 29, 2020, Governor Jay Inslee proclaimed a state of emergency within the State of Washington due to COVID-19; and

**Whereas**, since February 29, 2020, Governor Inslee has issued a series of emergency orders in response to the crisis progressively limiting business and other activities to prevent the spread of the virus, including Proclamation 20-25, "Stay Home, Stay Healthy;" and

**Whereas** on March 11, 2020 the World Health Organization declared COVID-19 a global pandemic; and

**Whereas** Chelan and Douglas Counties have issued county-wide emergency declarations and access restrictions in response to the COVID-19 spread; the Chelan Douglas Health District has also formally activated its emergency response in response to the pandemic; and

**Whereas**, on March 17, 2020, the Washington Attorney General's Office issued a memorandum to state and local governments, attached as Exhibit A, clarifying that public funds may be spent "for the primary purpose of protecting and promoting public health which may have an incidental benefit on private citizens and entities" and that "local-governments have broad authority to make expenditures to fight the COVID-19 pandemic without fear of violating the constitutional prohibition on gifts of public funds;" and

**Whereas**, on March 24, 2020, the Chelan Douglas Regional Port Authority adopted Resolution 2020-08 authorizing emergency powers and delegating certain authority to the CEO in response to the outbreak of COVID-19; and

**Whereas**, on April 6, 2020, the Attorney General's Office issued further guidance regarding the gifting of public funds, attached as Exhibit B, concluding that, during the pandemic, local governments may provide grants to small businesses to "prevent the region's economic

collapse from the unprecedented COVID-19 crisis and to ensure compliance with public health guidelines,” provided that the local government demonstrate either a “clear nexus” between the proposed grant and a fundamental government purpose, or a specific public benefit realized by the grant; and

**Whereas**, the economic shock from the pandemic in the region has been sudden and unprecedented. Within the span of a few weeks, many businesses shut down in Chelan and Douglas counties and local unemployment claims skyrocketed. See Exhibit C, attached; and

**Whereas**, the COVID-19 pandemic is expected to cause many regional small businesses to close permanently due to the hardship associated with a government-mandated closure, resulting in of continued layoffs and reduced hours for a significant percentage of our workforce; and

**Whereas**, the Board of Directors recognizes that, under RCW 53.08.245, it is a fundamental government purpose for all port districts to engage in economic development programs and to engage in acts relating to economic development; and

**Whereas**, the Board of Directors recognize that helping small businesses survive temporary closure will help reduce the economic hardship caused by the pandemic and encourage small businesses and employees to fully comply with public health guidance; and

**Whereas**, the Board of Directors determined that it is in the best interest of the CDRPA to provide emergency funding to certain businesses to ensure and stimulate economic development in the region.

**Now, Therefore, Be It Resolved** by the Board of Directors of the Chelan Douglas Regional Port Authority as follows:

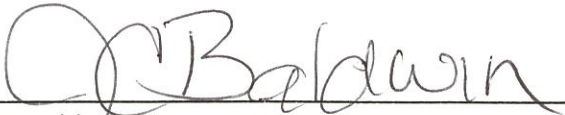
**NOW THEREFORE**, the Board of Directors of the Chelan Douglas Regional Port Authority resolves as follows.

Section 1.     **Incorporation of Recitals.** The Board of Directors hereby adopts the recitals expressed above as Findings of Fact in support of this Resolution.

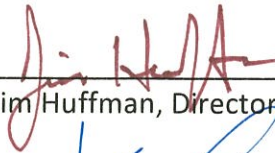
Section 2.     **Establishment of Grant Program.** The Board of Directors authorizes and directs the CEO, or his designee, to establish a Regional Emergency Response Grant Program, the particulars of which will be approved by the Board.

Section 3.     **Purpose.** Consistent with the Attorney General’s guidance and state law, the Regional Emergency Response Grant Program shall make designated funds available to eligible small businesses to address the economic impacts of the COVID-19 emergency. In issuing the grants to eligible businesses, the CDRPA will identify specific economic benefits that the public would receive and support those findings with evidence.

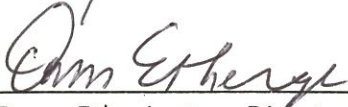
**ADOPTED** by the Board of Directors of the Chelan Douglas Regional Port Authority at a regular meeting this 12<sup>th</sup> day of May, 2020.



JC Baldwin, Director



Jim Huffman, Director



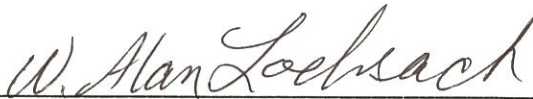
Donn Etherington, Director



Mark Spurgeon, Director



Rory Turner, Director



W. Alan Loeb sack, Director



**Bob Ferguson**  
**ATTORNEY GENERAL OF WASHINGTON**

Administration Division  
PO Box 40100 • Olympia, WA 98504-0100 • (360) 753-6200

**MEMORANDUM**

DATE: March 17, 2020

TO: State Agencies and Local Governments

FROM: Bob Ferguson, Attorney General

SUBJECT: **Guidance on Analyzing Issues Related to Gifts of Public Funds During the COVID-19 Pandemic**

In recent weeks our Office has received a number of inquiries related to steps state agencies and local governments can take to combat the COVID-19 pandemic. Some agencies and local governments have questioned whether certain steps being considered would violate the prohibitions in Washington's Constitution against making gifts of public funds (those steps range from making payments to nonprofits to support childcare services to providing employees with paid leave when they are ordered not to come to work, to give just a few examples). To provide helpful guidance to state agencies and local governments about how to analyze these types of issues in this time of crisis, we are sharing a brief overview of our Office's expert guidance on this question.

In general, constitutional restrictions on use of public funds should not be an impediment to state and local efforts to combat COVID-19, because expenditures being made in furtherance of this effort in this time of crisis further fundamental public purposes, such as protecting the public health and welfare.

Article VIII, sections 5 and 7 of the Washington Constitution each restrict government from giving or loaning public funds to private individuals, companies, or associations. The purpose of the provisions is to prevent public funds from being used to benefit private interests where the public interest is not primarily served. *CLEAN v. State*, 130 Wn.2d 782, 797, 928 P.2d 1054 (1996).

Washington courts "use a two-pronged analysis to determine whether a gift of public funds has occurred." *In re Recall of Burnham*, 194 Wn.2d 68, 77, 448 P.3d 747 (2019); *Brower v. State*, 137 Wn.2d 44, 62, 969 P.2d 42 (1998). "First, courts must ask whether the funds were expended to carry out a fundamental purpose of the government." *Burnham*, 194 Wn.2d at 77. If they were used to carry out a fundamental public purpose, the analysis ends, and there is no gift of public funds. *Id.*; *Brower*, 137 Wn.2d at 62. If they were not used to carry out a fundamental public

ATTORNEY GENERAL OF WASHINGTON

March 17, 2020

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purpose, then the court asks whether the funds were given with donative intent, and what the public received in exchange. *CLEAN*, 130 Wn.2d at 797-98.

While we cannot endeavor to address every situation which may implicate this issue, protecting public health is without question a fundamental purpose of government. *See, e.g., Hudson v. City of Wenatchee*, 94 Wn. App. 990, 995, 974 P.2d 342 (1999) (describing “the preservation of the public health” and “promotion of the public welfare” as fundamental purposes of government). Given the public health crisis our state is facing, there is a strong basis for state and local governments to make expenditures for the primary purpose of protecting and promoting public health which may have an incidental benefit on private citizens and entities.

To give just a few examples, if a local government is concerned about ensuring that healthcare providers or first responders have childcare in order to enable them to continue working to protect the public during the COVID-19 crisis, it seems clear that it would further a fundamental purpose of the government to subsidize childcare for those individuals, whether by contracting with a childcare provider or otherwise. Similarly, if a local government wants to use public funds to subsidize healthcare screening or testing for community members during the COVID-19 pandemic, that would likewise further a fundamental purpose of government. Similarly, if a local government owned underutilized property and wanted to temporarily lend it to a local healthcare facility so that it could expand its capacity to deal with this crisis, that would further a fundamental purpose of government.

This memo is not intended to provide legal advice about any specific factual situation, but rather is intended to highlight that, in general, state agencies and local governments have broad authority to make expenditures to fight the COVID-19 pandemic without fear of violating the constitutional prohibition on gifts of public funds.

Sincerely,

A handwritten signature in purple ink that reads "Bob Ferguson". The signature is written in a cursive style with a long, sweeping underline.

BOB FERGUSON  
Attorney General

RWF/jlg





**Bob Ferguson**  
**ATTORNEY GENERAL OF WASHINGTON**

**MEMORANDUM**

DATE: April 6, 2020

TO: Local Governments in Washington

FROM: The Attorney General's Office

SUBJECT: **Legality of Options for Supporting Small Businesses and Low-Income Individuals During a Public Health Crisis**

**I. INTRODUCTION**

Washington State and the nation are in the midst of a public health and economic crisis related to COVID-19. The Governor recently ordered all non-essential businesses generally to cease operations. The Governor also ordered all people in Washington State to stay home, with limited exceptions. In the midst of this unprecedented crisis, our office has heard from many local governments looking for ways to help the residents and businesses in their communities.

Several local governments have contacted our office to seek guidance about their aid efforts. Our office recently published general guidance that constitutional restrictions on use of public funds should not be an impediment to local efforts to combat COVID-19, as local government expenditures made in furtherance of the effort to combat the virus further fundamental public purposes, such as protecting public health and welfare.

This memorandum follows up on that general guidance by evaluating two potential initiatives some are considering to assist low-income residents and small businesses affected by the crisis. The first initiative would provide cash assistance to low-income individuals who lost their jobs due to COVID-19, or who are struggling financially as a result. The second initiative would provide grants or loans to small businesses struggling to survive the closure of their businesses. The stated goal of the initiatives is to ensure compliance with public health guidelines and to prevent economic hardship in the region.

We conclude that cash grants can be provided to low-income individuals consistent with our state constitution's restriction on gifts of public funds. We also conclude that grants or loans can likely be provided to impacted small businesses, so long as reasonable safeguards are in place to prevent fraud or abuse.

# ATTORNEY GENERAL OF WASHINGTON

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## II. ISSUES

1. Under article VIII, section 7 of the state constitution, may a local government provide cash assistance to low-income individuals who have lost their jobs or are struggling financially due to COVID-19?
2. Under article VIII, section 7 of the state constitution, may a local government provide grants or loans to small businesses struggling with the State-ordered closure of their businesses?

## III. SHORT ANSWERS

1. Yes. Article VIII, section 7 of the state constitution allows local governments to give money to provide necessary support for the “poor.” Temporary cash assistance to low-income individuals who have lost their jobs or are struggling financially would fit in this category. More broadly, when government carries out its fundamental purposes with public funds, it does not violate article VIII, section 7. Preserving public health and promoting public welfare are fundamental purposes of government. Temporary financial assistance for low-income residents during a public health crisis advances public welfare, so a court would likely not consider it to be an unconstitutional gift.
2. Probably, with sufficient safeguards in place. Given the unprecedented health crisis that Washington faces, loans or grants are likely permissible if a local government can establish a clear nexus between such programs and either protecting the local economy or promoting compliance with public health guidelines.

## IV. FACTUAL BACKGROUND

### A. **The Governor Ordered People to Stay Home and Non-Essential Businesses to Close to Limit the Spread of COVID-19**

Washington State faces an unprecedented public health and economic crisis related to COVID-19. On January 21, 2020, the Centers for Disease Control and Prevention (CDC) and the Washington State Department of Health announced the first case of COVID-19 in the State. *See* 2019 Novel Coronavirus Outbreak (COVID-19), <https://www.doh.wa.gov/Emergencies/Coronavirus> (last visited April 6, 2020). Since then, the virus has spread rapidly throughout the State. As of April 4, 2020, the State Department of Health has documented 7,984 cases and 338 deaths. *Id.*

The Governor has acted to limit the spread of COVID-19. Most relevant here, on March 23, 2020, the Governor issued the Stay Home – Stay Healthy Proclamation 20-25. *See* Proclamation

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by the Governor Amending Proclamation 20-05. The proclamation described the virus's impact on public health and the economy: "the worldwide COVID-19 pandemic and its progression in Washington State continues to threaten the life and health of our people as well as the economy of Washington State, and remains a public disaster affecting life, health, property or the public peace." *Id.* at 1. The proclamation also described the challenges faced by the state's health care system: "models predict that many hospitals in Washington State will reach capacity or become overwhelmed with COVID-19 patients within the next several weeks unless we substantially slow down the spread of COVID-19 throughout the state." *Id.*

To slow the spread of COVID-19, the Governor ordered people to stop leaving their homes, with limited exceptions, and he ordered non-essential businesses to close:

**All people in Washington State shall immediately cease leaving their home or place of residence except: (1) to conduct or participate in essential activities, and/or (2) for employment in essential business services.** This prohibition shall remain in effect until midnight on April 6, 2020, unless extended beyond that date.

.....

**Effective midnight on March 25, 2020, all non-essential businesses in Washington State shall cease operations except for performing basic minimum operations. All essential businesses are encouraged to remain open and maintain operations, but must establish and implement social distancing and sanitation measures established by the United States Department of Labor or the Washington State Department of Health Guidelines.** This prohibition shall remain in effect until midnight on April 8, 2020, unless extended beyond that date.

Proclamation by the Governor Amending Proclamation 20-05 at 3, 4. The Governor has since extended all provisions in this order through May 4, 2020. Proclamation by the Governor Amending Proclamations 20-05 and 20-25 at 2.

COVID-19 is also causing devastating economic effects in Washington and nationwide. During the two weeks from March 15 to March 28, Washingtonians filed 310,937 new claims for unemployment benefits. <https://www.esd.wa.gov/newsroom/news-releases?ReleaseYear=All> (last visited April 6, 2020). Across the nation, workers filed nearly ten million initial unemployment claims from March 15 to March 28. See <https://www.dol.gov/ui/data.pdf> (last visited April 6, 2020) Many small businesses in Washington have already announced plans to close permanently.

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**B. State and Local Governments Are Looking for Ways to Combat the COVID-19 Pandemic**

In recent weeks, our office has received a number of inquiries related to steps state agencies and local governments can take to combat the COVID-19 pandemic and its economic consequences. Our office recently published general guidance on these inquiries. *See* Guidance on Analyzing Issues Related to Gifts of Public Funds During the COVID-19 Pandemic (March 17, 2020), available at [http://mrsc.org/getmedia/37fa7cc7-fb7f-4dc4-88d4-4ad6a8887318/w3agecorona\\_gopf.pdf.aspx](http://mrsc.org/getmedia/37fa7cc7-fb7f-4dc4-88d4-4ad6a8887318/w3agecorona_gopf.pdf.aspx). This memo analyzes two specific ideas some local governments are considering to further ameliorate the effects of the crisis: (i) providing cash assistance to low-income individuals who have become unemployed or are otherwise struggling financially due to COVID-19, and (ii) providing government grants to small businesses that are struggling with government-ordered shut downs.

**V. ANALYSIS**

**A. Background Principles Related to Gifts of Public Funds Under Washington's Constitution**

Before addressing the specific policies at issue, this memorandum briefly summarizes the constitutional limits on local governments' ability to give or loan money to individuals or companies. Article VIII, section 7 of the state constitution reads:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm, or become directly or indirectly the owner of any stock in or bonds of any association, company or corporation.<sup>1</sup>

Const. art. VIII, § 7.

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<sup>1</sup> The state constitution places similar limits on the State's use of its "credit." *See* Const. art. VIII, § 5. "The credit of the state shall not, in any manner be given or loaned to, or in aid of, any individual, association, company or corporation." *Id.* Because the present inquiry is from a local government, article VIII, section 7 applies, although courts interpret the two provisions "identically." *See Citizens for Clean Air v. City of Spokane*, 114 Wn.2d 20, 39 n. 8, 785 P.2d 447 (1990).

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Our Supreme Court has recognized that when the constitutional convention adopted article VIII, section 5, the related provision that limits the state's lending of credit, it did not intend to hinder state government from carrying out its "essential function to secure the health and welfare of the state's citizens." See *Wash. State Hous. Fin. Comm'n v. O'Brien*, 100 Wn.2d 491, 495, 671 P.2d 247 (1983). The purpose of article VIII, sections 5 and 7 is "to prevent state funds from being used to benefit private interests where the public interest is not primarily served." *Wash. Pub. Ports Ass'n v. Dep't of Revenue*, 148 Wn.2d 637, 653, 62 P.3d 462 (2003) (quoting *Japan Line, Ltd. v. McCaffree*, 88 Wn.2d 93, 98, 558 P.2d 211 (1977)). A government's use of public funds is presumed constitutional, and the burden of overcoming that presumption lies with the individual making the challenge. *City of Tacoma v. Taxpayers of Tacoma*, 108 Wn.2d 679, 702, 743 P.2d 793 (1987).

Washington courts "use a two-pronged analysis to determine whether a gift of public funds has occurred." *In re Recall of Burnham*, 194 Wn.2d 68, 77, 448 P.3d 747 (2019). First, the court asks whether the funds were expended "to carry out a fundamental purpose of the government." *Id.* If the answer to that question is yes, the analysis ends, and there is no gift of public funds. *Id.*; *CLEAN v. State*, 130 Wn.2d 782, 797-98, 928 P.2d 1054 (1996). If the answer to that question is no, the court asks whether the funds were given with donative intent, and what the public received in exchange (also called "consideration"). *CLEAN*, 130 Wn.2d at 797-98. The consideration that the public receives is the "key factor." *City of Tacoma*, 108 Wn.2d at 703 (quoting *Adams v. Univ. of Wash.*, 106 Wn.2d 312, 327, 722 P.2d 74 (1986)). Unless there is a proof of donative intent or a grossly inadequate return, courts do not inquire into the adequacy of consideration. *City of Tacoma*, 108 Wn.2d at 703.

State courts have not offered a complete list or definition of what constitutes a "fundamental purpose" of government. However, case law applying article VIII, sections 5 and 7 of the state constitution provides several examples. Fundamental purposes of government include collecting taxes, furthering higher education, acquiring real property, controlling floods, enforcing child support obligations, disposing of solid waste, providing and administering workers' compensation, and obtaining and defending guardians ad litem.<sup>2</sup> In contrast, building baseball

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<sup>2</sup> *In re Burnham*, 194 Wn.2d at 77 (acquire real property); *Washington Pub. Ports Ass'n*, 148 Wn.2d at 653 (tax collection for use of public property); *Hadley v. Dep't of Labor & Indus.*, 116 Wn.2d 897, 907, 810 P.2d 500 (1991) (administer industrial insurance); *Citizens for Clean Air*, 114 Wn.2d at 39; *Johnson v. Johnson*, 96 Wn.2d 255, 263-64, 634 P.2d 877 (1981) (enforcing child support obligations); *Citizens Protecting Res. v. Yakima Cnty.*, 152 Wn. App. 914, 922, 219 P.3d 730 (2009) (flood control); *West v. Osborne*, 108 Wn. App. 764, 771, 34 P.3d 816 (2001) (obtaining guardians ad litem); *Major Prods. Co. v. Nw. Harvest Products, Inc.*, 96 Wn. App. 405, 410, 979 P.2d 905 (1999) (furthering higher education); *Dep't of Labor and Indus. v. Wendt*, 47 Wn. App. 427, 435, 735 P.2d 1334 (1987) (providing industrial insurance).

ATTORNEY GENERAL OF WASHINGTON

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stadiums, constructing parking garages, and allowing a railroad to use tracks rent free are not fundamental purposes of government.<sup>3</sup>

Entitlement payments are an acceptable means to accomplish a fundamental government purpose. “No unconstitutional gift of public property occurs when funds are expended as entitlement payments, made by the government in carrying out its fundamental purposes.” *City of Tacoma*, 108 Wn.2d at 702. The Court defines “entitlements” as “a form of assistance provided to the public, or a segment of the public, as cash or services, in carrying out a program to further an overriding public purpose or satisfy a moral obligation.” *Id.* at 702 n.15 (quoting *City of Seattle v. State*, 100 Wn.2d 232, 241, 668 P.2d 1266 (1983)). Examples of entitlement payments include payments for day-care services, vaccinations, fare-free bus zones, crime victim compensation, and relocation assistance payments to people or businesses displaced by condemnation. *Id.*

Article VIII, section 7 also allows local governments to give or loan money for the “necessary support of the poor and infirm.” The phrase “poor and infirm” in article VIII, section 7 is read in the disjunctive, meaning the benefitted individual must be “poor” or “infirm,” but does not need to be both. *Wash. Health Care Facilities v. Ray*, 93 Wn.2d 108, 116, 605 P.2d 1260 (1980). State courts generally do not assess who “belongs in the benefitted class” of the “poor and infirm.” *O’Brien*, 100 Wn.2d at 497. Instead, they defer to the legislative determination of what constitutes need, and they assess the reasonableness of that determination. *Id.*

Finally, courts will likely consider a local government’s motive when it gives or loans money, property, or credit to individuals or companies. When analyzing the Legislature’s actions under article VIII, section 5, our Supreme Court has stated that it gives great weight to the government’s stated declaration of purpose. *Id.* at 495–96. The Court does not accept the government’s declaration as conclusive, but it will accept it unless it is arbitrary or unreasonable. *Id.* at 496.

Summarizing these principles, when a local government gives or loans money, property, or credit to an individual or company, the courts are most likely to uphold the local government’s action if one of the following is true: (1) the action is necessary to accomplish a fundamental governmental purpose, (2) the public is receiving something in exchange, (3) the action is necessary to support the poor, or (4) the action is necessary to support the infirm. Additionally, it

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<sup>3</sup> *CLEAN v. City of Spokane*, 133 Wn.2d 455, 469, 947 P.2d 1169 (1997) (parking garage); *CLEAN*, 130 Wn.2d at 797-98 (baseball stadium); *Peterson v. Dep’t of Revenue*, 9 Wn. App. 2d 220, 228, 443 P.3d 818 (2019), review granted *sub nom. Peterson v. Port of Benton*, 194 Wn.2d 1001, 451 P.3d 326 (2019) (rent free use of railroad tracks).

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is advisable for the local government to state why it is taking the action, explain what it expects to accomplish, and describe the benefit the public will receive.

**B. Cash Assistance to Low-Income Individuals Who Have Lost Their Jobs or Are Struggling Financially Due to COVID-19 Comply with Washington’s Constitutional Limitations on Gifts of Public Funds**

Local governments do not violate Washington’s constitutional prohibition on gifts of public funds by providing cash assistance to low-income individuals who have lost their jobs or are struggling financially because of the COVID-19 crisis. This is clear for two independent reasons.

First, Washington’s Constitution does not prohibit local governments from expending resources for “the necessary support of the poor.” Const. art. VIII, § 7. If the local government’s program uses reasonable means to assess who is “poor” when providing cash assistance, a court would almost certainly conclude that such assistance is “the necessary support of the poor” and so not barred by article VIII, section 7. The courts have not clearly defined what “poor” means for purposes of article VIII, section 7, but they generally defer to governmental determinations on this point. *O’Brien*, 100 Wn.2d at 497.

Even if financial assistance to low-income individuals affected by the COVID-19 pandemic would not qualify as “the necessary support of the poor,” it would still not be a gift of public funds because it furthers a fundamental purpose of government. State courts have stated that a core purpose of government is ensuring public health and promoting public welfare. *See, e.g., O’Brien*, 100 Wn.2d at 495 (securing the health and welfare of the state’s citizens is an essential government function); *Hudson v. City of Wenatchee*, 94 Wn. App. 990, 995-96, 974 P.2d 342 (1999) (describing “the preservation of the public health” and “promotion of the public welfare” as fundamental purposes of government).

Temporary cash assistance to the jobless can help to promote public welfare by lessening the financial impact caused by sudden job loss and preventing potentially more intractable problems like long-term unemployment, hunger, and homelessness. Our Supreme Court has concluded that cash assistance can accomplish a fundamental purpose of government when it “further[s] an overriding public purpose or satisf[ies] a moral obligation.” *City of Tacoma*, 108 Wn.2d at 702 n.15 (quoting *City of Seattle*, 100 Wn.2d at 241). The overriding public purpose of temporary cash assistance in this context would be to ameliorate the economic hardship caused by the COVID-19 pandemic and the closure of non-essential businesses, which left many people

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without work, at least temporarily.<sup>4</sup> This in turn could help address local governments' concerns about the economic collapse of the region.

### **C. Grants or Loans to Small Businesses That Are Struggling with Government Shutdowns Can Also Likely Be Provided in a Way that Complies With Washington's Constitution**

This question is a closer call than the first one, but we believe there are ways that grants or loans to small businesses affected by the COVID-19 crisis could be provided that would likely comply with Washington's constitutional prohibition on gifts of state funds.

The reason this question is a closer call than the first one is that our state constitution explicitly recognizes the importance of government support for "the poor," but also expresses concern about improper gifts to private businesses. For example, our Supreme Court found a violation of article VIII, section 7 when a county gave money directly to a private corporation for an agricultural fair and maintained "no direct control over how the money was . . . spent." *CLEAN*, 130 Wn.2d at 798 (discussing *Johns v. Wadsworth*, 80 Wash. 352, 355, 141 P. 892 (1914)).

That said, context matters. The context for local governments' proposed programs of small business loans and grants here is not "to enhance the private sector's profit at the taxpayer's expense"—which is clearly impermissible under the state constitution—but to prevent small businesses from having to close permanently due to the hardship associated with government-mandated closure of their businesses. *O'Brien*, 100 Wn.2d at 495. "[T]he health of the state's economy [has] traditionally been [a] concern[] of state government." *Id.* at 496. "The range of remedies available to meet these state problems must necessarily be wide. We leave the wisdom of a chosen remedy in the legislative arena." *Id.*

Local governments' stated purposes for providing grants and loans to small businesses are to prevent the region's economic collapse from the unprecedented COVID-19 crisis and to ensure compliance with public health guidelines. A local government would need to provide a clear nexus between any proposed grants and loans to small businesses and public health and welfare to help explain to a reviewing court why these local efforts accomplish a fundamental government purpose. It seems reasonable to conclude that helping small businesses survive temporary closure will help reduce the economic hardship caused by this crisis and encourage small businesses to comply fully with public health guidelines, but including statements to that effect in authorizing legislation would be helpful. Because there is no case law directly on point,

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<sup>4</sup> This analysis is limited to the context of the COVID-19 crisis. A different analysis might apply if a local government wanted to provide cash assistance at another time.



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this conclusion is somewhat uncertain, but courts would likely recognize the unique circumstances here and the need for strong action.

If the court does not see small business grants and loans as accomplishing a fundamental government purpose, the court would next ask whether the funds were given with donative intent, and what the public received in exchange. *CLEAN*, 130 Wn.2d at 797-98.

A court would analyze the issue of donative intent by asking whether the local government intended to give money to small businesses without receiving anything in return for the public. A gift is a voluntary transfer of property without consideration. *City of Bellevue v. State*, 92 Wn.2d 717, 720, 600 P.2d 1268 (1979). “If intent to give a gift is lacking the elements of a gift are not present, and article 8, section 7 does not apply.” See *CLEAN*, 130 Wn.2d at 798 (quoting *Scott Paper Co. v. City of Anacortes*, 90 Wn.2d 19, 33, 578 P.2d 1292 (1978)). If the court found that the local government intended to receive something in return for the public, it would then ask whether what the public received was “grossly inadequate.” *CLEAN*, 133 Wn.2d at 469.

For the courts to analyze these questions, it would be helpful if local governments identified the specific economic benefits that the public would receive from the grants or loans. Local governments would be wise to ask any small business seeking funds for evidence of public benefit. This could include information like the number of jobs created or saved, the amount of tax revenue created or maintained, whether the business would pay wages or benefits to workers during the government shutdown, whether temporary funding would avoid risks like bankruptcy or permanent closure, or any other relevant information to assess public benefit. If a local government could document benefits to the public along these lines, a court could certainly find that state aid to this circumscribed class of the public (small businesses), in furtherance of legitimate state objectives, provided the necessary “consideration” for the aid. *Id.*

# Unemployment Insurance Initial Claims Weekly Dashboard - Washington State

Weekly initial claims - 2020

Initial claims by industry supersector

Initial claims by county - 2020

County initial claims by industry sector (3 digit NAICS)

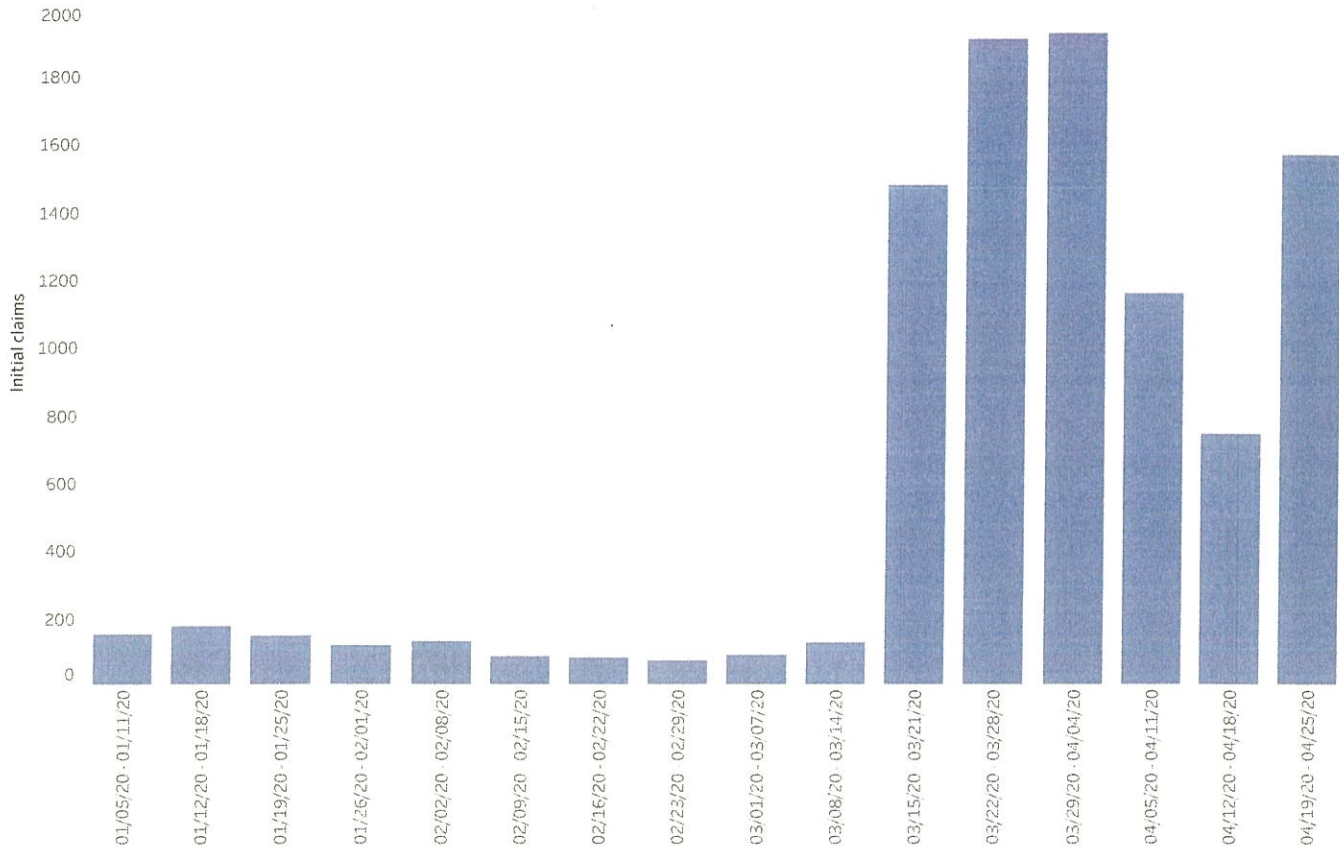
Select County:

CHELAN

Select Year:

2020

## Initial claims applications for CHELAN county by week - 2020



**DISCLAIMER:** The data presented will not exactly match data that is presented officially in ETA (federal) reports. There are dozens of nuances, caveats, and assumptions that make tying business logic to a system of record. If we want to subdivide the data into demographic groups (county, industry, etc.), we have used queries that come very close to the ETA number but not exact. All data is subject to future revisions.

# Unemployment Insurance Initial Claims Weekly Dashboard - Washington State

Weekly initial claims - 2020

Initial claims by industry supersector

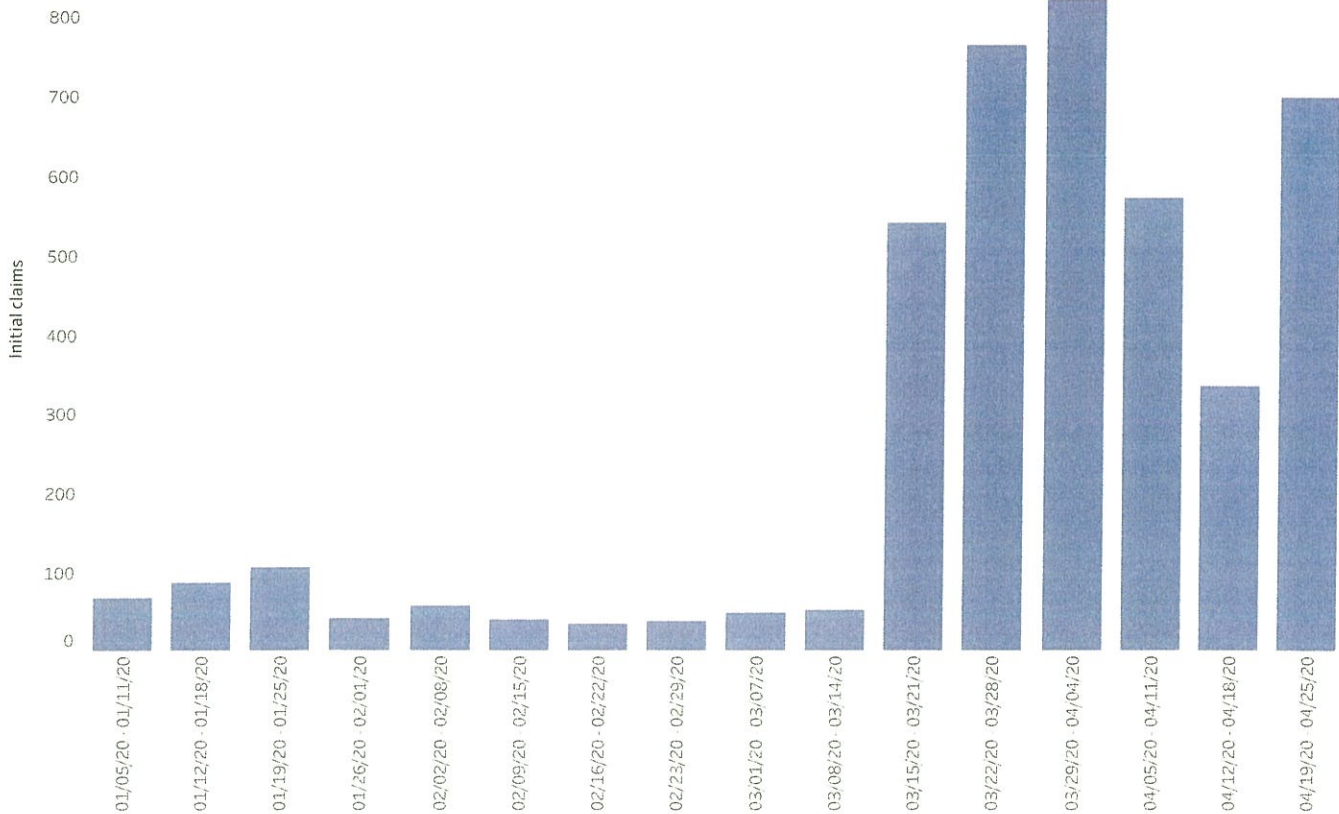
Initial claims by county - 2020

County initial claims by industry sector (3 digit NAICS)

Select County:  
DOUGLAS

Select Year:  
2020

## Initial claims applications for DOUGLAS county by week - 2020



**DISCLAIMER:** The data presented will not exactly match data that is presented officially in ETA (federal) reports. There are dozens of nuances, caveats, and assumptions that make tying business logic to a system of record. If we want to subdivide the data into demographic groups (county, industry, etc.), we have used queries that come very close to the ETA number but not exact. All data is subject to future revisions.