

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

RESOLUTION NO. 2026-1

A RESOLUTION of the Board of Directors of the Bellingham-Whatcom Public Facilities District relating to the defeasance and redemption of the City of Bellingham, Washington, Limited Tax General Obligation Refunding Bonds, 2016 Series A; extending and confirming the pledge of sales and use tax revenue to obligations of the PFD; and approving certain matters related thereto.

WHEREAS, the Bellingham-Whatcom Public Facilities District (the "PFD") is authorized by chapter 35.57 of the Revised Code of Washington ("RCW") to acquire, construct, own, remodel, maintain, equip, reequip, repair, finance, and operate one or more "regional centers" as defined in RCW 35.57.020, including related parking facilities, serving a regional population (the "Regional Center"); and

WHEREAS, the City of Bellingham, Washington (the "City") is authorized by chapter 67.28 RCW to acquire and operate "tourism-related facilities"; and

WHEREAS, the City and the PFD previously entered into an Interlocal Operating Agreement (2003-0183) dated May 27, 2003, as amended (the "2003 Interlocal Agreement"), in connection with the development and operation of the Regional Center, and have entered into other agreements for various related purposes; and

WHEREAS, under the 2003 Interlocal Agreement, the PFD agreed to, upon collection, pay or cause to be paid all funds collected by or on behalf of the PFD from revenues of a sales and use tax imposed by the PFD pursuant to Resolution No. 2002-2 adopted by the Board of the District (the "Board") on July 30, 2002, as amended, and authorized by RCW 82.14.390, and other funds pledged therefor (the "PFD Revenues"), to the City for deposit in a special revenue fund to be used primarily to pay debt service on bonds issued by the City issued to fund the design, development and construction of the Regional Center; and

WHEREAS, construction of the Regional Center was financed, in part, with proceeds of the PFD's Limited Sales Tax Obligation Bonds, 2007 (the "PFD 2007 Bonds") issued on December 20, 2007, pursuant to Resolution No. 2007-04 adopted by the Board on December 10, 2007; and

WHEREAS, pursuant to Ordinance No. 2016-03-009 passed by the City Council on March 21, 2016, the City issued its Limited Tax General Obligation Refunding Bonds, 2016 Series A (the "City 2016 Bonds"), proceeds of which were used, in part, to defease and refund the then-outstanding PFD 2007 Bonds; and

WHEREAS, in connection with the issuance of the City 2016 Bonds, the City and the PFD entered into an Interlocal Financing Agreement (the "Financing Agreement"), to memorialize the obligation of the PFD to pay PFD Revenues to the City for the purpose of paying debt service on

the City 2016 Bonds, any bonds or obligations issued to defease and/or refund the City 2016 Bonds, and other loans and advances from the City to the PFD, and the pledge of PFD Revenues for such purpose, as set forth therein; and

WHEREAS, at the time of issuance of the City 2016 Bonds, the sales and use tax imposed by the PFD pursuant to RCW 82.14.390 and pledged by the City to the payment of the principal of and interest on the City 2016 Bonds and other obligations of the PFD under the Financing Agreement was to expire when bonds issued to finance or refinance the construction, improvement, rehabilitation, or expansion of the Regional Center are retired, but not more than 25 years after the tax was first collected; and

WHEREAS, in 2025, the State Legislature amended RCW 82.14.390 to provide that the sales and use tax imposed by the PFD pursuant to RCW 82.14.390 expires when bonds issued to finance or refinance the construction, improvement, rehabilitation, or expansion of the Regional Center are retired, but not more than 55 years after the tax was first collected (extended from a prior amendment to not to exceed 40 years); and

WHEREAS, the PFD has determined that it is necessary and in the best interest of the PFD to modify debt service requirements and other terms of the City 2016 Bonds, and to allow the PFD to collect the sales and use tax imposed by the PFD pursuant to RCW 82.14.390 for additional years; and

WHEREAS, pursuant to chapter 39.53 RCW, the City is authorized to issue refunding bonds when necessary or in the best interest of the City to modify debt service requirements or other terms of the bonds to be refunded; and

WHEREAS, the City has determined to issue one or more series of limited tax general obligation refunding bonds (the “City Refunding Bonds”) to redeem and defease all or a portion of the outstanding City 2016 Bonds and to pay costs of issuing the City Refunding Bonds; and

WHEREAS, the Board has determined to delegate to the President or such officer’s designee certain matters relating to the redemption of the City 2016 Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, as follows:

Section 1. Definitions. Capitalized terms used in this resolution have the meanings set forth herein (including those terms defined in the recitals hereof, which are incorporated herein by this reference) and in the Financing Agreement.

Section 2. Request to Refund City 2016 Bonds. The Board requests that the City issue its City Refunding Bonds to defease and/or refund the City 2016 Bonds in order to modify debt service requirements and other terms of the City 2016 Bonds.

Section 3. Confirmation and Extension of Pledge of Sales Tax Revenue.

(a) *Confirmation of Obligations under Financing Agreement.* As set forth in the Financing Agreement, the full faith and credit of the District is hereby pledged for payment of the District's obligations under the Financing Agreement, specifically including the District's obligation to pay PFD Revenues to the City for application by the City (a) to pay debt service on the portion of the City Refunding Bonds issued to refund the City 2016 Bonds and pay related costs of issuance, and (b) to repay any City Advances made by the City to the District under the Financing Agreement. The District hereby approves the issuance of the City Refunding Bonds by the City for the purpose of defeasing and refunding the City 2016 Bonds as set forth herein and in the City ordinance authorizing the issuance of the City Refunding Bonds.

The District hereby confirms the pledge of PFD Revenues to the City and for the equal and ratable benefit of the owners from time to time of the City Refunding Bonds, for payment of the principal of and interest on the City Refunding Bonds, and for other obligations under the Financing Agreement.

(b) *Covenant to Impose Sales Tax.* The District's obligation to impose the sales and use tax pursuant to and to the extent permitted by RCW 35.57.040(1)(d) and RCW 82.14.390 and to distribute PFD Revenues to the City under the Financing Agreement, the Interlocal Agreement, and the District Bond shall be absolute and unconditional, and shall not be subject to diminution by setoff, counterclaim, abatement or otherwise. Except to the extent that the District's legal authority to impose and collect the Sales Tax expires pursuant to RCW 82.14.390, as currently amended and as may be amended in the future, or any applicable successor statute, the obligations under the Financing Agreement shall continue in effect and shall survive until the full repayment, defeasance, or early redemption of (a) the City Refunding Bonds, and (b) any City Advances, together with any costs owed to the City thereunder.

Section 4. Continuing Disclosure Undertaking. To meet the conditions of paragraph (b)(5) of United States Securities and Exchange Commission Rule 15c2-12 (the "Rule"), as applicable to a participating underwriter for the City Refunding Bonds, the PFD hereby undertakes for the benefit of holders of the City Refunding Bonds to provide, or cause to be provided, annual financial information as provided in a Continuing Disclosure Certificate ("Continuing Disclosure Certificate"). The Board President is hereby authorized to execute and deliver the Continuing Disclosure Certificate as determined to be necessary.

Section 5. Tax Covenant. The PFD agrees that it will take all actions necessary to assure the exclusion of interest on any City Refunding Bonds issued on a tax-exempt basis from the gross income of the owners of such City Refunding Bonds to the same extent as such interest is permitted to be excluded from gross income under the Internal Revenue Code of 1986, as amended, as in effect on the date of issuance of such City Refunding Bonds.

Section 6. General Authorization. Upon the passage and approval of this resolution, the proper officials of the PFD, including but not limited to the Board President, are authorized and directed to execute all other documents and closing certificates, and to undertake all action necessary for the prompt execution and delivery of the City Refunding Bonds, the defeasance and refunding of the City 2016 Bonds, and the transfer of PFD Revenues to the City.

Section 7. Effective Date. This resolution shall become effective upon its approval as provided by law.

ADOPTED by the Board of Directors of the Bellingham-Whatcom Public Facilities PFD at a special open public meeting thereof held this 27th day of January, 2026.

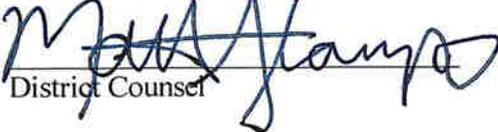
BELLINGHAM-WHATCOM PUBLIC  
FACILITIES DISTRICT

  
District President

ATTEST:

  
District Treasurer

APPROVED AS TO FORM:

  
District Counsel