

RESOLUTION NO. 336

A RESOLUTION OF THE WOODINVILLE CITY COUNCIL IN SUPPORT OF THE ISSUANCE OF NON-RECOURSE REVENUE BONDS BY THE STATE OF WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY TO FINANCE AN ECONOMIC DEVELOPMENT FACILITY FOR NOVELTY HILL PROPERTIES ("THE COMPANY") IN THE CITY OF WOODINVILLE, WASHINGTON AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, on February 3, 2005, the Washington Economic Development Finance Authority ("WEDFA") had presented to it Resolution No. W-2005-003 subsequently amended by Resolution No. W-2007-001 (collectively the "Resolution"), a copy of which is attached hereto as Exhibit A, relating to the issuance of non-recourse revenue bonds wherein the proceeds of which would be loaned to the Company for the purchase of land and construction and equipping of a winery (the "Project"), all as authorized by the Economic Development Finance Authority Act of 1989, R.C.W. Title 43, Chapter 163, as amended (the "Act"); and

WHEREAS, on February 3, 2005 and January 26, 2007, WEDFA unanimously approved the initial resolution and amendment; and

WHEREAS, it is the policy of Washington Economic Development Finance Authority not to issue revenue bonds except upon the approval of the county, city, or town within whose planning jurisdiction the proposed industrial development facility lies; and

WHEREAS, the Project lies within the boundaries of the City of Woodinville, King County, Washington;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The Woodinville City Council (the "Council"), pursuant to the request of the Washington Economic Development Finance Authority, does hereby support the issuance of non-recourse revenue bonds (the "Bonds") by the Washington Economic Development Finance Authority, for the purposes provided in the Act.

Section 2. The Bonds shall be issued in the aggregate principal sum of not to exceed \$10,000,000 pursuant to a Resolution of WEDFA. The proceeds of the Bonds are to be lent to the Company, pursuant to the loan agreement or

other appropriate financing agreement, and used for the purpose of constructing and equipping the Project, including the necessary appurtenances, located within the boundaries of the City of Woodinville and to pay certain costs of issuance of the Bonds.

Section 3. The Bonds shall not constitute an obligation of the State of Washington or of the City of Woodinville, and no tax funds or revenues of the State of Washington or the City of Woodinville shall be used to pay the principal or interest on the Bonds. Neither the faith and credit nor any taxing power of the State of Washington or of the City of Woodinville shall be pledged to pay the principal or interest on the Bonds.

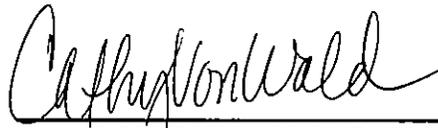
Section 4. The City of Woodinville hereby supports the issuance of Bonds by WEDFA for the purpose of financing the Project as described herein, a qualified project under the Act. However, such support shall not waive any of the permitting requirements applicable to this project.

Section 5. This Resolution is intended to constitute approval of the issuance of revenue bonds within the meaning of the policy of the Washington Economic Development Finance Authority.

Section 6. Upon passage and approval of this Resolution, it shall take effect immediately.

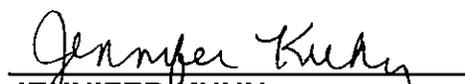
Section 7. Severability. If any section, sentence, clause, or phrase of this Resolution or any resolution adopted or amended hereby, should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Resolution.

RESOLVED this 2nd day of April 2007.



CATHY VONWALD, MAYOR

ATTEST/AUTHENTICATED:



JENNIFER KUHN
CITY CLERK/CMC

RESOLUTION NO. W-2005-003

A RESOLUTION OF THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY TAKING OFFICIAL ACTION TOWARD THE ISSUANCE OF NONRECOURSE ECONOMIC DEVELOPMENT REVENUE BONDS IN ONE OR MORE SERIES IN A MAXIMUM AMOUNT NOT TO EXCEED \$5,404,000 AND AUTHORIZING THE EXECUTION OF AN INDEMNIFICATION AND COMPENSATION AGREEMENT BY AND BETWEEN THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY AND NOVELTY HILL PROPERTIES OR ITS SUCCESSOR OR ASSIGNS (the "Company").

WHEREAS, the Washington Economic Development Finance Authority (the "Issuer") is a duly organized and existing instrumentality of the State of Washington authorized and empowered by the provisions of RCW Chapter 43.163 (collectively, the "Act") to issue nonrecourse economic development revenue bonds for the purpose of carrying into effect the construction of improvements and the acquisition of personal properties and provide working capital suitable for use by any industry, and to loan its moneys when necessary or convenient to carry out its powers under the Act; and

WHEREAS, the Company has informed the Issuer that it wishes to acquire, construct, equip, and improve the manufacturing facilities to be located in Woodinville, King County, Washington, as more fully described in Exhibit A attached hereto and incorporated herein (the "Site"), all of which are located within the territorial limits of the State of Washington, and the Company has requested the Issuer to issue nonrecourse economic development revenue bonds (the "Bonds") in a maximum amount not to exceed FIVE MILLION FOUR HUNDRED FOUR THOUSAND dollars (\$5,404,000) pursuant to the Act to carry into effect the acquisition, construction, equipping, and improving of real and personal property and provision of working capital at the Site to be used in the manufacturing facilities of the Company, as more fully described in Exhibit A hereto (the "Project"), to loan the proceeds of the Bonds to finance the acquisition, construction, improvement, equipping, and installation of the Project; and

WHEREAS, a form of agreement designated as an "Indemnification and Compensation Agreement" has been prepared setting forth the respective agreements and undertaking of the Issuer and the Company with respect to the Bonds and the Project; and

WHEREAS, it is considered necessary and desirable for the best interest of the Issuer that the Indemnification and Compensation Agreement be executed for and on the behalf of the Issuer; and

WHEREAS, the Indemnification and Compensation Agreement requires the Company to pay all reasonable and necessary costs incurred by the Issuer in connection with the Bonds and/or in connection with the Project; and

WHEREAS, the Issuer finds that the Project constitutes the development and improvement of economic development facilities under the Act; and

WHEREAS, it is intended that this resolution shall constitute a declaration of official intent to reimburse Project expenditures within the meaning of Sections 1.103-(8)(T)(a)(5) and 1.150-2 of the Federal Income Tax Regulations.

NOW THEREFORE, be it resolved by the Washington Economic Development Finance Authority as follows:

Section 1. It is hereby determined that (a) the acquisition, construction and installation of the Project and its operation as an economic development facility; (b) the issuance of the bonds of the Issuer in one or more series and in a maximum amount not to exceed \$5,404,000, to finance costs of the Project, such total costs to be financed by the Bonds presently estimated to be approximately \$5,404,000; and (c) the execution and delivery of such contracts and agreements with the Issuer as are necessary to provide for the payment by the Issuer of amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds, together with certain costs of the Issuer, will all be in furtherance of the Act.

Section 2. Subject to the conditions listed in Section 3 below, including such other conditions as in the judgement of the Issuer and bond counsel are necessary to insure the validity of the Bonds and the tax-exempt or taxable status of the Bonds, it is the intent of the Issuer to proceed toward the issuance and sale of the Bonds pursuant to the provisions of the Act. Nothing in this resolution shall be construed as legally binding the Issuer to authorize, issue, or sell the Bonds.

Section 3. The authorization, issuance, and sale of the Bonds by the Issuer are subject to the following conditions:

(a) the Company shall have caused to be issued an irrevocable letter of credit (the "Letter of Credit") by an investment-grade rated commercial bank, acceptable to the Issuer (the "Letter of Credit Bank"), which shall be used to pay and secure the Bonds or shall have secured a bond purchase agreement (the "Bond Purchase Agreement") from an Accredited Investor, as such term is defined in 17 CFR 230.501(a), acceptable to the Issuer, for the purchase of the Bonds;

(b) the Company shall enter into such contracts and loan agreements with the Issuer as shall be necessary to secure payment of the principal of, premium, if any, and interest on the Bonds as when the same shall come due and payable;

(c) on or before two (2) years from the date hereof (or such later date as shall be mutually satisfactory to the Issuer and the Company) the Issuer and the Company shall have agreed to mutually acceptable terms and conditions of the contracts and agreements referred to in paragraph (b) of this Section 3;

(d) the Issuer shall have received an opinion of bond counsel that, with certain customary exceptions, such of the Bonds which it is intended shall be issued as tax-exempt obligations may be so issued pursuant to the provisions of the Internal Revenue Code of 1986;

(e) if required, the Issuer shall have received an allocation of the State ceiling on private activity bonds imposed by Section 146 of the Internal Revenue Code of 1986 in an amount equal to the aggregate face amount of such of the Bonds as shall be issued as tax-exempt obligations, and shall have allocated such amount to the Bonds;

(f) the Issuer shall have received evidence that the county, city, or town within whose planning jurisdiction the Project lies has approved the Project and the Bonds or such other evidence satisfactory to the Issuer that the Project will be welcomed by the community in which the Project will be located; and

(g) such other conditions as in the judgement of the Issuer and bond counsel are necessary to insure the validity of the Bonds and the tax-exempt status of such of the Bonds as shall be issued as tax-exempt obligations.

Section 4. The proper officials of the Issuer are hereby authorized to take such further action as is necessary to carry out the intent and purposes hereof under the terms and conditions stated herein and in compliance with the applicable provisions of law.

Section 5. That it is deemed necessary and advisable that the Indemnification and Compensation Agreement be approved and executed for and on behalf of the Issuer.

Section 6. That an Indemnification and Compensation Agreement by and between the Issuer and the Company be, and the same is hereby, approved and authorized and the Chair of the Issuer is hereby authorized to execute the Indemnification and Compensation Agreement on behalf of the Issuer.

Section 7. Each Bond, when and if issued, shall substantially state the following language on the face thereof:

THE OBLIGATIONS OF THE ISSUER HEREUNDER SHALL NOT BE DEEMED TO BE A DEBT, LIABILITY, OBLIGATION, OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF WASHINGTON, OF ANY MUNICIPALITY, OR OF ANY MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE OF WASHINGTON, OR TO PLEDGE

ANY OR ALL OF THE FAITH AND CREDIT OF ANY OF THESE ENTITIES. NEITHER THE STATE OF WASHINGTON, THE ISSUER, ANY MUNICIPALITY, OR ANY OTHER MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE OF WASHINGTON IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST THEREON. NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST THEREON. NEITHER ANY OR ALL OF THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WASHINGTON, THE ISSUER, IF ANY, OR ANY MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR OF THE INTEREST ON THE BONDS.

Section 8. This Resolution shall be effective after its adoption.

ADOPTED by the Washington Economic Development Finance Authority this 3rd day of February, 2005.

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By: 
Chair

EXHIBIT A

DESCRIPTION OF PROJECT AND SITE

The Project will consist of:

Purchase of 3.99 acres of land at 14415 Woodinville Redmond Road NE, Woodinville, King County, Wa 98052 and construction of a facility for the production for the production of vinifera wines.

CERTIFICATE

I, the undersigned, Secretary of the Washington Economic Development Finance Authority (herein called the "Issuer"), DO HEREBY CERTIFY:

1. That the attached Resolution No. W-2005-003 (herein called the "Resolution") is a true and correct copy of a resolution of the Issuer as finally adopted at a special meeting of the Board of Directors of the Issuer held on the 3rd day of February, 2005, and duly recorded in my office.

2. That said meeting was duly convened and held in all aspects in accordance with law, and, to the extent required by law and the by-laws of the Issuer, 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 Washington Economic Development Finance Authority 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 THEREOF, I have hereunto set my hand this 3rd day of February, 2005.


Secretary

RESOLUTION NO. W-2007-001

A RESOLUTION OF THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY AMENDING ITS RESOLUTION NO. W-2005-003 TO DECLARE OFFICIAL INTENT TOWARD THE ISSUANCE OF NONRECOURSE ECONOMIC DEVELOPMENT REVENUE BONDS IN ONE OR MORE SERIES IN A MAXIMUM AMOUNT NOT TO EXCEED \$10,000,000.

WHEREAS, the Washington Economic Development Finance Authority (the "Issuer") is established as a public body, corporate and politic, with perpetual corporate succession, constituting an instrumentality of the State of Washington authorized and empowered by the provisions of RCW Chapter 43.163 (the "Act") to issue nonrecourse revenue bonds for the purpose of financing economic development activities as defined in the Act; and

WHEREAS, on February 3, 2005, at a special meeting of the Board of Directors of the Issuer, the Issuer adopted its Resolution No. W-2007-003 (the "Resolution") declaring official intent toward the issuance of nonrecourse economic development revenue bonds in a maximum amount not to exceed \$5,404,000, the proceeds of such issuance to be loaned to Novelty Hills Properties or its successor or assigns (the "Borrower") to finance project costs of acquiring, constructing, equipping and improving real or personal property to be used in the manufacturing facilities of the Borrower (the "Project"), as more fully described in the Resolution; and

WHEREAS, the Borrower has informed the Issuer that its estimate of eligible costs of the Project have increased to \$10,000,000 due to an increase in costs for site work and equipment purchase; and

WHEREAS, the Borrower has requested that the Issuer amend the Resolution to reflect this increase in costs; and

WHEREAS, the Issuer finds that the amended Project constitutes economic development activities as defined under the Act; and

WHEREAS, it is intended that this resolution shall constitute a declaration of official intent to reimburse Project expenditures within the meaning of Sections 1.103-(8)(T)(a)(5) and 1.150-2 of the Federal Income Tax Regulations.

NOW, THEREFORE, be it resolved by the Washington Economic Development Finance Authority as follows:

Section 1. The Resolution is amended to increase the maximum amount of issuance of bonds of the Issuer from \$5,404,000 to \$10,000,000 to finance costs of the Project, such total costs to be financed by the Issuer's bonds being presently estimated to be \$10,000,000.

Section 2. All other provisions of the Resolution shall remain unchanged and in full force as provided for in the Resolution.

Section 3. This resolution shall be effective after its adoption.

ADOPTED by the Washington Economic Development Finance Authority this 26th day of January, 2007.

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By: 

Chair

CERTIFICATE

I, the undersigned, Secretary of the Washington Economic Development Finance Authority (herein called the "Issuer"), DO HEREBY CERTIFY:

1. That the attached Resolution No. W-2007-001 (herein called the "Resolution") is a true and correct copy of a resolution of the Issuer as finally adopted at a special meeting of the Board of Directors of the Issuer held on the 26th day of January, 2007, and duly recorded in my office.
2. That said meeting was duly convened and held in all aspects in accordance with law, and, to the extent required by law and the by-laws of the Issuer, 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 Washington Economic Development Finance Authority 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 THEREOF, I have hereunto set my hand this 26th day of January, 2007.

Secretary

