

2004-321 ATTACHMENT A**RESOLUTION NO. W-2003-003**

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 \$9,370,000 AND AUTHORIZING THE EXECUTION OF AN INDEMNIFICATION AND COMPENSATION AGREEMENT BY AND BETWEEN THE WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY AND CEDAR GROVE COMPOSTING, INC. (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 Maple Valley, King County, Smith Island, Snohomish County, and Seattle, 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 NINE MILLION THREE HUNDRED SEVENTY THOUSAND dollars (\$9,370,000) 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

(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

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 \$9,370,000, to finance costs of the Project, such total costs to be financed by the Bonds presently estimated to be approximately \$9,370,000; 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;

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 4th day of April, 2003.

WASHINGTON ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By:  _____
Chair

EXHIBIT A**DESCRIPTION OF PROJECT AND SITE**

The Projects will consist of:

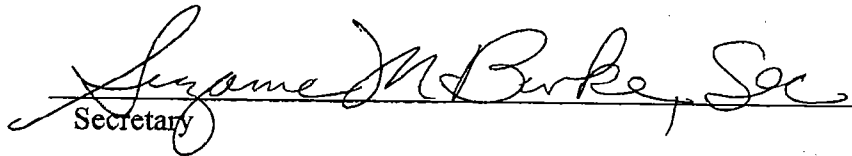
1. Construction of a new facility and purchase and installation of new composting equipment at Cedar Grove's current location at 17825 Cedar Grove Road SE, Maple Valley, King County.
2. Purchase of land, construction of a new composting facility and purchase and installation of new composting equipment at a new site on Smith Island, Snohomish County.
3. Acquisition of land for a maintenance facility at 7343 East Marginal Way South, Seattle, King County.

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-2003-003 (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 4th day of April, 2003, 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 4th day of April, 2003.


Secretary