

RESOLUTION NO. 1569

PORT OF PASCO FRANKLIN COUNTY, WASHINGTON

A RESOLUTION of the Port of Pasco, Franklin County, Washington, designating the Reimann Industrial Center Tax Increment Financing Area – Phase 1; fixing the boundaries thereof; and providing for related matters.

WHEREAS the mission of the Port of Pasco, Washington (the “Port”), is to strategically allocate Port resources and transportation assets to attract and support sustainable jobs and a healthy tax base in greater Franklin County; and

WHEREAS, in 2019, the Port purchased three hundred acres of undeveloped land to establish the Reimann Industrial Center to attract industrial projects and fulfill its economic development mission; and

WHEREAS, substantial development of key infrastructure is needed to prepare the Reimann Industrial Center to serve large scale industrial projects; and

WHEREAS, Phase No. 1 of the public improvements needed for the development of the Reimann Industrial Center will require more than \$20 million for the construction of municipal water, sanitary sewer, and wastewater facilities; broadband, telephone and natural gas facilities; county road improvements; and a dedicated rail spur for intermodal transportation services; and

WHEREAS, the Port has assembled \$11,875,000 to be provided from its own funds and outside sources, and is in need of funding for the balance of the public improvement costs; and

WHEREAS, the Washington State Legislature, during its 2021 legislative session, enacted Engrossed Substitute House Bill 1189 as Chapter 207, Laws of 2021, titled “AN ACT Relating to tax increment financing” and codified as RCW 39.114 (the “TIF Act”), which authorizes local governments, including port districts, to carry out tax increment financing of public improvements needed to support vital private economic development projects; and

WHEREAS, Darigold, Inc. (“Darigold”), intends to construct an approximately \$500 million private milk processing facility (the “Darigold plant”) on a 150-acre portion of the land comprising the Reimann Industrial Center (the “Darigold site”) that is expected to create up to 500 new jobs in the region; and

WHEREAS, Darigold and the Port have entered into an Agreement to Purchase and Sell Real Property dated as of July 1, 2021 (the “Darigold Purchase and Sale Agreement”), under which Darigold expects to purchase the Darigold site from the Port for the construction of the Darigold plant; and

WHEREAS, this major economic development project will not occur without the construction of substantial public infrastructure; and

WHEREAS, the purpose of this resolution is to designate an increment area that will enable the Port to carry out a tax increment financing of the public improvements needed to serve that increment area and the resulting private development of the Darigold plant within

that increment area, all in compliance with the requirements of the TIF Act as more particularly described in this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF PASCO, FRANKLIN COUNTY, WASHINGTON, AS FOLLOWS:

Section 1. Definitions. Capitalized terms used in this resolution shall have the meanings set forth in the recitals to this resolution above and in this Section 1. The uncapitalized terms “public improvement costs,” “regular property taxes” and “tax allocation revenues” used in this resolution shall have the meanings provided for those terms by RCW 39.114.010, as the context requires.

- (a) “City” means the City of Pasco, Washington
- (b) “Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.
- (c) “Commission” means the Port Commission of the Port, acting in its legislative capacity.
- (d) “County” means Franklin County, Washington.
- (e) “Finance Director” means the Director of Finance and Administration of the Port or such other officer of the Port who succeeds to substantially all of the responsibilities of that office.
- (f) “Increment Area” means the 150-acre parcel of land within the Reimann Industrial Center that is designated by Section 2 of this resolution as the “Reimann Industrial Center Increment Area – Phase 1.”
- (g) “Project Analysis” means the Port’s TIF Area Project Analysis – Reimann Industrial Center submitted to the Washington State Treasurer on September 20, 2021, as supplemented by additional information requested by and provided to the Office of State Treasurer, for its review and comment.
- (h) “Treasurer’s Review Letter” means the letter to the Port from the Office of State Treasurer dated December 1, 2021, summarizing its review of and providing comments and recommendations with respect to the Project Analysis for consideration by the Port.

Section 2. Designation of Increment Area. The Port designates the 150-acre parcel of land within the Reimann Industrial Center legally described as LOT 2B in Exhibit A to this resolution as the “Reimann Industrial Center Increment Area – Phase 1.” In making this designation, the Commission takes note of the facts that the Increment Area (i) is the only increment area designated by the Port under the TIF Act, (ii) is located within the boundaries of the Port, (iii) does not include the Port’s entire territory, and (iv) does not have an assessed value on the date of this resolution greater than the lesser of \$200,000,000 or 20 percent of the total assessed value of taxable property within the Port of \$9,974,478,793.

Section 3. Sunset Date of the Increment Area. The sunset date of the Increment Area is (i) December 31, 2048, which is the date not later than 25 years after the first year (calendar year 2023) in which tax allocation revenues will be collected on taxable property within the Increment Area (the “outside sunset date”), or (ii) if earlier, the date (“an early sunset date”) on which the Port certifies to the County Treasurer that all public improvement costs to be paid or reimbursed with tax allocation revenues derived from the Increment Area have been fully paid, including but not limited to reimbursements to the Port for principal and interest payments required to be made by the Port from revenue sources other than tax allocation revenues on general obligation bonds issued to finance the portion of public improvement costs that are intended to be paid and retired, in whole, from tax allocation revenues, as authorized by RCW 39.114.060(1).

Section 4. Identification of Public Improvements to Be Financed. The public improvements to be financed consist of the following infrastructure improvements to be owned by the Port, the County and/or the City and located within or outside of and serving the Increment Area:

- (a) Water supply improvements needed to connect the Increment Area with the City's domestic water system to provide water service to the Increment Area;
- (b) Sewer and wastewater improvements needed to connect to the City's sanitary sewer system to provide sewer service to the Increment Area;
- (c) Streets, roads, streetlights and other road improvements needed to serve the Increment Area;
- (d) A rail spur line needed to provide intermodal rail service to and from the Darigold plant within the Increment Area; and
- (e) Broadband and communications facilities needed to provide fiber optic teledata services to the Increment Area and relocation of a natural gas line to serve the Increment Area.

The exact configurations and operational features of the public improvements described above are to be determined by the final plans and specifications for such public improvements. As authorized by RCW 39.114.020(1)(h), the Port may expand, alter, or add to the public improvements identified above only if the Commission determines that such changes are necessary to assure that the public improvements identified above can be constructed or operated as intended.

Section 5. Expected Issuance of Bonds to Finance a Portion of the Public Improvement Costs.

(a) Pursuant to RCW 39.114.060 and other law, including the applicable provisions of Chapters 53.36 and 39.46 RCW, the Port intends to incur general indebtedness and issue limited tax general obligation bonds with a term of approximately 20 years to finance a portion (the "bond-financed portion") of the public improvement costs. To pay and secure the bonds, the Port expects to pledge the tax allocation revenues received by the Port from the Increment Area, the Port's other regular property tax revenues, other lawfully available revenues of the Port, and the full faith and credit of the Port. The bonds are expected to be issued as tax-exempt bonds under the applicable provisions of the Code; however, if and to the extent that bond counsel determines that any of the public improvements (or portions thereof) do not qualify to be financed with tax-exempt bonds, the Port expects to allocate funding sources other than proceeds of tax-exempt bonds, including but not limited to proceeds of taxable bonds, to the financing of those public improvements (or portions thereof).

(b) As of the date of adoption of this resolution, the estimated maximum amount of bonds expected to be issued by the Port to finance the bond-financed portion of the public improvement costs is \$8,225,000. This estimated maximum amount of bonds is subject to change based upon the final configuration and final public improvement costs of the public improvements identified in Section 4 of this resolution. The principal amount of such bonds also may vary (be lower or higher) to the extent that the bonds are sold with original issue premium or original issue discount (respectively) as needed to provide bond proceeds sufficient to pay the bond-financed portion of the public improvement costs.

(c) While the Port will pledge its full faith and credit as well as its regular property tax revenues and other lawfully available revenues, in addition to tax allocation revenues received by the Port from the Increment Area, to pay and secure debt service on the bonds, the Port intends that debt service on the bonds shall be payable, in whole, from tax allocation revenues as authorized by RCW 39.114.060(1). Accordingly, if and to the extent debt service payments on its general obligation bonds issued to finance the public improvements are required to be made from the Port's other regular property tax revenues and/or from other lawfully available revenues because the amount of tax allocation revenues received are insufficient for that

purpose, those debt service payments to that extent shall be reimbursed from later-received tax allocation revenues that become available to reimburse the Port for those debt service payments. The Finance Director, in consultation with the County Treasurer, will adopt accounting procedures sufficient to document the use of tax allocation revenues to reimburse debt service payments previously made from other revenues, consistent with the Port's intention and expectation that its general obligation bonds issued to finance public improvement costs are to be payable entirely from tax allocation revenues (as permitted by the Act).

(d) The Port intends that the provisions of Section 2 of this resolution (identifying the public improvements to be financed) and this Section 5 (stating the estimated maximum amount of bonds expected to be issued) together shall constitute a declaration of official intent under Treasury Regulations §1.150-2 to reimburse with bond proceeds any original expenditures for the public improvements paid before the issue date of the bonds that are intended to finance the bond-financed portion of the public improvement costs.

Section 6. Increment to Take Effect on June 1, 2022. The tax increment for the Increment Area designated in Section 2 of this resolution shall take effect on June 1, 2022.

Section 7. Deadline for Commencement of Construction of Public Improvements. The Port expects that construction of the public improvements identified in Section 4 of this resolution will commence in the summer of 2022. In no event will construction of those public improvements commence later than December 16, 2026, the date five years from the date of adoption of this resolution, unless that deadline is extended for good cause.

Section 8. Required Findings by the Port Commission. Based upon the Project Analysis and as also reflected by the terms of the Darigold Purchase and Sale Agreement, the Commission finds that:

(a) The public improvements proposed to be paid or financed with tax allocation revenues are expected to encourage private development within the Increment Area—*i.e.*, the private development of the Darigold plant, and to increase the assessed value of real property within the Increment Area;

(b) The private development that is anticipated to occur within the Increment Area as a result of the proposed public improvements will be permitted consistent with the applicable zoning and development standards of the City, which is expected to be the permitting jurisdiction for the Increment Area;

(c) The private development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future without the proposed public improvements; and

(d) The increased assessed value of taxable property within the Increment Area that could reasonably be expected to occur without the proposed public improvements would be less than the increase in the assessed value estimated to result from the proposed private development with the proposed public improvements.

Section 9. Preparation and Consideration of Project Analysis. As required by RCW 39.114.020(2), the Commission has caused to be prepared by Port staff the Project Analysis to describe and analyze, among other matters, the factors and considerations listed in that statute. The Commission takes note of the conclusion expressed in the Treasurer's Review Letter that the Port's Project Analysis meets the requirements of RCW 39.14.020. In its consideration and adoption of this resolution, the Commission has reviewed and considered, among other things, the Project Analysis and the Treasurer's Review Letter, including the "Risk Factors" and "Recommendations" noted in the Treasurer's Review Letter.

Section 10. Impact on Franklin County Fire Protection District No. 3. Although the Increment Area is currently included within the boundaries of Franklin County Fire Protection District No. 3, the Increment Area also is located within the City's Urban Growth Area and is expected to be annexed to the City on or about January 3, 2022, a date prior to the June 1, 2022,

increment effective date of the Increment Area. Upon annexation to the City, the authority and responsibility to provide fire protection services for the Increment Area will transfer from Franklin County Fire Protection District No. 3 to the City. Consequently, the Port has concluded that it will not be necessary to negotiate a mitigation plan with that Fire Protection District under RCW 39.114.020(5).

Section 11. Reimbursement of Expenses Incurred by County Assessor and County Treasurer. Pursuant to RCW 39.114.020(6), the Port intends to enter into arrangements to reimburse the County Assessor and County Treasurer for the expenses incurred by those officials in connection with the implementation and ongoing administration of the Increment Area as described in RCW 39.114.010(6)(e). Such expenses shall be a portion of the public improvement costs to be paid or reimbursed from tax allocation revenues derived from the Increment Area.

Section 12. Public Briefings Held by the Port. As required by RCW 39.114.020(7)(a), the Port has held two public briefings for the community regarding the Darigold project and the public improvements needed to serve the Increment Area. These public briefings were held on October 28, 2021, and November 17, 2021, and announced to the public at least two weeks prior to the date each briefing was held by publishing notice in the *Tri-City Herald*, a legal newspaper of general circulation in the Port and the greater Franklin County area, and by posting information on the Port's website and on all of its social media sites. Each public briefing included a description of the Increment Area, the public improvements proposed to be financed with tax allocation revenues derived from the Increment Area, and a detailed estimate of tax revenues for the participating local governments and taxing districts, including the amounts allocated to the public improvements serving the Increment Area. The Port also has provided additional briefings for elected and administrative officials of the County, the City and the Pasco School District.

Section 13. Publication of Notice and Delivery of Resolution Designating Increment Area. Both prior to and following the adoption of this resolution, the Port has published, and will publish, in the *Tri-City Herald*, a legal newspaper of general circulation within the jurisdiction of the Port, a notice that describes the public improvements, describes the boundaries of the Increment Area, and identifies the location and times where this resolution and other public information concerning the public improvements may be inspected. Following the adoption of this resolution, the Port will deliver a certified copy of this resolution to the County Treasurer, the County Assessor, and the governing body of each taxing district within which the Increment Area is located.

Section 14. General Authorization and Ratification. The appropriate officers of the Port are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the tax increment financing of the public improvements serving the Increment Area contemplated in connection with this resolution. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 15. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

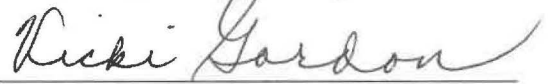
Section 16. Effective Date of Resolution. This resolution shall take effect and be in force from and after the date its adoption.

ADOPTED by the Port Commission of the Port of Pasco, Washington, at a regular open public meeting thereof held on December 16, 2021, the following Commissioners being present and voting in favor of the resolution.

Port of Pasco Commission



Jim Klindworth, President



Vicki Gordon, Vice President



Jean Ryckman, Secretary

CERTIFICATION

I, the undersigned, Secretary of the Port Commission (the "Commission") of the Port of Pasco, Washington (the "Port"), hereby certify as follows:

1. The attached copy of Resolution No. 1569 (the "Resolution") is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Commission held on December 16, 2021 (the "Meeting"), as that resolution appears on the minute book of the Port.
2. The Resolution is in full force and effect.
3. Pursuant to various proclamations and orders issued by the Governor of the State of Washington, options were provided for the public to attend the Meeting remotely, including by telephonic access and, as available, internet access, which options provided the ability for all persons attending the Meeting remotely to hear each other at the same time.
4. The Meeting was duly convened and held in all respects in accordance with law, the public was notified of the access options for remote attendance via the Port's website, a quorum of the members of the Commission was present throughout the meeting and a sufficient number of members of the Commission present voted in the proper manner for the adoption of the Resolution.

Dated: December 16, 2021.

PORT OF PASCO, WASHINGTON



Jean Ryckman, Secretary