

KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18
KITSAP COUNTY, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BOND, 2022

RESOLUTION NO. 22-06

A Resolution of the Board of Fire Commissioners of the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, providing for the issuance and sale of a limited tax general obligation bond of the district in the principal amount of \$4,240,000, for the purpose of providing funds for the acquisition, construction, and equipping of capital improvements to its facilities, including a new fire station and paying costs of issuance; accepting the proposal of Key Government Finance, Inc. to purchase the bond; and providing for the pledge of the District's full faith and credit to pay the principal thereof and interest thereon; and approving the sale of such bond.

ADOPTED: June 22, 2022

Prepared By:

K&L GATES LLP
Seattle, Washington

KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18
 KITSAP COUNTY, WASHINGTON
 RESOLUTION NO. 22-06
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Exhibit A - Proposal Letter of Key Government Finance, Inc.

* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 22-06

A Resolution of the Board of Fire Commissioners of the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, providing for the issuance and sale of a limited tax general obligation bond of the district in the principal amount of \$4,240,000, for the purpose of providing funds for the acquisition, construction, and equipping of capital improvements to its facilities, including a new fire station and paying costs of issuance; accepting the proposal from Key Government Finance, Inc. to purchase the bond; and providing for the pledge of the District's full faith and credit to pay the principal thereof and interest thereon; and approving the sale of such bond.

WHEREAS, the Board of Fire Commissioners (the "Board") of Kitsap County Fire Protection District No. 18, Kitsap County (the "District"), plans to finance capital improvement projects to include apparatus acquisition, facilities remodels and upgrades, and the acquisition, construction, and equipping of a new fire station (as described in Section 2 herein, the "Projects"); and

WHEREAS, the District is authorized, pursuant to RCW 52.16.061, to incur indebtedness and issue its limited tax general obligation bond for the purpose of providing funds to pay the costs of the Projects and costs of issuance; and

WHEREAS, it is deemed necessary and advisable that the District now issue and sell its limited tax general obligation bond in the principal amount of \$4,240,000 (the "Bond") to pay the costs of the Projects and the costs of issuance of the Bond; and

WHEREAS, the District has requested that D.A. Davidson & Co., as the District's Placement Agent, prepare and distribute a Request for Proposals (the "RFP") to suitable financial institutions, and to summarize the purchase offers received; and

WHEREAS, the District has reviewed with the Placement Agent the proposals received in response to the RFP, and has determined it is in the best interest of the District to accept the

proposal of Key Government Finance, Inc., Superior, Colorado (the "Lender"), to purchase the Bond (the "Proposal Letter"), and the Board wishes to accept such proposal on the terms and conditions set forth therein and herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FIRE COMMISSIONERS OF THE KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18, KITSAP COUNTY, WASHINGTON, as follows:

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.

Annual Prepayment Allowance means an annual amount not to exceed 12% of the principal balance of the Bond as further described in Section 4(a) of this resolution.

Board of Fire Commissioners means the duly constituted Board of Fire Commissioners of the District, the general governing body of the District, as the same shall be duly and regularly constituted from time to time.

Bond means the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, Limited Tax General Obligation Bond, 2022, in the aggregate principal amount of \$4,240,000, issued pursuant to this resolution.

Bond Fund means the Kitsap County Fire Protection District No. 18, Kitsap County, Washington General Obligation Bond Redemption Fund created or maintained in the office of the Treasurer.

Bond Register means the registration books showing the name, address and tax identification number of each registered owner of the Bond, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means the fiscal agent of the State of Washington whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond. The term ***Bond Registrar*** also shall include any successor Bond Registrar appointed by the Treasurer as permitted by law.

Code means the federal Internal Revenue Code of 1986 as amended from time to time, and the applicable regulations thereunder.

Date of Issue means the date of issuance and delivery of the Bond to the Lender.

Default Interest Rate means the Interest Rate, plus 3.00% per annum.

Designated Representative means the Fire Chief and/or Chair of the Board of the District, or such other official of the District appointed in writing by the Fire Chief or Chair of the Board of Fire Commissioners of the District.

Determination of Taxability means a determination that the interest income on the Bond does not qualify for exclusion from gross income of the owner thereof under Section 103 of the Code, other than by virtue of the provisions of the Code relating to an owner who is a "substantial user" or "related person" (within the meaning of Section 147(a) of the Code).

District means Kitsap County Fire Protection District No. 18, Kitsap County, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

Event of Default means the declaration by the Lender of an event of default as a result of a determination by the Lender that there has been: (i) a failure to pay principal of or interest on the Bond when due (including the purchase price for the Bond on the Tender Date), as provided in this resolution and the Bond; (ii) a failure by the District to comply with any of its obligations or to perform any of its duties, under this resolution or the Bond (other than as described in

clause (i) above), which failure continues, and is not cured, for a period of more than ninety (90) days after the Lender has made written notice to the District to cure such failure; or, (iii) a material misrepresentation to the Lender by the District in this resolution or the Bond, as reasonably concluded by the Lender after investigation and discussion with the District. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under the Bond shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

Final Maturity Date means December 1, 2041.

Interest Rate means the interest rate on unpaid principal of the Bond, which shall be a fixed annual rate of interest equal to 3.311% per annum from the Date of Issue of the Bond until the Tender Date. Thereafter, if the Lender agrees to waive the mandatory tender of the Bond, the Interest Rate shall be the rate mutually agreed to in writing by the Lender and the District; provided, however, that upon the occurrence of a Determination of Taxability, the Interest Rate thereafter shall be 4.191% per annum (the "Taxable Rate") until the Tender Date and thereafter as agreed upon by the Lender and the District as provided in this resolution.

Lender means Key Government Finance, Inc., Superior, Colorado, or its corporate successor or any permitted assignee.

Placement Agent means D.A. Davidson & Co., Seattle, Washington.

Projects has the meaning given in Section 2 hereof.

Proposal Letter means the proposal provided by the Lender and approved pursuant to the authority granted to the Designated Representative in Section 9 of this resolution, in substantially the form as attached in Exhibit A.

Registered Owner means the person in whose name a Bond is registered on the Bond Register. The initial Registered Owner shall be Key Government Finance, Inc.

Tender Date means December 1, 2031.

Treasurer means the Treasurer of Kitsap County, as *ex officio* Treasurer of the District, or any successor to the functions of such Treasurer.

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 limited 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 Bond and Bond Details.

(a) *Authorization.* The District shall now issue and sell its Limited Tax General Obligation Bond in the principal amount of \$4,240,000 for the purpose of providing the funds to pay the costs of:

- facilities remodels and upgrades;
- acquisition, construction, and equipping of a new fire station; and
- such other facilities or equipment of the District as the Board of Fire Commissioners shall determine,

Commissioners shall determine,

(collectively, the “Projects”), and to pay the costs of issuance of the Bond.

(b) *Designation and Repayment Terms.*

(1) Designation and Initial Terms. The Bond shall be designated as “Kitsap County Fire Protection District No. 18, Kitsap County, Washington, Limited Tax General Obligation Bond, 2022” (the “Bond”), shall be dated as of the Date of Issue; shall be fully registered as to both principal and interest; shall be numbered R-1 or separately in such manner and with any additional or alternate designation as the Bond Registrar deems necessary for purposes of identification; shall be issued as a single Bond.

The Bond shall be issued in the form of an installment bond in the principal amount of \$4,240,000. The Bond shall bear interest on outstanding and unpaid principal from the Date of Issue at the Interest Rate, unless an Event of Default shall occur. If an Event of Default occurs, and while it is continuing, interest on the Bond will be recalculated using the Default Interest Rate, and a new amortization schedule shall be delivered promptly to the District, the Bond Registrar, and the Treasurer reflecting the change in Interest Rate. Principal of the Bond shall be repayable annually commencing December 1, 2023, and on each following December 1 thereafter until

December 1, 2041 (the "Final Maturity Date"). Interest shall be payable semiannually, commencing December 1, 2022, and on each following June 1 and December 1 thereafter until the Final Maturity Date. Principal and interest shall be payable in accordance with an amortization schedule to be attached to the Bond as Exhibit A. The Designated Representative is authorized to approve the amortization schedule for the Bond.

Interest on the Bond shall be calculated on the basis of a year of twelve months and 30 days per month.

(2) Reamortization. If the Lender elects to retain the Bond following the Tender Date, the outstanding principal balance of the Bond as of the Tender Date shall be reamortized for the remaining term of the Bond at the agreed upon Interest Rate, if different from the initial Interest Rate, in amounts as may be agreed to by the Lender and the District in writing.

Section 3. Registration and Payments.

(a) *Bond Registrar/Bond Register*. The District hereby requests that the Treasurer adopt the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington as bond registrar, authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bond (the "Bond Register"), which shall be open to inspection by the District. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of such Bond and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bond.

(b) *Registered Ownership.* The District and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner for all purposes, and neither the District nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 2 hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 2 shall be valid and shall satisfy the liability of the District upon the Bond to the extent of the amount or amounts so paid.

(c) *Transfer or Exchange of Registered Ownership.* The Bond is not transferable, except in whole to a bank, a wholly owned direct or indirect subsidiary of a bank or a bank holding company, or other financial institution.

(d) *Registration Covenant.* The District covenants that, until the Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code.

(e) *Place and Medium of Payment.* Principal of the Bond shall be payable in lawful money of the United States of America. Payment of principal shall be made on presentation and surrender of the Bond by the Registered Owner to the Bond Registrar for cancellation.

Section 4. Prepayment of the Bond.

(a) *District's Option.* The District reserves the right to prepay principal of the Bond in advance of the scheduled payments, with 10 business days' prior notice to the Lender, the Fiscal Agent and the Treasurer, in whole, at any time. Notwithstanding the foregoing, in any calendar year, the District may make, without prepayment premium, one or more principal prepayments which in the aggregate do not exceed 12% of the outstanding principal loan balance owed as of the Date of Issue or December 2 of such calendar year, whichever occurs later (the "Annual Prepayment Allowance"). The Lender's acceptance of a partial prepayment shall not relieve the

District's obligation to make any future scheduled payments due under the Bond. Any partial prepayment shall be first applied to outstanding accrued interest with the balance applied to reduce principal, to be applied against principal installments in inverse order of their respective due dates. At the request of the District, Lender shall provide the District a revised amortization schedule following an optional prepayment.

(b) *Lender's Option.* The Bond is subject to mandatory tender for purchase, in whole, by the Lender to the District on the Tender Date, at a purchase price equal to the then outstanding principal amount of the Bond plus accrued interest through the Tender Date, unless the Lender waives such mandatory tender in a writing delivered to the District at least 120 days prior to the Tender Date and setting forth the terms and conditions (including the Interest Rate) on which the Lender is willing to waive the mandatory tender. The District may request that the Lender waive the mandatory tender of the Bond in a written request to Lender at least 150 days prior to the Tender Date (the "Waiver Request"). Failure of District to deliver such Waiver Request or failure of the Lender to respond in writing to such Waiver Request within 30 days following delivery thereof shall be deemed the Lender's decision to not exercise such waiver. No writing or other communication by the Lender to the District shall be deemed a waiver of the mandatory tender unless such writing or communication expressly so states. If the Lender does not exercise such waiver rights, and if the Bond is not purchased in full on the Tender Date, the Bond shall begin on the Tender Date to accrue interest at the Default Rate. If the Lender waives the mandatory tender of the Bond on the Tender Date, the Bond shall bear interest effective as of the Tender Date at an Interest Rate approved in writing by the Lender and the District. The effectiveness of any waiver of the mandatory tender of the Bond shall be conditioned on delivery of an opinion of bond counsel as to the tax-exemption of interest on the Bond following the Tender Date.

Section 5. Form of Bond.

UNITED STATES OF AMERICA

NO. R-1

\$4,240,000

STATE OF WASHINGTON
KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18, KITSAP COUNTY
LIMITED TAX GENERAL OBLIGATION BOND, 2022

INTEREST RATE: 3.311%, subject to adjustment described below

MATURITY DATE: DECEMBER 1, 2041 (subject to mandatory tender for purchase on
December 1, 2031)

REGISTERED OWNER: KEY GOVERNMENT FINANCE, INC.
1000 SOUTH MCCASLIN BLVD.
SUPERIOR, CO 80027

TAX ID NUMBER: 20-0259892

PRINCIPAL AMOUNT: FOUR MILLION TWO HUNDRED FORTY THOUSAND AND
NO/100 DOLLARS

THE KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18, KITSAP COUNTY, WASHINGTON (the "District"), 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 Interest Rate set forth above. Principal and interest shall be repaid in installments on the dates and in the amounts and as provided in the amortization schedule set forth in Exhibit A attached hereto. Interest shall be payable semiannually, commencing on December 1, 2022, and on each following June 1 and December 1 thereafter, with final payment of all outstanding and unpaid principal and interest due at the Maturity Date identified above, and shall be calculated on the basis of a year of 360 days and 30 days per month.

If an Event of Default, as hereinafter defined, occurs, and while it is continuing, interest on this bond will be recalculated by adding 300 basis points (3.00%) to the Interest Rate above, and a new amortization schedule shall be delivered promptly to the District and the hereinafter defined Bond Registrar. An "Event of Default" shall mean the declaration by the Registered Owner of an event of default as a result of a determination by the Registered Owner that there has been: (i) a failure to pay principal or interest on this bond (including the purchase price of this bond payable on the Tender Date) when due, as provided in the Bond Resolution (as hereinafter defined) and herein; or (ii) a failure by the District to comply with any of its obligations, or to perform any of its duties, under the Bond Resolution or this bond (other than as described in clause (i) above), which failure continues, and is not cured, for a period of more than ninety (90) days after the Registered Owner has made written demand on the District to cure such failure; or (iii) a material

misrepresentation to the Registered Owner by the District in the Bond Resolution or the entering into of this bond, as reasonably concluded by the Registered Owner, after investigation and discussions with the District. If an Event of Taxability (as that term is defined in the Bond Resolution) occurs, this bond shall bear interest at the Taxable Rate (as that term is defined in the Bond Resolution).

Both principal of and interest on this bond are payable in lawful money of the United States of America. Initially, the Kitsap County Treasurer, as *ex officio* treasurer of the District (the "Treasurer") has specified and adopted the registration system for the bond specified by the State Finance Committee, and the fiscal agent of the State will act as registrar, paying agent and authenticating agent (the "Bond Registrar"). The final payment of principal of and interest on this bond shall be made on presentation and surrender of this bond by the Registered Owner to the Bond Registrar for cancellation.

This bond is issued pursuant to Resolution No. 22-06 the ("Bond Resolution") adopted by the Board of Fire Commissioners on June 22, 2022, to provide funds to pay the costs of capital improvements projects to include apparatus acquisition, facilities remodels and upgrades, and the acquisition, construction, and equipping of a new fire station, and to pay costs of issuance of the Bond, as authorized by the Bond Resolution. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution. The terms of the Bond Resolution are incorporated herein by reference.

This bond is not transferable, except in whole to a financial institution, as described in the Bond Resolution.

This bond is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). This bond has been designated by the District as a qualified tax-exempt obligation under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The District reserves the right to prepay principal of this bond in advance of the scheduled payments, in whole, with at least 10 business days' prior notice to the Lender, the Fiscal Agent and the Treasurer, with no prepayment penalty; provided, however, the District may prepay an Annual Prepayment Allowance pursuant to the Bond Resolution. Any prepayment in part shall not result in a reamortization of principal. This bond shall be subject to mandatory tender for purchase to the District on the Tender Date (as that term is defined in the Bond Resolution) under the terms of the Bond Resolution.

To pay installments of principal of and interest on this bond as the same shall become due, the District hereby irrevocably covenants that it will deposit funds in the District's Bond Fund in amounts sufficient to pay such principal and interest. The full faith, credit and taxing power of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

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 Board of Fire Commissioners, 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 District may incur.

IN WITNESS WHEREOF, the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of the Board of Fire Commissioners as of the 7th day of July, 2022.

KITSAP COUNTY FIRE PROTECTION
DISTRICT NO. 18, KITSAP COUNTY,
WASHINGTON

By _____ /s/ _____
Chair, Board of Fire Commissioners

ATTEST:

_____/s/_____
Secretary of the Board

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

CERTIFICATE OF AUTHENTICATION

This is the Limited Tax General Obligation Bond, 2022, of the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, dated July 7, 2022, as described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____
Authorized Signer

EXHIBIT A
BOND AMORTIZATION SCHEDULE

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Payment</u>
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Section 6. Execution of Bond. The Bond shall be executed on behalf of the District with the manual or facsimile signature of the Chair of the Board of Fire Commissioners, and shall be attested by the manual or facsimile signature of the Secretary thereof.

The Bond shall be valid only if the Certificate of Authentication in the form hereinbefore recited has been manually executed by or on behalf of the Bond Registrar. Such Certificate of Authentication shall be conclusive evidence that the Bond as authenticated have been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

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

Section 7. Bond Fund and Provision for Tax Levy Payments. Pursuant to RCW 52.16.020, a general obligation bond fund is maintained in the office of the Treasurer (the "Bond Fund") for the purpose of paying the principal of and interest on general obligation bonds of the District.

To pay principal of and interest on the Bond as the same shall become due, the District hereby irrevocably covenants that it will deposit money in the Bond Fund in amounts sufficient to pay the principal of and interest on the Bond. The District hereby further irrevocably covenants that, unless the principal of and interest on the Bond are paid from other sources, it will make annual levies of taxes upon all of the property within the District subject to taxation within and as a part of the tax levy permitted to the District 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 taxing power of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

Section 8. Application of Bond Proceeds. The proceeds of sale of the Bond, along with other Project funding sources, shall be deposited in the fund of the District designated by the District by request to the Treasurer and shall be expended to pay the costs of the Projects and the costs of issuing and selling the Bond, as authorized herein.

Section 9. Sale of Bond. The Board of Fire Commissioners hereby approves the Proposal Letter, which Proposal Letter is hereby attached as Exhibit A. The Designated Representative is hereby authorized to execute the final form of the Proposal Letter. The proper District officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Lender and for the proper application and use of the proceeds of sale thereof.

Section 10. Tax Covenants. The District hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the District that may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code that will cause the Bond to be an "arbitrage bond" within the meaning of said section and said regulations. The District will comply

with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable Regulations thereunder throughout the term of the Bond.

The District further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute as a "private activity bond" under Section 141 of the Code.

The Bond is hereby designated as a qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions. The District does not anticipate issuing more than \$10,000,000 in qualified tax-exempt obligations during 2022 (excluding obligations permitted by the Code to be excluded for purposes of the District's qualification as a qualified small issuer).

Section 11. Undertaking to Provide Ongoing Disclosure. The Bond is not subject to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, and the District makes no undertaking regarding ongoing disclosure with respect to the Bond, except as provided in this Section 11.

The District will provide to the Lender, for as long as the Bond is outstanding and held by the Lender, its audited annual financial statements as soon as received from the State of Washington and other financial reports as the Lender may reasonably request from time to time; provided, however, that the District will provide to the Lender its unaudited financial statements within 270 days of its fiscal year end for any fiscal year while the Bond is outstanding if its audited financial statements are not otherwise available by such date.

Section 12. Transfers: Lost, Stolen or Destroyed Bond.

Upon presentation of the Bond transferred in compliance with Section 3(c), duly endorsed for transfer, the Bond Registrar shall execute and deliver a new Bond of like date, number and tenor to the Lender's assignee.

In case the Bond shall be lost, stolen or destroyed, the Bond Registrar shall execute and deliver a new Bond of like date, number and tenor to the Lender thereof upon the Lender's paying the expenses and charges of the District and the Bond Registrar in connection therewith and upon its filing with the District evidence satisfactory to the District and the Bond Registrar that such Bond was actually lost, stolen or destroyed and of its ownership thereof, and upon furnishing the District and Bond Registrar with indemnity satisfactory to the District.

Section 13. Notice Addresses.

(a) The notice address of the Lender is:

Key Government Finance, Inc.
1000 South McCaslin Blvd.
Superior, CO 80027
Attention: Municipal Operations Manager

(b) The notice address of the District is:

Kitsap County Fire Protection District No. 18
911 NE Liberty Road
Poulsbo, WA 98370
Attention: Fire Chief

(c) The notice address of the Treasurer for the District is:

Kitsap County Treasurer
614 Division Street MS-32
Port Orchard, WA 98366
Attention: Treasurer

(d) The notice address of the Bond Registrar is:

U.S. Bank Trust Company, National Association
1420 Fifth Avenue, 7th Floor
PD-WA-T7CT
Seattle, WA 98101
Attention: Global Corporate Trust

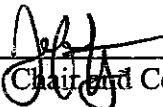
Section 14. Resolution and Laws a Contract with the Lender. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the loan made by the Lender, evidenced by the Bond, the provisions of this resolution and of said laws shall constitute a contract with the Lender, and the obligations of the District and its Board 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 Bond set forth shall be for the equal benefit of the Lender and any permitted transferee or assignee.


Section 15. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District 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 in this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.

Section 16. Effective Date. This resolution shall become effective immediately upon its adoption.


ADOPTED AND APPROVED at a regular meeting of the Board of Fire Commissioners of the Kitsap County Fire Protection District No. 18, Kitsap County, Washington, held this 22nd day of June, 2022.

KITSAP COUNTY FIRE PROTECTION DISTRICT NO. 18, KITSAP COUNTY, WASHINGTON

By  _____
Chair and Commissioner

By  _____
Commissioner

By  _____
Commissioner

By  _____
Commissioner

By  _____
Commissioner

 _____
Secretary of the Board

EXHIBIT A

Proposal Letter



**Kitsap County Fire Protection District No. 18, Washington
Limited Tax General Obligation Bond, 2022
Summary of Terms and Conditions
June 1, 2022**

This Financing proposal is provided for discussion purposes only and does not represent a commitment from Key Government Finance, Inc. ("KGF"). This proposal and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower's officers, directors, employees and advisors charged with reviewing and/or implementing the transactions contemplated hereby) without KGF's consent. This proposal is intended as an outline of certain material terms of the Facility and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the Facility contemplated hereby.

Key Government Finance, Inc. ("Lender") is pleased to provide the following term sheet for a direct purchase financing structure to the Kitsap County Fire Protection District No. 18, Washington.

Lender: Key Government Finance, Inc. ("KGF").

Borrower/Issuer: Kitsap County Fire Protection District No. 18, Washington (the "District").

Issue: Limited Tax General Obligation Bond, 2022 (the "Bond").

Facility: Tax-Exempt Bank Qualified Direct Purchase of the Issue by the Lender.

Amount: \$4,250,000. All proceeds of the Facility will be disbursed at closing.

Use of Proceeds: Proceeds of the Bond will be used for capital improvement projects to include apparatus acquisition, facilities remodels and upgrades, and the acquisition, construction, and equipping of a new fire station, and paying costs of issuance.

Facility Terms: The anticipated closing date for this Facility is July 7, 2022 ("Anticipated Closing Date"). The final maturity date for this Facility is December 1, 2041 ("Final Maturity"). KGF will purchase the Facility for an initial period of one hundred twelve (112) months from the initial funding date ("Initial Tender Date"). The Facility will be subject to mandatory tender for purchase on the Initial Tender Date and each subsequent tender date. The Lender, in its sole discretion, may elect to waive the mandatory tender on the Initial Tender Date and continue to hold the Facility to maturity at an interest rate indexed per agreement between the parties. If the parties do not enter into such a written agreement prior to the Initial Tender Date, the Facility will be tendered by the Lender and the Borrower shall have the obligation to purchase the Facility on the Initial Tender Date, at a purchase price equal to the outstanding principal amount plus accrued but unpaid interest.

Repayment: Annual principal payments commencing December 1, 2023 through Final Maturity. Semi-annual interest payments commencing December 1, 2022 through Final Maturity. Any amortization that increases the average life of the financing for the option below may result in an adjustment to the interest rate provided.

Interest Rate: 3.311%

The interest rate needs to be accepted by the Borrower no later than June 8, 2022 and would be valid for closing on or before the Anticipated Closing Date.

Interest Day Count: 30/360

Costs of Issuance: Borrower will be responsible for costs related to this financing including but not limited to Bond and Borrower's Counsel fees. Lender plans to use Davis Wright Tremaine LLP as outside legal counsel (Lender to pay their fee). Attorney contact information is provided below:

George Mardikes
1300 SW Fifth Avenue, Suite 2400
Portland, OR 97201
Tel: (503) 778-5323
Mobile: (503) 887-3514
Fax: (503) 276-5830
Email: georgemardikes@dwt.com
Website: www.dwt.com

Prepayment: The Facility may be prepaid in whole, but not in part, anytime at par plus accrued interest. Partial prepayment may be available upon request.

Security: The Bond is a limited tax general obligation bond of the District. The District will covenant and agree irrevocably in the Bond Resolution that it will levy taxes annually, within the constitutional and statutory limitations provided by law without the assent of the voters, on all taxable property within the District, in amounts sufficient, together with other money lawfully available and provided therefor, to pay when due the principal of and interest on the Bond. The District will irrevocably pledge that such tax will be within and as a part of the tax levy permitted to fire districts without a vote of the people. The full faith, credit and resources of the District will be pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The Bond will not constitute an indebtedness of Kitsap County, the State of Washington or any political subdivision thereof other than the District.

Financial Reporting: Borrower shall provide to the Lender or post on EMMA:

1. Annual audited financial statements including operating statistics within 270 days of Borrower's fiscal year end.
2. Other financial reports as Lender may reasonably request.

Default Rate: 3% above the current interest rate for any outstanding payments in default (the "Default Rate"), upon the occurrence of a default that is not cured within 90 days, the Default Rate shall apply to all outstanding principal, until the default has been cured.

Documents: All documents shall be attorney prepared and in form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature. Documentation must include the following: "No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Facility shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation". Bond counsel will provide a Validity Opinion regarding the legality, validity, and enforceability of the

	Facility and a Tax Opinion regarding the tax-exempt nature of the interest earnings on the financing.
Event of Taxability & Gross-Up:	In the Event of Taxability based on the action or inaction of the Borrower or any misrepresentation or warranty by the Borrower, the tax-exempt interest rate on the Facility would convert to the taxable interest rate of 4.191%
Credit Approval:	The Facility has been credit approved.
Conditions Precedent to Closing:	Borrower's obligation will be subject to such terms and conditions that Lender may require with respect to this transaction, or as are customarily required with respect to similar credits and as set forth in the Facility documents. Without limitation, such terms and conditions shall include: <ol style="list-style-type: none"> 1. Absence of Default. 2. Accuracy of Representations and Warranties. 3. Negotiation and Execution of satisfactory closing documents. 4. Absence of material adverse change in financial condition of Borrower during the period from the date hereof to the Closing Date.
Firm Experience:	The Lender is a subsidiary of KeyBank, N.A. KGF's portfolio consists of over \$5.2 billion of tax-exempt leases, loans, and bonds for municipalities, not-for-profits, and manufacturers across the United States.
Other:	The Lender will make a loan by purchasing the Facility under the following additional conditions: (i) the Facility is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the Facility as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Facility; (iv) no final official Statement has been prepared in connection with the private placement of the Facility; (v) the Facility will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Facility will not be listed on any stock or other securities exchange.
Paying Agent:	While Lender can provide billing and servicing, Lender is not able to act as a Paying Agent.

Proposal Acceptance/Expiration

This proposal is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this proposal. This proposal is subject to our formal approval and the execution of documentation acceptable to each of us. **IT IS NOT A COMMITMENT BY US TO ENGAGE IN THIS TRANSACTION.**

"(a) Key Government Finance ("KGF") is not recommending an action to you as the municipal entity or obligated person; (b) KGF is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (c) KGF is acting for its own interests; and (d) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material."

Key Government Finance, Inc. (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Key Government Finance, Inc., is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Lender notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, as amended and supplemented) (the "Patriot Act"), that Lender is required to obtain, verify and record all information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with the Patriot Act.

Lender acknowledges that, in connection with Borrower's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by Borrower pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), Borrower may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of its incurrence of its obligations under this Facility and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Facility, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). Borrower shall not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding Lender or any Escrow Agent: physical or mailing addresses, account information, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. Borrower acknowledges and agrees that Lender is not responsible in connection with any EMMA Notice relating to this Facility for Borrower's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule, any Continuing Disclosure Agreement or any applicable securities laws, including but not limited to those relating to the Rule.

If the outlined foregoing proposal is satisfactory, reflects an arrangement that suits the need of your organization and you would like Key to commence its due diligence process, please sign and return this proposal. The terms described in this proposal will expire in ten (10) business days if we have not received an authorized signed copy on or before such date.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, please call me at 720-904-4262.

Sincerely,

Danny Bild

Danny Bild
Vice President -- Program Management
Key Government Finance, Inc.
1000 S. McCaslin Blvd.
Superior, CO 80027
Daniel.Bild@Key.Com

APPROVED THIS ___ DAY OF _____, 2022

Kitsap County Fire Protection District No. 18, Washington

By: _____

Print Name: _____

Title: _____

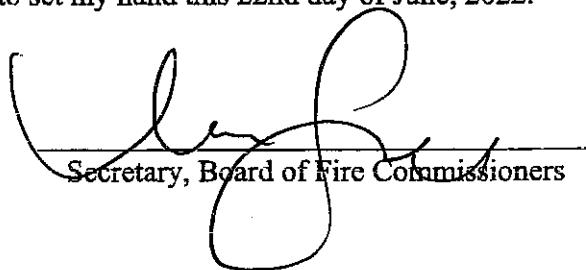
CERTIFICATE

I, the undersigned, Secretary of the Board of Fire Commissioners of Kitsap County Fire Protection District No. 18, Kitsap County, Washington (the "District") and keeper of the records of the Board of Fire Commissioners (the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 22-06 of the Board of Fire Commissioners (the "Resolution"), duly adopted at a regular meeting thereof held on the 22nd day of June, 2022;

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 Board 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 22nd day of June, 2022.


Secretary, Board of Fire Commissioners