

FIRE PROTECTION DISTRICT NO. 5

ISLAND COUNTY, WASHINGTON

RESOLUTION NO. 89 E.3

A RESOLUTION of the Board of Fire Commissioners of Fire Protection District No. 5, Island County, Washington, relating to contracting indebtedness; providing for the issuance, specifying the maturities, interest rates, terms and covenants and fixing the form of \$250,000 par value Limited Tax General Obligation Bonds, 1989, of the District to provide funds with which to pay all or part of the cost of constructing a training and administration facility, acquiring property and new apparatus, replacing equipment and carrying out other District purposes, and providing for the sale and delivery of the bonds to Harper, McLean & Company of Seattle, Washington.

WHEREAS the Board of Commissioners of Fire Protection District No. 5, Island County, Washington (the "District"), is in need of constructing a training and administrative facility, acquiring property and new apparatus, replacing other equipment and carrying out other District purposes, the estimated cost of which is \$250,000, and the District does not have available sufficient funds to pay that cost; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF FIRE COMMISSIONERS OF FIRE PROTECTION DISTRICT NO. 5, ISLAND COUNTY, WASHINGTON, as follows:

Section 1. Authorization and Description of Bonds. For the purpose of paying all or part of the cost of constructing a new training and administrative facility, acquiring property and new apparatus, replacing other equipment and carrying out other District purposes (the "Project"), and paying the costs of issuance and sale of the bonds herein authorized (the "costs of

issuance'), the District shall issue its Limited Tax General Obligation Bonds, 1989 (the "Bonds"), in the aggregate principal amount of \$250,000. The Bonds shall be dated November 1, 1989; shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for purposes of identification; shall bear interest at the rates set forth below (computed on the basis of a 360-day year of twelve 30-day months), payable on November 1, 1990, and semiannually thereafter on each succeeding May 1 and November 1; and shall bear interest at the rates and mature on November 1 in years and amounts as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1990	35,000	6.20%
1991	35,000	6.35
1992	40,000	6.50
1993	45,000	6.60
1994	45,000	6.70
1995	50,000	6.80

The life of the capital facilities to be acquired with the proceeds of the Bonds exceeds six years.

Section 2. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of each Bond and

the principal amount and number of each of the Bonds held by each owner.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Section 3. Payment of Bonds. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date. Principal of the Bonds shall be payable on presentation and surrender of the Bonds by the registered owners at either of the principal offices of the Bond Registrar at the option of the owners.

Section 4. Optional Redemption and Open Market Purchase of Bonds. The Bonds shall be issued without the right or option of the District to redeem the Bonds prior to their stated maturity dates.

The District reserves the right and option to purchase any or all of the Bonds in the open market at any time at a price not in excess of par plus accrued interest to the date of purchase.

All Bonds purchased under this section shall be cancelled.

Section 5. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity date, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund of the District and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Section 6. Pledge of Taxes. For as long as any of the Bonds are outstanding, the District irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the District on all of the taxable property within the District, except those lands within the District which now are paying or hereafter are required to pay only forest protection assessments, in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the District

thereafter on each succeeding May 1 and November 1 to the maturity of this bond. If this bond is not redeemed when properly presented at its maturity date, then interest shall continue to accrue at the Interest Rate identified above until this bond, both principal and interest, is paid in full or until sufficient money for its payment in full has been deposited in the Bond Fund and this bond has been called for payment.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal is payable only to the Registered Owner on presentation and surrender of this bond at the principal office of either of the fiscal agencies of the State of Washington in Seattle, Washington, or New York, New York (collectively, the "Bond Registrar"). Payment of each installment of interest shall be made to the Registered Owner whose name appears on the registration books of the District maintained by the Bond Registrar (the "Bond Register") at the close of business on the 15th day of the month preceding the interest payment date and shall be paid by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register.

Reference is made to the additional provisions of this bond set forth on the reverse side hereof and in Resolution No. _____ of the District (the "Bond Resolution"), and those additional provisions shall have the same effect for all purposes as if set forth on the front side hereof.

For as long as any of the bonds of this issue are outstanding, the District irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the District on all of the taxable property within the District, except those lands within the District which now are paying or hereafter are required to pay only forest protection assessments, in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the bonds of this issue, and the full faith, credit and resources of the District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

The District in the Bond Resolution has designated this bond and the bonds of this issue as qualified tax-exempt obligations for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon has been signed by the Bond Registrar.

The principal of and interest on this bond shall be paid only to the Registered Owner as of the record date set forth above and to no other person or entity, and this bond may not be assigned except on the Bond Register.

It is certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened and have been performed as required by law, and that the total indebtedness of the District, including this bond issue, does not exceed any constitutional or statutory limitations.

IN WITNESS WHEREOF, the District has caused this bond to be executed on behalf of the District by the facsimile signatures of the Chairman and Secretary of the Board of Fire Commissioners of the District and a facsimile reproduction of the seal of the District to be printed hereon, this first day of November, 1989.

FIRE PROTECTION DISTRICT NO. 5,
ISLAND COUNTY, WASHINGTON

By (facsimile signature)
Chairman of the Board of
Fire Commissioners

By (facsimile signature)
Secretary of the Board of
Fire Commissioners

Date of Authentication: _____

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered Fire Protection District No. 5, Island County, Washington, Limited Tax General Obligation Bonds, 1989, described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____
Authorized Officer

ADDITIONAL PROVISIONS

This bond is one of an authorized issue of bonds designated Limited Tax General Obligation Bonds, 1989 (the "Bonds"), aggregating \$250,000 in principal amount, maturing annually in the years 1990 through 1995, inclusive, of like date, tenor and effect, except as to maturity dates, interest rates, denominations and numbers issued by the District for the purpose of paying all or part of the cost of constructing a training and administrative facility, acquiring property and new apparatus, replacing equipment and carrying out other District purposes, as provided in the Bond Resolution. The Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof within a single maturity.

The Bonds are issued without the right or option of the District to redeem the Bonds prior to their stated maturity dates.

The District reserves the right and option to purchase any or all of the Bonds in the open market at any time at a price not in excess of par plus accrued interest to the date of such purchase.

Reference is made to the Bond Resolution for other covenants and declarations of the District and other terms and conditions upon which this Bond has been issued, which terms and conditions, including, but not limited to, terms pertaining to defeasance, are made a part hereof by this reference. The

District irrevocably and unconditionally covenants that it will keep and perform all of the covenants of this Bond and of the Bond Resolution.

In the manner and subject to the limitations set forth in the Bond Resolution, this Bond may be transferred by the Registered Owner or by that Owner's authorized agent at the Bond Registrar on completion of the assignment form appearing hereon and surrender and cancellation of this Bond. Upon such transfer, a new Bond (or Bonds at the option of the new Registered Owner) of an equal aggregate principal amount and of the same interest rate and maturity in any authorized denomination will be issued to the new Registered Owner, without charge, in exchange therefor. This Bond and other Bonds may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same interest rate and maturity in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the fifteen days preceding any principal payment or redemption date.

The District and the Bond Registrar may deem and treat the Registered Owner of this Bond as its absolute owner for the purpose of receiving payment of principal and interest and for all other purposes, and neither the District nor the Bond Registrar shall be affected by any notice to the contrary other than proper notice of assignment. As used herein, Registered Owner means the person or entity named as Registered Owner of this Bond on the front hereof and on the Bond Register.

[Legal Opinion]

ASSIGNMENT

For value received, the undersigned Registered Owner does sell, assign and transfer unto:

(name, address and social security or other identifying number of assignee)

the within-mentioned Bond and irrevocably constitutes and appoints _____ to transfer the same on the Bond Register with full power of substitution in the premises.

DATED: _____ .

Registered Owner

(NOTE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.)

Signature Guaranteed:

(NOTE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.)

The Bonds shall be signed in the corporate name of the District by the Chairman and Secretary of the Board of Fire Commissioners, either or both of whose signatures may be manual or in facsimile, and the seal of the District or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the form hereinbefore recited, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the District authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the District, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 8. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the District.

The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this resolution and District Resolution No. 85-04 establishing a system of registration for the District's bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 9. Preservation of Tax Exemption for Interest on Bonds. The District covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the District treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The District certifies that it has

not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 10. Small Governmental Issuer Arbitrage Rebate Exemption and Designation of Bonds as "Qualified Tax-Exempt Obligations." The District finds and declares that (a) it is a duly organized and existing governmental unit of the State of Washington and has general taxing power; (b) no Bond which is part of this issue of Bonds is a "private activity bond" within the meaning of Section 141 of the United States Internal Revenue Code of 1986, as amended (the "Code"); (c) at least 95% of the net proceeds of the Bonds will be used for local governmental activities of the District (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the District); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the District and all entities subordinate to the District (including any entity which the District controls, which derives its authority to issue tax-exempt obligations from the District or which issues tax-exempt obligations on behalf of the District) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000; and (e) the amount of tax-exempt obligations, including the Bonds, designated by the District as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in

which the Bonds are issued does not exceed \$10,000,000. The District therefore certifies that the Bonds are eligible for the arbitrage rebate exemption under Section 148(f)(4)(C) of the Code and designates the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 11. Bonds Negotiable. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 12. Advance Refunding or Defeasance of the Bonds. The District may issue advance refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or "government obligations" (as defined in Chapter 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund irrevocably pledged to that redemption and retirement of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of

this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The defeased Bonds shall be deemed no longer outstanding, and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 13. Bond Fund. The Treasurer of Island County, Washington, ex officio treasurer of the District (the "Treasurer"), is authorized and directed to deposit in the General Obligation Bond Redemption Fund (the "Bond Fund") previously created and established in the office of the Treasurer the accrued interest received from the Bond purchaser and to deposit in the Expense Fund of the District the principal proceeds received from the Bond purchaser to be used for the purposes specified in Section 1 of this resolution. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

Section 14. Approval of Bond Purchase Contract. Harper, McLean & Company of Seattle, Washington, presented a purchase contract dated October 11, 1989 (the "Purchase Contract") to the District offering to purchase the Bonds under the terms and conditions provided in the Purchase Contract, which written Purchase Contract is on file with the Secretary of the Board of

Fire Commissioners and is incorporated herein by this reference. The Board of Fire Commissioners finds that entering into the Purchase Contract is in the District's best interest and therefore accepts the offer contained therein and authorizes its execution by District officials.

The Bonds will be printed at District expense and will be delivered to the purchaser in accordance with the Purchase Contract, with the approving legal opinion of Foster Pepper & Shefelman, municipal bond counsel of Seattle, Washington, regarding the Bonds printed on each Bond. Bond counsel shall not be required to review and shall express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Bonds, and bond counsel's opinion shall so state.

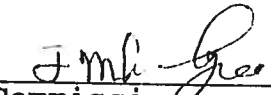
The proper District officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser and for the proper application and use of the proceeds of the sale thereof.


Section 15. Temporary Bond. Pending the printing, execution and delivery to the purchaser of definitive Bonds, the District may cause to be executed and delivered to the purchaser a single temporary Bond in the total principal amount of the Bonds. The temporary Bond shall bear the same date of issuance, interest rates, principal payment dates and terms and covenants

as the definitive Bonds, shall be issued as a fully registered Bond in the name of the purchaser, and otherwise shall be in a form acceptable to the purchaser. The temporary Bond shall be exchanged for definitive Bonds as soon as they are printed, executed and available for delivery.


ADOPTED by the Board of Fire Commissioners of Fire Protection District No. 5, Island County, Washington, at a regular open public meeting thereof this 11th day of October, 1989.


Chairman and Commissioner


Commissioner


Commissioner

ATTEST:


Secretary of the Board of
Fire Commissioners

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