

**CENTRAL WHIDBEY ISLAND FIRE AND RESCUE
(ISLAND COUNTY FIRE PROTECTION DISTRICT NO. 5)
ISLAND COUNTY, WASHINGTON**

LIMITED TAX GENERAL OBLIGATION BONDS, 1997

RESOLUTION NO. 97-02

A RESOLUTION of the Board of Commissioners of Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, providing for the issuance and sale of limited tax general obligation bonds of the district in the aggregate principal amount of \$1,200,000, for the purpose of providing funds to acquire, construct and equip a new fire station and training facility and to remodel existing fire stations; providing the date, form, and repayment terms of said bonds, and approving the sale of such bonds.

APPROVED ON JUNE 24, 1997

PREPARED BY:

PRESTON GATES & ELLIS LLP

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Table of Contents*

	Page
Section 1. Definitions	1
Section 2. Authorization of Project	3
Section 3. Authorization of Bond.....	3
Section 4. Registration, Exchange and Payments.....	4
Section 5. Redemption Prior to Maturity	8
Section 6. Form of Bond	12
Section 7. Execution of Bond	16
Section 8. Lost, Stolen or Destroyed Bonds.....	17
Section 9. Application of Bond Proceeds	17
Section 10. Pledge of Funds and Credit	17
Section 11. Tax Covenants and Designation	17
Section 12. Sale of the Bonds and Approval of Preliminary Official Statement	18
Section 13. Temporary Bonds	19
Section 14. Undertaking to Provide Ongoing Disclosure.....	19
Section 15. Severability	22
Section 16. Effective Date	22

* This table of contents is not a part of this resolution; it is included for convenience of the reader only.

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A RESOLUTION of the Board of Commissioners of Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, providing for the issuance and sale of limited tax general obligation bonds of the district in the aggregate principal amount of \$1,200,000, for the purpose of providing funds to acquire, construct and equip a new fire station and training facility and to remodel existing fire stations; providing the date, form, and repayment terms of said bonds; and approving the sale of such bonds.

WHEREAS, the Board of Commissioners (the "Board") of Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington (the "District"), has determined that it is necessary for the public welfare, health and benefit and in the best interest of the citizens of the District to acquire, construct and equip a new fire station and training facility and to remodel two existing fire stations (the "Project"); and

WHEREAS, the Board has also determined that it is necessary and desirable for the District to issue its limited tax general obligation bonds in the aggregate principal amount of \$1,200,000 to pay part or all of the costs of the Project and the costs of issuance of such bonds; and

WHEREAS, the Board has received the offer of Piper Jaffray Inc., Seattle, Washington (the "Underwriter"), to purchase such limited tax general obligation bonds on the terms specified herein and in such offer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF CENTRAL WHIDBEY ISLAND FIRE AND RESCUE (ISLAND COUNTY FIRE PROTECTION DISTRICT NO. 5), ISLAND COUNTY, WASHINGTON, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

"Board" means the duly constituted Board of Commissioners as the general legislative authority of the District.

"Bonds" means the Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, Limited Tax General Obligation Bonds, 1997, in the principal amount of \$1,200,000, issued pursuant to this resolution.

"Bond Fund" means the general obligation bond fund of the District maintained in the office of the Treasurer, pursuant to RCW 52.16.020.

"Bond Register" means the registration books for the Bonds, maintained by the Bond Registrar, for the purpose of complying with the requirements of Section 149 of the Internal Revenue Code of 1986, as amended, and listing, *inter alia*, the name and address of the Registered Owners of the Bonds.

"Bond Registrar" means the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds, and paying principal of and interest on the Bonds.

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

"District" means Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 4 hereof, or any successor or substitute depository for the Bonds.

"Government Obligations" means those obligations now or hereafter defined as such in chapter 39.53 RCW; provided that such obligations are direct obligations of or obligations guaranteed by the United States Government or an agency or instrumentality thereof.

"Letter of Representations" means the blanket issuer letter of representations from the District to DTC.

"MSRB" means the Municipal Securities Rulemaking Board or any successor to its functions.

"NRMSIR" means a nationally recognized municipal securities information repository.

"Project" means the acquisition, construction and equipping of a new fire station and training facility and the remodeling of two of the District's existing fire stations, as set forth in Section 2 hereof.

"Project Fund" means the special fund of the District authorized to be established by this resolution, into which fund the proceeds of the Bonds shall be deposited as provided herein.

"Registered Owner" means the person in whose name ownership of a Bond is identified in the Bond Register.

"Rule" means the SEC's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"SID" means a state information depository for the State of Washington (if one is created).

"Treasurer" means the Treasurer of Island County, Washington, as ex officio treasurer of the District, or any successor to the functions of the Treasurer.

"Underwriter" means Piper Jaffray Inc., Seattle, Washington.

Section 2. Authorization of Project. The Board hereby authorizes the acquisition, construction and equipping of a new fire station and training facility to be located on land owned by the District on Day Road in Greenbank, Washington, and, if sufficient funds are available, the remodeling of the District's existing headquarters station on Race Road in Coupeville and the existing station on Main Street in Coupeville.

Section 3. Authorization of Bonds. The District shall now issue and sell its limited tax general obligation bonds in the aggregate principal amount of \$1,200,000 (the "Bonds") for the purpose of providing funds to pay the costs of the Project and the costs of issuance of the Bonds.

The Bonds shall be designated "Central Whidbey Island Fire and Rescue, Island County, Washington, Limited Tax General Obligation Bonds, 1997," shall be dated as of June 15, 1997, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall represent more than one maturity, shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from their date at the rates set forth below, payable December 1, 1997, and semiannually on the first days of each June and December thereafter, and shall mature on December 1 of the years and in the amounts set forth below:

Maturity Year (December 1)	Principal Amount	Interest Rate
1998	\$ 60,000	4.15%
1999	65,000	4.40
2000	70,000	4.55
2001	70,000	4.65
2002	75,000	4.75
2003	80,000	4.85
2004	80,000	4.95
2005	85,000	5.05
2006	90,000	5.10
2007	100,000	5.10
2008	100,000	5.15
2009	100,000	5.25
2010	110,000	5.35
2011	115,000	5.40

Section 4. Registration, Exchange and Payments.

A. **Registrar/Bond Register.** The District hereby requests the Treasurer to adopt the system of registration approved by the Washington State Finance Committee, pursuant to which the state fiscal agency in New York, New York or Seattle, Washington, shall act as authenticating trustee, transfer agent, paying agent and registrar for the Bonds (collectively, the "Bond Registrar"). So long as the Bonds remains outstanding, the Bond Registrar shall make all

necessary provisions to permit the exchange or registration or transfer of the Bonds at its principal office. The Bond Registrar shall keep, or cause to be kept, at its principal office, sufficient records for the registration and transfer of the Bonds (the "Bond Register"), 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 the Bonds if transferred or exchanged in accordance with the provisions of the Bonds 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 Bonds.

B. Registered Ownership. The District and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof 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 4.H hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 4.H shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid. The District and the Bond Registrar shall be entitled to treat the person in whose name any Bond is registered as the absolute owner thereof for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Bond Registrar or the District.

C. DTC Acceptance/Letter of Representations. The Bonds initially issued shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the District shall execute and deliver to DTC a Blanket Issuer Letter of Representations.

Neither the District nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Bonds,

any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Bond Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

D. Use of Depository.

(i) The Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the District pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the District to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the District may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the District, issue a single new Bond for each maturity then outstanding,

registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request of the District.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the District determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such Bonds in certificated form, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The District shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds in certificated form, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the District to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

E. Transfer or Exchange of Registered Ownership; Change in Denominations. The registered ownership of any Bond may be transferred or exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar

shall not be obligated to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the bonds, after the mailing of notice of the call of such bonds for redemption.

F. Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Bond 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 member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Bonds.

G. Registration Covenant. The District covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

H. Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 5. Redemption Prior to Maturity.

A. Optional Redemption. The District hereby reserves the right, at its option, to redeem the outstanding Bonds maturing on and after December 1, 2007, at any time on and after June 1, 2007, in whole or in part (and if in part, with maturities to be selected by the District and

by lot within a maturity in such manner as the Bond Registrar shall determine), at a price of par plus accrued interest to the date of redemption.

B. Partial Redemption. If the District redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of the Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

C. Notice of Call. Notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption, by first class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register. The requirements of this Section shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether it is actually received by the owner of any Bond. Notice shall also be mailed within the same time period, postage prepaid, to the initial purchaser of the Bonds at its principal office or to its business successors, if any, and to the SID, if any, and to each NRMSIR or to the MSRB, but mailing of the notice shall not be a condition precedent to the call of any Bonds for redemption.

All official notices of redemption shall be dated and shall state:

- (a) the redemption date;
- (b) the redemption price;

(c) if fewer than all outstanding Bonds are to be redeemed the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

(d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

Prior to any redemption date, the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds that have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar as set out below, but no defect in said further notice nor failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus: (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue or maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

D. Effect of Call. Interest on any Bonds so called for redemption shall cease on such redemption date unless the same shall not be redeemed upon presentation made pursuant to such call.

E. Purchase of Bonds for Retirement. The District further reserves the right to purchase any of the Bonds in the open market at any time at prices deemed reasonable by the District.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$ _____

STATE OF WASHINGTON

ISLAND COUNTY

CENTRAL WHIDBEY ISLAND FIRE AND RESCUE
LIMITED TAX GENERAL OBLIGATION BOND, 1997

MATURITY DATE:

CUSIP: _____

INTEREST RATE:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

CENTRAL WHIDBEY ISLAND FIRE AND RESCUE, ISLAND 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 indicated above on the Maturity Date identified above, and to pay interest thereon from June 15, 1997, or the most recent date to which interest has been paid or duly provided for or until payment of this bond, at the Interest Rate set forth above, payable December 1, 1997, and semiannually thereafter on the first days of each June and December.

Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are in fully immobilized form, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Blanket Issuer Letter of Representations from the District to The Depository Trust Company. In the event that the bonds of this issue are no longer in fully immobilized form, interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Bond Registrar").

This bond is issued pursuant to Resolution No. 97-02 of the District (the "Bond Resolution"), to provide financing for the acquisition, construction and equipping of a new fire station and training facility and the remodeling of existing fire stations. Reference is made to the Bond Resolution as more fully describing the covenants with and rights of the Registered Owner of the bond or registered assigns and the meanings of capitalized terms appearing on this bond that are defined in such resolution.

The District has reserved the right, at its option, to redeem the outstanding bonds of this issue maturing on and after December 1, 2007, at any time on and after June 1, 2007, in whole or in part (and if in part, with maturities to be selected by the District and by lot within a maturity in such manner as the Bond Registrar shall determine), at a price of par plus accrued interest to the date of redemption.

Notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of any bond to be redeemed at the address appearing on the bond register. The requirements of the Bond Resolution shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owner of any bond. Interest on any such bond so called for redemption shall cease to accrue on the date fixed for redemption unless such bond or bonds so called for redemption are not redeemed upon presentation made pursuant to such call.

The bonds are interchangeable for bonds of any denomination authorized by the Bond Resolution of an equal aggregate principal amount and of the same interest rate and maturity. Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof may also be redeemed in accordance with the schedule set forth above, and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the principal office of the Bond Registrar there shall be issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the owner, a bond or bonds of like maturity and interest rate in any of the denominations authorized by the Bond Resolution.

This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the registered owner hereof or his/her duly authorized agent and only if endorsed in the manner provided hereon, and thereupon a new fully registered bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Such exchange or transfer shall be without cost to the registered owner or transferee. The District and Bond Registrar may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on the bond and for any and all other purposes whatsoever.

The Bond Registrar is not required to issue, register, transfer or exchange any of the bonds during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on the interest payment date, or, in the case of any proposed redemption of the bonds, after the mailing of notice of the call of such bonds for redemption.

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

The District has irrevocably covenanted that it will levy taxes annually upon all the taxable property within the District within the levy limits permitted to fire protection districts without a vote of the electorate in amounts that, together with other available funds, will be sufficient to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

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.

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, Central Whidbey Island Fire and Rescue, Island County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Chairman and Secretary of its Board of Commissioners as of this 15th day of June, 1997.

CENTRAL WHIDBEY ISLAND FIRE
AND RESCUE, ISLAND COUNTY,
WASHINGTON

By _____ /s/ _____
Chairman, Board of Commissioners

ATTEST:

_____/s/_____
Secretary, Board of Commissioners

[S E A L]

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the District's Limited Tax General Obligation Bonds, 1997, dated as of June 15, 1997.

WASHINGTON STATE FISCAL AGENCY, as
Bond Registrar

By _____
Authorized Signer

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

UNIF GIFT (TRANSFERS) MIN ACT _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts (Transfers) to Minors Act

(State)

Additional abbreviations may also be used though not in the list above.

(form of assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, _____

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed pursuant to law.

Section 7. Execution of Bonds. The Bonds shall be executed on behalf of the District with the manual or facsimile signatures of the Chairman and Secretary of the Board. Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by or on behalf of the Bond Registrar or its duly designated agent, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the District before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the District, such Bonds 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. Any Bond may also be signed and attested on behalf of the District by such persons who are at the

actual date of delivery of such Bond are the proper officers of the District although at the original date of such Bond any such person shall not have been such officer of the District.

Section 8. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the holder thereof upon the owner's paying the expenses and charges of the District in connection therewith and upon his filing with the District evidence satisfactory to the District that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the District with indemnity satisfactory to the District.

Section 9. Application of Bond Proceeds. The Treasurer is hereby authorized and requested to deposit the money derived from the sale of the Bonds in the District's General Expense Fund and shall be expended solely to pay the costs of the Project and the costs of issuing and selling the Bonds. Money in the Project Fund shall be invested by the Treasurer at the direction of the Board in any legal investment for District funds, and the earnings thereon shall be deposited in the Project Fund. When the Project is completed or fully provided for, money remaining in the Project Fund may be applied to such other purposes as the Board may determine by resolution or may be transferred to the Bond Fund, and the Project Fund shall be closed.

Section 10. Pledge of Funds and Credit. The District hereby irrevocably covenants that it will levy taxes annually upon all of the taxable property within the District within and as a part of the tax levy permitted to fire protection districts without a vote of the electorate in amounts that, together with other available funds, will be sufficient to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 11. Tax Covenants and Designation.

(a) Covenants Regarding Arbitrage and Private Activity Bonds. The District hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of

the District that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code that will cause the Bonds to be "arbitrage bonds" 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 Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

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

(b) Bonds Designated "Qualified Tax-Exempt Obligations." The District hereby designates the Bonds as qualified tax-exempt obligations for purchase by financial institutions pursuant to Section 265(b) of the Code. The District does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 1997.

Section 12. Sale of the Bonds and Approval of Preliminary Official Statement. The offer of the Underwriter dated June 24, 1997, to purchase the Bonds on the terms specified therein and in this resolution is hereby in all respects accepted and approved. The Chairman or Vice Chairman of the Board is hereby authorized to execute such offer on behalf of the District.

The District hereby approves the Preliminary Official Statement presented herewith to the Board and authorizes the distribution of the Preliminary Official Statement in connection with the offering of the Bonds. Pursuant to Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"), the District hereby deems this Preliminary Official Statement as final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the underwriting agreement, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and other terms of such Bonds dependent on the foregoing matters. The District agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that

requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB.

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

Section 13. Temporary Bonds. Until the definitive Bonds are prepared, the District may execute a temporary Bond, which shall be typewritten and which shall be delivered to the Underwriter in lieu of definitive Bonds, but subject to the same provisions, limitations, and conditions as the definitive Bonds. A temporary Bond shall be dated as of the date of the Bonds, shall be in the denomination equal to the principal amount of the Bonds, shall be numbered T-1, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions, and variations as may be appropriate to temporary bonds, shall be issued in fully registered form, shall be signed by the Chairman and Secretary of the Board, and shall have the seal of the District impressed thereon.

Upon surrender to the District of any such temporary Bond, the District, without charge to the Registered Owner, shall execute and deliver to the Registered Owner of the temporary Bond in exchange therefor, definitive Bonds of the same maturities, interest rates, redemption provisions, and aggregate principal amount as the temporary Bond surrendered. Until so exchanged, the temporary Bond shall be in all respects entitled to the same benefit and security as definitive Bonds, executed and issued pursuant to this resolution.

Section 14. Undertaking to Provide Ongoing Disclosure.

A. Contract/Undertaking. This Section constitutes the District's written undertaking for the benefit of the owners and Beneficial Owners of the Bonds as required by Section (b)(5) of the Rule. The District is an obligated person with respect to less than \$10,000,000 of municipal securities, including the Bonds.

B. Financial Statements. The District agrees to provide or cause to be provided to each person upon request or to the SID, if any, a copy of its latest publicly available annual financial statement prepared in accordance with generally accepted accounting principles (and modified as may be required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)).

C. Material Events. The District agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to the rights of Bond owners;
8. Optional, contingent or unscheduled calls of any Bonds other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds, and
11. Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the District advises with reference to items 3 and 10 above that no debt service reserves are provided for the Bonds and no property secures repayment of the Bonds. The only nonpayment-related

default to which item 2 above applies is a failure to levy taxes as provided in Section 10 of this resolution.

D. Notification Upon Failure to Provide Financial Data. The District agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID, if any, notice of its failure to provide the annual financial information and operating data described in subsection B above on or prior to the date set forth in subsection B above.

E. Termination/Modification. The District's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This Section 14, or any provision hereof, shall be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

Notwithstanding any other provision of this ordinance, the District may amend this Section 14, and any provision of this Section 14 may be waived, with an approving opinion of nationally recognized bond counsel.

In the event of any amendment or waiver of a provision of this Section 14, the District shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection C of this Section 14, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

F. Bond Owner's Remedies under this Section. Notwithstanding any other provisions of this ordinance, the right of any Bond owner or Beneficial Owner of the Bonds to enforce the provisions of this Section 14 shall be limited to a right to obtain specific enforcement of the District's obligations hereunder, and any failure by the District to comply with the provisions of this Section 14 shall not be an event of default with respect to the Bonds under this resolution. For purposes of this Section 14, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

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 of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 16. Effective Date. This resolution shall become effective immediately upon its approval as required by law.

APPROVED by the Board of Commissioners of Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, at a special meeting thereof held this 24th day of June, 1997.

CENTRAL WHIDBEY ISLAND FIRE AND
RESCUE (ISLAND COUNTY FIRE
PROTECTION DISTRICT NO. 5), ISLAND
COUNTY, WASHINGTON

Cheryl J. Engle
Paul E. Messner

Commissioners

ATTEST:

Debra Taylor
Secretary, Board of Commissioners

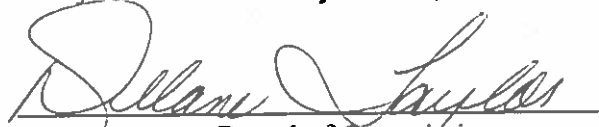
CERTIFICATE

I, the undersigned, Secretary of the Board of Commissioners (the "Board") of Central Whidbey Island Fire and Rescue (Island County Fire Protection District No. 5), Island County, Washington, (the "District") and keeper of the records of the Board, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 97-02 of the Board (the "Resolution"), duly passed at a special meeting thereof held on the 24th day of June, 1997.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by 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 24th day of June, 1997.


Secretary, Board of Commissioners