

NORTH COUNTY REGIONAL FIRE AUTHORITY
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 03232022-01

A RESOLUTION of the Governing Board of North County Regional Fire Authority, Snohomish County, Washington, relating to contracting indebtedness; providing for the issuance and fixing the terms and covenants of a limited tax general obligation bond to provide funds necessary to pay costs of completing the Authority's new training center; approving the sale and providing for the delivery of the bond to North Cascades Bank; and providing for related matters.

ADOPTED March 23, 2022

This document prepared by:

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BE IT RESOLVED BY THE GOVERNING BOARD OF NORTH COUNTY REGIONAL FIRE AUTHORITY, SNOHOMISH COUNTY, WASHINGTON, as follows:

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

“*2022 LTGO Bond Fund*” means the fund or account of the Authority designated or created by the Treasurer pursuant to Section 14 of this resolution for the purpose of paying principal of and interest on the Bond when due.

“*Authority*” means North County Regional Fire Authority, Snohomish County, Washington, a municipal corporation duly organized and existing under the laws of the State.

“*Bank*” means North Cascades Bank and its successor and assigns.

“*Board*” means the Governing Board of the Authority.

“*Bond*” means the limited tax general obligation bond issued pursuant to and for the purposes provided in this resolution.

“*Bond Counsel*” means the firm of Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the Authority with a nationally recognized standing as bond counsel in the field of municipal finance.

“*Bond Register*” means sufficient books or records maintained for the purpose of identifying ownership, registration and transfer of the Bond, including the name and mailing address of the Registered Owner.

“*Bond Registrar*” means the Fiscal Agent or any successor bond registrar selected by the Treasurer as authenticating agent, transfer agent, registrar and paying agent or other fiscal agent with respect to the Bond.

“*Chair*” means the Chair of the Board (including the officer of the Board designated to serve as the Chair in case of the Chair's absence or disability), or any presiding officer or titular head of the Board, or any successor to the functions of the Chair.

“*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“*Default Rate*” means the Interest Rate plus 300 basis points (3.0%).

“*Event of Default*” means the occurrence of each of the following by the Authority: (1) failure to pay principal of and interest on the Bond when due; or (b) the filing of a petition for bankruptcy or placement in receivership under any state or federal bankruptcy or insolvency law.

“*Fire Chief*” means the Fire Chief of the Authority (including the Deputy Fire Chief in case of the Fire Chief’s absence or disability).

“*Finance Director*” means the Finance Director of the Authority or such other officer of the Authority who succeeds to substantially all of the responsibilities of that office.

“*Fiscal Agent*” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“*Interest Rate*” means 2.49% *per annum* (computed on the basis of a 360-day year of twelve 30-day months).

“*Issue Date*” means the date of issuance of the Bond to the Bank in exchange for the purchase price of the Bond.

“*Maturity Date*” means December 1, 2041.

“*Project*” means (1) developing and constructing a new training center; (2) funding necessary and related engineering, architectural, planning, consulting, inspection, permitting and site assessment, testing and preparation costs; (3) making other capital improvements and acquisitions for emergency services purposes; (4) acquiring, constructing and installing all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances in or for the foregoing; (5) paying costs related to the sale, issuance and delivery of the Bond; and (6) paying incidental costs incurred in connection with carrying out and accomplishing the foregoing consistent with RCW 39.46.070.

“*Project Fund*” means the fund or account of the Authority created and established or designated by the Treasurer pursuant to Section 14 of this resolution for the purpose of paying or reimbursing costs of carrying out the Project.

“*Purchase Offer*” means the term sheet, purchase offer or bond purchase agreement from the Bank dated March 17, 2022, describing certain terms for the purchase of the Bond.

“*Qualified Institutional Buyer*” means a “qualified institutional buyer” as defined in Rule 144A, as promulgated under the Securities Act of 1933, as amended.

“*RCW*” means the Revised Code of Washington.

“*Registered Owner*” means the entity or person named as registered owner of the Bond on the Bond Register, initially, the Bank.

“*Secretary*” means the Secretary of the Board, or other officer of the Authority who is the custodian of the records and proceedings of the Board, or such other officer of the Authority who succeeds to substantially all of the responsibilities of that office.

“*State*” means the State of Washington.

“*System of Registration*” means the system of registration for the Authority’s bonds and other obligations set forth in Resolution No. 02262020-01 of the Authority.

“*Treasurer*” means the Treasurer of Snohomish County, Washington, as *ex officio* treasurer of the Authority.

Section 2. Recitals and Findings. The Board takes note of the following facts and makes the following findings and determinations:

(a) It is in the best interests of the Authority and its residents to carry out the Project, and the Authority is in need of money to carry out the Project.

(b) Pursuant to applicable law, including without limitation chapters 39.36, 39.46 and 52.26 RCW, the Authority is authorized to issue limited tax general obligation bonds for the purpose of financing the Project. The total expected cost of the Project is expected to be at least \$10,418,930, which is expected to be made up of proceeds of the Bond, proceeds of the Authority’s Limited Tax General Obligation Bonds, 2020 and other available money of the Authority.

(c) For the purpose of providing funds necessary to pay costs of carrying out and accomplishing the Project, it is in the best interests of the Authority and its taxpayers to sell, issue and deliver the Bond to the Bank under the terms of this resolution and the Purchase Offer.

Section 3. Authorization of Bond. The Authority is authorized to borrow money on the credit of the Authority and issue the Bond evidencing such indebtedness for the purpose of paying or reimbursing costs of carrying out and accomplishing the Project.

Section 4. Description of Bond.

(a) The Bond shall be issued as a single bond designated the “North County Regional Fire Authority, Snohomish County, Washington, Limited Tax General Obligation Bond, 2022”; shall be issued in the principal amount of \$4,944,000; shall be dated the Issue Date; shall be issued in fully registered form; shall be numbered R-1; shall be in the denomination of its principal amount; shall bear interest at the Interest Rate; and shall mature on the Maturity Date.

(b) Interest on the outstanding principal of the Bond shall be payable semiannually on each June 1 and December 1, commencing December 1, 2022, to the Maturity Date or earlier prepayment of the Bond. Principal installment payments on the Bond shall be payable annually on each December 1, commencing December 1, 2022, to the Maturity Date or earlier prepayment of the Bond. The initial debt service schedule reflecting the payments due on the Bond (unless such

debt service schedule is otherwise recalculated as provided in Section 8) shall be attached to the Bond. The final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, shall be in an amount equal to the remaining principal and interest due on the Bond.

(c) The reasonably expected useful life of the Project to be financed with proceeds of the Bond exceeds the term of the principal installment payments of the Bond. The costs of particular categories of the Project having shorter reasonably expected useful lives are allocated to the principal installment payments of the Bond having correspondingly earlier payment dates.

Section 5. Bond Registrar; Registration and Transfer of Bond.

(a) *Registration of Bond.* The Bond shall be issued only in registered form as to both principal and interest, and the ownership of the Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* Pursuant to RCW 39.46.030(3)(b), the Treasurer has appointed the Fiscal Agent to serve as initial Bond Registrar for the Bond. The Bond Registrar shall keep, or cause to be kept, the Bond Register, which shall be open to inspection by the Authority at all times. The Bond Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the Authority's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this resolution and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond.

(c) *Transfer and Exchange.* The Bond may be assigned or transferred only: (1) in whole; (2) to a successor to the business and assets of the Bank or to a single investor that is a Qualified Institutional Buyer; (3) if endorsed in the manner provided thereon and surrendered to the Bond Registrar; and (4) if the transferee provides the Bond Registrar with an executed transfer certificate in substantially the form to be attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering such transfer certificate) and shall be noted on the Bond Register. The Bond Registrar shall not be obligated to assign or transfer the Bond during the 15 days preceding any semiannual payment date or prepayment date.

Section 6. Form and Execution of Bond.

(a) *Form of Bond; Signatures.* The Bond shall be prepared in a form consistent with the provisions of this resolution and State law. The Bond shall be signed by the Chair and the Secretary, either or both of whose signatures may be manual or in facsimile. The Bond will be prepared at the Authority's expense and will be delivered to the Bank in accordance with the Purchase Offer, together with the approving legal opinion of Bond Counsel regarding the Bond. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the Authority authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the Authority, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer

of the Authority authorized to sign bonds. The Bond also may be signed on behalf of the Authority by any person who, on the actual date of signing, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the Issue Date.

(b) *Authentication.* The Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this resolution, unless the Bond bears a certificate of authentication manually signed by the Bond Registrar stating: “Certificate of Authentication. This Bond is the fully registered North County Regional Fire Authority, Snohomish County, Washington, Limited Tax General Obligation Bond, 2022.” A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 7. Payment of Bond. The installments of principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check, draft or electronic transfer of the Bond Registrar sent to the Registered Owner so that the Registered Owner receives said payments when due at the address appearing on the Bond Register. Upon receipt of the final installment payment of principal of and interest on the Bond, whether on the Maturity Date or upon prepayment in full, the Registered Owner shall present and surrender the Bond to the Bond Registrar to be destroyed or cancelled in accordance with law. The Authority and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner of the Bond for the purpose of receiving payment of principal and interest and for all other purposes, and neither the Authority nor the Bond Registrar shall be affected by any notice to the contrary other than proper notice of assignment or transfer. The Bond is not subject to acceleration under any circumstances.

Section 8. Prepayment of Bond. The Authority reserves the right and option to prepay the Bond in whole or in part anytime, with no prepayment penalty. The Authority shall provide the Registered Owner, the Treasurer and the Bond Registrar with written notice of any intended prepayment prior to such prepayment date. Interest on the principal amount of the Bond called for prepayment shall cease to accrue on the date fixed for prepayment unless the principal amount called for prepayment is not paid on the prepayment date. After any partial prepayment, the remaining semiannual installment payment amounts shall be recalculated, at the option of the Authority, to reflect either a reduction in the semiannual installment payment amounts or the earlier maturity of the Bond. The Registered Owner shall timely provide the recalculated debt service schedule to the Authority, the Treasurer and the Bond Registrar following any partial prepayment, which shall be effective as of the date of partial prepayment. Any partial prepayment shall be applied first to accrued and unpaid interest and then to reduce the principal amount of the Bond.

Section 9. Events of Default. Upon the occurrence of any Event of Default, at the election of the Registered Owner in its sole discretion, the interest rate for the Bond will increase to the Default Rate until cured.

Section 10. Pledge of Taxes. For as long as the Bond is outstanding, the Authority irrevocably pledges to levy taxes annually, within the constitutional and statutory limitations

provided by law without the assent of the voters, on all taxable property within the Authority, 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 full faith, credit and resources of the Authority are pledged irrevocably for the prompt payment of principal of and interest on the Bond.

Section 11. Tax Matters.

(a) *Preservation of Tax Exemption for Interest on Bond.* The Authority covenants that it will take all actions necessary to prevent interest on the Bond 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 Bond or other funds of the Authority treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The Authority also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Post-Issuance Compliance.* The Fire Chief is authorized and directed to adopt, review, amend and implement the Authority's written procedures to facilitate compliance by the Authority with the covenants in this Section 11 and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

(c) *Designation of Bond as a "Qualified Tax-Exempt Obligation."* The Authority designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

- (i) the Bond is not a "private activity bond" within the meaning of Section 141 of the Code;
- (ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the Authority and any entity subordinate to the Authority (including any entity that the Authority controls, that derives its authority to issue tax-exempt obligations from the Authority, or that issues tax-exempt obligations on behalf of the Authority) will issue during the calendar year in which the Bond is issued will not exceed \$10,000,000; and
- (iii) the amount of tax-exempt obligations, including the Bond, designated by the Authority as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed \$10,000,000.

Section 12. Annual Financial Statements. For as long as the Bond remains outstanding, the Authority will provide to the Registered Owner copies of its annual financial statements, together with such other information the Registered Owner may reasonably request from time to time.

Section 13. Acceptance of Purchase Offer. The Bank has offered to purchase the Bond under the terms and conditions of this resolution and the Purchase Offer, which Purchase Offer is on file with the Authority and incorporated by this reference. The Board finds that accepting the Purchase Offer is in the Authority's best interest and therefore accepts the same and authorizes the Fire Chief, the Chair and the Finance Director, each acting independently, to execute as necessary the Purchase Offer.

Section 14. Funds and Accounts; Deposit of Proceeds.

(a) *2022 LTGO Bond Fund.* The Treasurer is authorized and directed to create and establish or designate a fund or account of the Authority for the purpose of paying principal of and interest on the Bond (the "2022 LTGO Bond Fund"). All amounts allocated to the payment of the principal of and interest on the Bond shall be deposited in the 2022 LTGO Bond Fund as necessary for the timely payment of amounts due with respect to the Bond. The principal of and interest on the Bond shall be paid out of the 2022 LTGO Bond Fund. Until needed for that purpose, the Authority may invest money in the 2022 LTGO Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the 2022 LTGO Bond Fund and used for the purposes of that fund. When the Bond is no longer outstanding, any money and investments in the 2022 LTGO Bond Fund allocated to the payment of the principal of and interest on the Bond may be transferred to any Authority fund and used for any lawful Authority purpose.

(b) *Project Fund.* The Treasurer is authorized and directed to create and establish or designate a fund or account for the purpose of carrying out the Project (the "Project Fund"). Proceeds received from the sale and delivery of the Bond allocated to the Project shall be deposited into the Project Fund and used to pay or reimburse costs of the Project. Until needed to pay or reimburse such costs, the Authority may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and used for the purposes of that fund or account, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 15. General Authorization and Ratification. This resolution may be executed by the members of the Governing Board being present and voting in favor of the resolution, or only the Chair, and attested by the Secretary, in tangible medium, manual, facsimile or electronic form under any security procedure or platform, and notwithstanding any other Authority resolution, rule, policy or procedure, or in any other manner evidencing its adoption. The Fire Chief, the Chair, the Secretary, the Finance Director, other proper officers of the Authority and Bond Counsel are severally authorized to take such actions and to create, accept, execute, send, use and rely upon such documents, records and signatures (including in tangible medium, manual, facsimile or electronic form, under any security procedure or platform, and notwithstanding any other Authority resolution, rule or policy) as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this resolution, and to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this resolution in furtherance of the purposes described in this resolution and not inconsistent with the terms of this resolution are ratified and confirmed in all respects.

Section 16. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, holds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 17. Rules of Interpretation. In this resolution, unless the context or use otherwise requires:

(a) Words importing the singular number mean and include the plural number and vice versa;

(b) The terms: (i) “includes” and “including” are not limiting; (ii) “or” is not exclusive; and (iii) “person” or “persons” include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(c) The cover page, the table of contents and any headings preceding the text of the several sections and paragraphs of this resolution, and any marginal notes appended to copies this resolution, are solely for convenience of reference and do not constitute a part of this resolution, nor do they affect its meaning, construction or effect; and

(d) All references herein to “sections,” “paragraphs,” “clauses” and other subdivisions are to the corresponding sections, paragraphs, clauses or subdivisions of this resolution.

Section 18. Effective Date. This resolution is effective from and after its adoption.

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ADOPTED by the Governing Board of North County Regional Fire Authority, Snohomish County, Washington, at a regular open public meeting held on March 23, 2022.

NORTH COUNTY REGIONAL FIRE AUTHORITY,
SNOHOMISH COUNTY, WASHINGTON

DocuSigned by:
Greg Oakes
F403D559759431
Chair and Commissioner

DocuSigned by:
Janet Iverson
0022F9FC60224E5
Vice Chair and Commissioner

DocuSigned by:
Bruce T. B...
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Commissioner

DocuSigned by:
Judy Williams
310F001CF1D0410
Commissioner

DocuSigned by:
Larry Loughey
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Commissioner

DocuSigned by:
Paula Decker
F122408747A0E1E
Commissioner

DocuSigned by:
Ric Cade
80705338105A7A3
Commissioner

DocuSigned by:
Bob John
A23111097050007
Commissioner

Commissioner

ATTEST:

DocuSigned by:
Katie Casey
420E14279521410
Katie Casey
Secretary of the Governing Board

CERTIFICATION

I, Katie Casey, Secretary of the Governing Board (the “Board”) of North County Regional Fire Authority, Snohomish County, Washington (the “Authority”), certify as follows:

1. The attached copy of Resolution No. 03232022-01 (the “Resolution”) is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Board held on March 23, 2022 (the “Meeting”), as that Resolution appears on the minute book of the Authority; and the Resolution is now in full force and effect.

2. Pursuant to various proclamations and orders issued by the Governor of the State of Washington, options were provided for the public to attend the Meeting remotely, including by telephonic access and, as available, internet access, which options provided the ability for all persons attending the Meeting remotely to hear each other at the same time.

3. The Meeting was duly convened and held in all respects in accordance with law, the public was notified of the access options for remote attendance, a quorum was present throughout the Meeting and a sufficient number of members of the Board so present voted in the proper manner for the adoption of the Resolution.

DATED March 23, 2022.

NORTH COUNTY REGIONAL FIRE AUTHORITY,
SNOHOMISH COUNTY, WASHINGTON

DocuSigned by:
Katie Casey

Katie Casey

Secretary of the Governing Board