

**BAINBRIDGE ISLAND METROPOLITAN
PARK & RECREATION DISTRICT**

KITSAP COUNTY, WASHINGTON

RESOLUTION NO. 2021-02

A RESOLUTION of the Board of Park Commissioners of Bainbridge Island Metropolitan Park & Recreation District, Kitsap County, Washington, relating to contracting indebtedness; authorizing the issuance, sale and delivery of not to exceed \$13,500,000 aggregate principal amount of limited tax general obligation bonds (i) to finance the acquisition of recreational land, facilities, and equipment and related assets and office space, and (ii) to pay the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the District's designated representative to approve the Sale Terms of the sale of the bonds; and providing for other related matters.

Adopted July 15, 2021

Bond Counsel:

Stradling Yocca Carlson & Rauth PC
601 Union Street, Suite 2424
Seattle, Washington 98101
(206) 829-3000

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**The cover page, table of contents and section headings of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.*

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BE IT RESOLVED by the Board of Park Commissioners of Bainbridge Island Metropolitan Park & Recreation District, Kitsap County, Washington, as follows:

Section 1. Findings and Determinations. The District takes note of the following facts and makes the following findings and determinations. Capitalized terms have the meanings given in Section 2.

(a) **Description of the Acquisitions.** The District has an opportunity to undertake, and is in need of funds to finance, the acquisition of land and facilities and related assets currently owned by the private Bainbridge Athletic Club, including fitness, tennis, pool, and other recreational facilities, equipment, and other related office space (the “Acquisitions”). In accordance with chapters 35.61 and 67.20 RCW and other applicable law, the District is authorized “to acquire any land within this state for park, playground, gymnasiums, swimming pools, field houses and other recreational facilities, bathing beach or public camp purposes and roads leading from said parks, playgrounds, gymnasiums, swimming pools, field houses and other recreational facilities, bathing beaches, or public camps to nearby highways by donation, purchase or condemnation....”

(b) **Plan of Financing.** Pursuant to applicable law, including without limitation chapters 35.61, 39.36, 39.44, 39.46 and 67.20 RCW, the District is authorized to issue general obligation bonds for the purpose of financing the Acquisitions, which is a proper park district purpose. The total expected cost of the Acquisitions is approximately \$13.5 million, which is expected to be paid from proceeds of the Bonds and other available money of the District, if necessary.

(c) **Debt Capacity.** The maximum amount of indebtedness authorized by this resolution is \$13,500,000. Based on the following facts, as of the date of this resolution, the amount authorized herein is to be issued within the amount permitted to be issued by the District for general park district purposes without a vote:

(1) The assessed valuation of the taxable property within the District as ascertained by the last preceding assessment for District purposes (i.e., the assessed valuation for property taxes collected in the calendar year 2021) is \$9,562,650,167.

(2) The District currently has no outstanding limited tax general obligation indebtedness, incurred within the limit of up to 0.25% of the value of the taxable property within the District permitted for general park district purposes without a vote.

(3) The District currently has \$4,900,000 of voter-approved unlimited tax general obligation indebtedness outstanding, incurred within the limit of up to 2.5% of the value of the taxable property within the District permitted upon approval of the voters of the District.

(d) **The Bonds.** For the purpose of providing the funds necessary to carry out the Acquisitions and to pay the costs of issuance and sale of the Bonds, the Board finds that it is in the best interests of the District and its taxpayers to issue and sell the Bonds to a Purchaser, as selected by the District's Designated Representative, pursuant to Bond Sale Terms approved by such Designated Representative, all in accordance with this resolution.

Section 2. Definitions. As used in this resolution, the following capitalized terms shall have the following meanings:

(a) **"Acquisition Fund"** means the fund or account of the District authorized by this resolution to be created in the custody of the District Treasurer and designated by the Executive Director to be used for the deposit of proceeds of the Bonds, if necessary, pending the closing on the Acquisitions.

(b) **"Acquisitions"** means the acquisition of land and facilities and related assets currently owned by the private Bainbridge Athletic Club, including fitness, tennis, pool, and other recreational facilities, equipment, and other related office space. The term "land" includes all real property and all appurtenant improvements, structures and interests therein. The cost of all necessary architectural, engineering, legal and other consulting services, inspection and testing, administrative expenses, site acquisitions or improvement, demolition, on and off-site utilities, related improvements, payments for fiscal and legal expenses; printing, advertising, establishing and funding accounts; necessary and related planning, consulting, inspection and testing costs; administrative expenses; and other similar activities or purposes incurred in connection with the Acquisitions and related improvements are a part of the costs of the capital Acquisitions.

(c) **"Authorized Denomination"** means \$5,000 or any integral multiple thereof within a maturity of a Series, or such other authorized denominations as may be described in a Bond Purchase Contract.

(d) **"Beneficial Owner"** means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(e) **"Board"** means the Board of Park Commissioners of Bainbridge Island Metropolitan Park & Recreation District.

(f) “**Bond**” means each bond issued pursuant to and for the purposes provided in this resolution.

(g) “**Bond Counsel**” means the firm of Stradling Yocca Carlson & Rauth, PC, its successor, or any other attorney or firm of attorneys selected by the District with a nationally recognized standing as bond counsel in the field of municipal finance.

(h) “**Bond Fund**” means the limited tax general obligation bond fund of the District created for the payment of the principal of and interest on the Bonds.

(i) “**Bond Purchase Contract**” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the District, if consistent with this resolution.

(j) “**Bond Register**” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(k) “**Bond Registrar**” means the Fiscal Agent, or any successor bond registrar appointed by the Treasurer.

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

(m) “**DTC**” means The Depository Trust Company, New York, New York, or its nominee.

(n) “**Designated Representative**” means the officer of the District appointed in Section 4 of this resolution to serve as the District’s designated representative in accordance with RCW 39.46.040(2).

(o) “**District**” means Bainbridge Island Metropolitan Park & Recreation District, Kitsap County, Washington, a municipal corporation duly organized and existing under the laws of the State.

(p) “**Executive Director**” means the Executive Director of the District, or any other District official who succeeds to the duties now delegated to that office, or the designee of such officer.

(q) “**Finance Officer**” means the Finance Manager of the District, or any other District official who succeeds to the duties now delegated to that office, or the designee of such officer.

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

(s) “**Government Obligations**” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(t) “**Issue Date**” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(u) “**Letter of Representations**” means the Blanket Issuer Letter of Representations between the District and DTC, dated December 13, 2007, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(v) “**MSRB**” means the Municipal Securities Rulemaking Board.

(w) “**Official Statement**” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(x) “**Owner**” means, without distinction, the Registered Owner and the Beneficial Owner.

(y) “**Purchaser**” means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, underwriter or placement agent in a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(z) “**Rating Agency**” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the District.

(aa) “**Record Date**” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(bb) “**Registered Owner**” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the District utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(cc) “**Rule 15c2-12**” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(dd) “**SEC**” means the United States Securities and Exchange Commission.

(ee) “**Sale Terms**” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants.

(ff) “**Securities Depository**” means DTC, any successor thereto, any substitute securities depository selected by the District that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(gg) “**Series of the Bonds**” or “**Series**” means a series of the Bonds issued pursuant to this resolution.

(hh) “**State**” means the State of Washington.

(ii) “**System of Registration**” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 2007-13 of the District.

(jj) “**Term Bond**” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Contract.

(kk) “**Treasurer**” means the Treasurer of Kitsap County, Washington, as *ex officio* Treasurer of the District, or any successor Treasurer who may hereafter be designated in accordance with applicable law.

(ll) “**Undertaking**” means an undertaking to provide continuing disclosure entered into pursuant to Section 15 of this resolution.

Section 3. Authorization of Bonds. The District is authorized to borrow money on the credit of the District and issue negotiable limited tax general obligation bonds evidencing indebtedness in one or more Series in aggregate principal amount not to exceed the amount set forth in Exhibit A, to provide funds necessary to carry out the Acquisitions and to pay the costs of issuance and sale of the Bonds. The Bonds may be issued in one or more Series and may be combined with other general obligation bonds (including refunding bonds) authorized separately. The Bonds shall be designated as limited tax general obligation bonds, shall be numbered separately, and shall have any name, year and series or other label as deemed necessary or appropriate by the Finance Officer. The proceeds of the Bonds allocated to paying the cost of the Acquisitions shall be deposited as set forth in Section 8 of this resolution and shall be used to carry out the Acquisitions, or a portion of the Acquisitions, in such order of time as the Board determines is advisable and practicable. The Board may modify details of the Acquisitions as it finds necessary or advisable. The economic life of the property acquired or improved is expected to exceed the life of the Bonds.

Section 4. Description of Bonds; Appointment of Designated Representative. The Executive Director is appointed as the Designated Representative of the District and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the District, and to approve the Sale Terms of each Series of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this resolution and incorporated by this reference.

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

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

(b) **Bond Registrar; Duties.** Unless otherwise determined by the Designated Representative, the Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the District at all times. 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 the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner 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 Owners.

(c) **Bond Register; Transfer and Exchange.** The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond 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 any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) **Securities Depository; Book-Entry Only Form.** In the Bond Purchase Contract for each Series of the Bonds, the Designated Representative shall determine whether the Bonds initially shall be issued and held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations.

If any Bond is held in Book-Entry Form at any time, neither the District nor the Bond Registrar shall have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the District or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form.

If the Securities Depository resigns from its functions as depository, or upon a determination by the Finance Officer to discontinue utilizing the then-current Securities

Depository, the Finance Officer may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Finance Officer determines not to utilize a Securities Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be transferred only as provided herein.

Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the Bonds shall be issued in certificated form without utilizing a Securities Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the names of the Owners thereof, in which case ownership may be transferred only as provided herein.

(e) **Lost or Stolen Bonds.** In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the expenses and charges of the District in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the District with indemnity satisfactory to both.

Section 6. Pledge of Taxes. The Bonds constitute a general indebtedness of the District and are payable from tax revenues of the District and such other money as is lawfully available and pledged by the District for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the District irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the District are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the District.

Section 7. Form and Execution of Bonds.

(a) **Form of Bonds.** Each Bond shall be prepared in a form consistent with the provisions of this resolution and State law. Each Bond shall be signed by the Executive Director and by the Chair of the Board, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the District 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 District, that Bond 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 its Issue Date.

(b) **Authentication.** Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: "*Certificate Of*

Authentication. This Bond is [one of] the fully registered Bainbridge Island Metropolitan Park & Recreation District, Kitsap County, Washington, Limited Tax General Obligation Bond[s], 2021, described in the Bond Resolution.” 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 8. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or 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 on the Record Date. However, the District is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. The Bonds are not subject to acceleration under any circumstances.

Section 9. Funds; Manner of Payment; Failure to Pay.

(a) **Bond Fund.** The Bond Fund is a special Fund of the District designated for the sole purpose of paying principal of and interest on the Bonds and other limited tax general obligations of the District. The principal of and interest on the Bonds shall be paid out of the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. Bond proceeds in excess of the amounts needed to pay the costs of the Acquisitions and the costs of issuance, if any, shall be deposited into the Bond Fund. Until needed for that purpose, the District may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that Fund.

(b) **Manner of Payment.** Principal of and interest on each Bond shall be payable in lawful money of the United States of America on the dates and in the amounts as provided in the Bond Purchase Contract applicable to that Series. No Bond of any Series shall be subject to acceleration under any circumstances.

(c) **Bonds Held in Book-Entry Form.** Principal of and interest on each Bond that is held in Book-Entry Form shall be payable in the manner set forth in the Letter of Representations.

(d) **Bonds Not Held in Book-Entry Form.** Interest on each Bond that is not held in Book-Entry Form shall be payable by electronic transfer on the interest payment date, or 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 on the Record Date. However, the District is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar, or in principal installments as set forth on the Bond. Upon payment of the last principal installment, the original Bond shall be surrendered

to the Bond Registrar for cancellation or a certificate executed by the Registered Owner evidencing destruction of the Bond shall be delivered to the District.

(e) **Failure To Pay Bonds.** If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption 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 Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Deposit and Use of Proceeds. The proceeds received from the sale and delivery of the Bonds shall be deposited into an Acquisition Fund, authorized by this resolution to be created in the custody of the District Treasurer, pending their application to carry out the Acquisitions (including reimbursement of the District for various costs of the Acquisitions). All or a portion of the proceeds of the Bonds may be delivered directly at closing to an Escrow Agent selected by the Executive Director to receive such funds on behalf of the District pending the closing on the Acquisitions. The proceeds of the Bonds shall be used when required to pay the costs of the Acquisitions and costs of issuance of the Bonds. Until needed to pay such costs, the District may invest or direct the investment of those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Acquisition Fund and used for the purposes of that Fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Acquisition Fund and used for those tax or rebate purposes. Pending their application to pay costs of issuance, bond proceeds may be deposited, as directed by the Finance Officer, in the Acquisition Fund pending their expenditure by the District to pay such issuance costs.

Section 11. Redemption Provisions and Purchase of Bonds.

(a) **Optional Redemption.** The Bonds shall be subject to redemption at the option of the District on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Contract, consistent with the parameters set forth in Exhibit A.

(b) **Mandatory Redemption.** Each Bond that is designated as a Term Bond in the Bond Purchase Contract, consistent with the parameters set forth in Exhibit A and except as set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Contract. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the District and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The District shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) **Selection of Bonds for Redemption; Partial Redemption.** If fewer than all of the outstanding Bonds are to be redeemed at the option of the District, the District shall select the

Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) **Notice of Redemption.** Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given by the Bond Registrar 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 at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Officer shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) **Rescission of Optional Redemption Notice.** In the case of an optional redemption, the notice of redemption may state that the District retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(f) **Effect of Redemption.** Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) **Purchase of Bonds.** The District reserves the right to purchase any or all of the Bonds offered to the District at any time at any price acceptable to the District plus accrued interest to the date of purchase.

Section 12. Tax Covenants.

(a) **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 that will cause interest on the Bonds to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of

Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements.

(b) **Post-Issuance Compliance.** The Finance Officer is authorized and directed to adopt and implement the District's written procedures to facilitate compliance by the District with the covenants in this resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

Section 13. Refunding or Defeasance of the Bonds. The District may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the District sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, 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. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the District may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose. Unless otherwise specified by the District in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this resolution for the redemption of Bonds.

Section 14. Sale and Delivery of the Bonds.

(a) **Manner of Sale of Bonds; Delivery of Bonds.** The Designated Representative is authorized to sell the Bonds in multiple Series by private placement, by negotiated sale or by competitive sale in accordance with a notice of sale consistent with this resolution, based on the Designated Representative's assessment of market conditions and consultation with appropriate District officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Bond Sale Terms, the Designated Representative shall take into account, among others, those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the District.

(b) **Procedure for Private Placement or Negotiated Sale.** If the Designated Representative determines that a Series of the Bonds is to be sold by private placement, the Designated Representative shall select one or more Purchasers for such Series. If the Designated Representative determines that a Series of the Bonds is to be sold to the public by negotiated sale, the Designated Representative shall select an underwriter to purchase such Series and conduct the public sale. The Bond Sale Terms for each Series sold by private placement or negotiated sale shall be set forth in the Bond Purchase Contract. The Designated Representative is authorized to execute

the Bond Purchase Contract on behalf of the District, provided that the terms set forth therein are consistent with the parameters set forth in this resolution.

(c) **Procedure for Competitive Sale.** If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Bond Sale Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this resolution. The Designated Representative is authorized to award, on behalf of the District, the winning bid and accept the winning bidder's offer to purchase that Series of the Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the parameters set forth in this resolution, and such award shall constitute the Bond Purchase Contract. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the District's best interest to do so. If all bids are rejected, that Series of the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the District, consistent with the parameters set forth in this resolution.

(d) **Preparation, Execution and Delivery of the Bonds.** The Bonds will be prepared at District expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 15. Sale of Bonds to the Public. If the Designated Representative determines to sell the bonds to the public by means of a negotiated or competitive sale, the following provisions shall apply, if required under Rule 15c2-12:

(a) **Preliminary Official Statement Deemed Final.** The Designated Representative shall participate in preparation of and approve a preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The District approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) **Approval of Final Official Statement.** The Designated Representative, on behalf of the District, shall approve the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable. The Designated Representative is further authorized to execute and deliver such final Official Statement to the Purchaser, and to approve the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

(c) **Agreement to Provide Continuing Disclosure.** If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a

participating underwriter for a Series of the Bonds, the Designated Representative is authorized to execute a Continuing Disclosure Agreement for the benefit of holders of a Series of the Bonds.

Section 16. Supplemental and Amendatory Resolutions. The District may supplement or amend this resolution for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the District.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this resolution in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 17. General Authorization and Ratification. The Designated Representative of the District is authorized to take such actions and to execute such documents as in his 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 each Series of the Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. 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 18. Severability. The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 19. Effective Date of Resolution. This resolution shall take effect and be in force from and after its passage.

ADOPTED by the Board of Park Commissioners of Bainbridge Island Metropolitan Park & Recreation District, Kitsap County, Washington, at an open public meeting thereof, this 15th day of July, 2021, the following Commissioners being present and voting in favor of this action:

Dawn Janow

Asaph Glosser

Kenneth R. DeWitt

John Thomas Swolgaard

ATTEST:

Jay C. Kinney

APPROVED AS TO FORM:

Bond Counsel

EXHIBIT A
DESCRIPTION OF THE BONDS

- (a) Principal Amount: The Bonds may be issued as a single bond or as a Series of bonds maturing in serial maturities, which shall not exceed the aggregate principal amount of \$13,500,000.
- (b) Date or Dates. Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this resolution.
- (c) Denominations, Name, etc. The Bonds shall be issued as a single bond in an Authorized Denomination equal to the full principal amount, or in Authorized Denominations specified in the Bond Purchase Contract. If issued as serially maturing bonds, the Bonds shall be numbered separately in the manner. The Bonds shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.
- (d) Interest Rate(s). Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. If the Bonds are issued on or prior to August 31, 2021, the Bonds (whether issued as a single bond or as serial maturities) will bear interest at 1.91% per annum through December 1, 2035. The interest rate on each Bond maturing on and after December 1, 2036 shall reset annually beginning December 1, 2035 at a rate equal to the one-year Federal Home Loan Bank Des Moines Regular Fixed Advance Rate applicable on such December 1, plus 43 basis points. If the Bonds are issued on or after September 1, 2021, one or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 5.0% and the true interest cost to the District for such Series of Bonds may not exceed 4.0%.
- (e) Payment Dates. Interest shall be payable semiannually on December 1, 2021 and each June 1 and December 1 thereafter to maturity. Principal payments shall commence on December 1, 2026 and each December 1 thereafter to maturity.
- (f) Final Maturity. Each Series shall mature no later than the date that is 20 years after the Issue Date of that Series.
- (g) Redemption Rights. The Designated Representative may approve in the Bond Purchase Contract provisions for the optional and mandatory redemption of Bonds, subject to the following:
- (1) Optional Redemption. The Bonds shall be subject to redemption at the option of the District on any date prior to their maturity, upon such notice as may be provided in the Bond Purchase Contract.

- (2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption or installment payments prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Contract.
- (h) Other Terms and Conditions.
 - (1) No Series of the Bonds may be issued if it would cause the indebtedness of the District to exceed the District's legal debt capacity on its Issue Date.
 - (2) The Designated Representative may determine whether it is in the District's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he may determine are in the best interests of the District, consistent with this resolution.