

KITTITAS COUNTY, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BONDS, 2016

RESOLUTION NO. 2016-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF KITTITAS COUNTY, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE COUNTY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$~~6,500,000~~~~7,000,000~~ FOR THE PURPOSE OF ACQUIRING PROPERTY, FINANCING WATER BANK ACQUISITIONS, AND MAKING CAPITAL IMPROVEMENTS TO COUNTY FACILITIES; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; AND DELEGATING CERTAIN AUTHORITY TO THE COUNTY REPRESENTATIVE IN CONNECTION WITH THE SALE.

ADOPTED ON NOVEMBER 15, 2016

PREPARED BY:

K&L GATES LLP
SEATTLE, WASHINGTON

KITITITAS COUNTY
RESOLUTION NO. 2016-____
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* Neither this table of contents nor the preceding cover page are a part of this resolution, and are included solely for convenience of the reader.

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WHEREAS, the Board of County Commissioners (the "Board") of Kittitas County, Washington (the "County") has determined that it is in the best interest of the County that it acquire property and finance water bank acquisitions for County use and make capital improvements to County facilities (the "Projects," as further described in Section 2 of this resolution); and

WHEREAS, it is in the best interest of the County to issue limited tax general obligation bonds in one or more series in the aggregate principal amount of not to exceed \$~~6,500,000~~~~7,000,000~~ (the "Bonds") in order to obtain long term financing for the Projects; and

WHEREAS, the County is authorized by chapters 36.67 and 39.46 RCW to issue general obligation bonds payable from, *inter alia*, regular tax levies of the County; and

WHEREAS, the Board has determined to delegate to the County Representative (as defined below) certain matters relating to the manner and timing of sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF KITTITAS COUNTY, WASHINGTON, as follows:

Section 1. Definitions The following words and terms as used in this resolution shall have the following meanings for all purposes of this resolution, unless a different meaning clearly appears from the context:

Approved Bid means the winning bid submitted for a series of the Bonds if such series is sold by Competitive Sale.

Beneficial Owner means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Board means the Board of County Commissioners, the general legislative body of the County, as constituted from time to time.

Bond Fund means the “Fund # [REDACTED] – 2016 GO Bond” as described in Section 8 hereof.

Bond Purchase Contract means, if a series of Bonds shall be sold by Negotiated Sale or Private Placement, the purchase contract or approved term sheet relating to the Bonds between the County and the Underwriter or Purchaser.

Bond Register means the registration books maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

Bond Registrar means either the Treasurer or U.S. Bank National Association, the current fiscal agent of the State of Washington, as designated by the Treasurer~~the fiscal agent of the State of Washington,~~ for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean the Kittitas County, Washington Limited Tax General Obligation Bonds, 2016 to be issued pursuant to this resolution in one or more series with the aggregate principal amount of not to exceed \$~~6,500,000~~7,000,000.

Budget and Finance Manager means the duly qualified, appointed and acting Budget and Finance Manager or any other officer who succeeds to the duties now delegated to that office.

Code means the federal Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated with respect to such provision.

Competitive Sale means the process by which the Bonds of a series are sold through the public solicitation of bids from underwriting firms.

County means Kittitas County, Washington, a political subdivision duly organized and existing by virtue of the Constitution and laws of the State of Washington.

County Representative means the Treasurer or the Budget and Finance Manager of the County.

DTC means The Depository Trust Company of New York, a limited purpose trust company organized under the laws of the State of New York, a depository for the Bonds pursuant to Section 3 hereof.

Government Obligations has the meaning given such term in Chapter 39.53 RCW, as the same may be amended or restated from time to time.

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

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

Negotiated Sale means the process by which the Bonds of a series are sold by negotiation to one or more underwriting firms selected by the County Representative.

Official Notice of Sale means, if the Bonds of a series shall be sold by Competitive Sale, the notice of Bond sale authorized to be given in Section 13 of this resolution.

Private Placement means the process by which the Bonds of a series are sold by private placement to a Purchaser selected by the County Representative.

Purchaser means the initial purchasing entity or bank purchaser of the Bonds of a series if such Bonds are sold by Private Placement.

Projects mean the projects described and authorized by Section 2 of this resolution.

Project Funds mean the “Fund # _____” and “Fund # _____” as described in Section 11 hereof, which name of the funds may be changed prior to closing, as directed by the County Representative.

Registered Owner means the person named as the registered owner of the Bonds in the Bond Register.

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

SEC means the United States Securities and Exchange Commission.

Taxable Bonds means bonds, the interest on which is not exempt from federal income taxation.

Tax-Exempt Bonds means bonds, the interest on which is exempt from federal income taxation.

Term Bonds means any Bonds designated by the successful bidder therefor as Term Bonds in the bid submitted for such Bonds.

Treasurer means the treasurer of the County pursuant to RCW Ch. 36.29, as amended from time to time.

Underwriter means, the underwriter(s) of a series of Bonds if the series of Bonds are sold by Negotiated Sale or the successful bidder submitting the Approved Bid if a series of Bonds are sold by Competitive Sale.

Rules of Interpretation:

In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of the Projects; Authorization and Description of Bond.

(a) *Projects.* The Bonds are being issued to provide funds to pay and/or reimburse the costs of acquiring property and financing water bank acquisitions for County use; providing funds for making capital improvements ~~at the County’s Fair and Rodeo Grounds and improvements~~ to the County jail facility; and/or providing funds for other capital improvements to County facilities, if any, approved by the Board (the “Projects”).

(b) *Bonds.* The County shall now issue and sell one or more series of limited tax general obligation bonds in the aggregate amount of not to exceed \$6,500,000~~[7,000,000]~~ for the purpose of providing the funds necessary to finance the Projects and pay costs of issuance of the Bonds. The Bonds shall be issued in one or more series and may be designated 2016[A][B][C] as necessary, with additional designations as approved by the County Representative (collectively, the “Bonds”), shall be dated as of the date of their initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one series or maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest at the per annum rates, payable on the dates and maturing in principal amounts set forth in the Approved Bid or Bond Purchase Contract, pursuant to Section 13 of this resolution. The Bonds of any of the maturities within a series may be combined and issued as term bonds (“Term Bonds”), subject to mandatory redemption as provided in the Approved Bid or Bond Purchase Contract.

Section 3. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The Board hereby requests that the Treasurer act as Bond Registrar or specify and adopt the system of registration approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agents. The County shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Treasurer. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the County, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such 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 of the Bonds.

(b) *Registered Ownership.* The County 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 (except as provided in Section 14 of this resolution), and neither the County 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 3(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy

and discharge the liability of the County upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially 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 County has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the County nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which 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 County to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) 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 any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the County on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid. The Bonds shall not be subject to acceleration.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond for each series 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 Treasurer pursuant to subsection (ii) below or such substitute depository’s successor; or (C) to any person as provided in subsection (iv) below.

(2) 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 Treasurer to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Treasurer may hereafter 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.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request of the Treasurer, issue a single new Bond for each series and maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Treasurer.

(4) 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 Treasurer determines that it is in the best interest of the beneficial owners of the Bonds of a series that such owners be able to obtain such bonds in the form of Bond certificates, 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 Treasurer shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request of the Treasurer 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) *Registration of Transfer of Ownership or Exchange; Change in Denominations.*

The transfer of any Bond may be registered and Bonds may be 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, series, 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 cancelled 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, series, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the

15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(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 right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The County covenants that, until all Bonds issued on a federally tax-exempt basis have been surrendered and canceled, it will maintain a system for recording the ownership of each such 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. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. 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 fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. 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 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds of each series may be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract or Approved Bid approved by the County Representative pursuant to Section 13.

(b) *Mandatory Redemption.* The Bonds of each series may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract or Approved Bid for such series and as approved by the County Representative pursuant to Section 13.

(c) *Purchase of Bonds.* The County reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Treasurer and the County Representative.

(d) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds of a series within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made as provided in this subsection (d). If the County redeems at any one time fewer than all of the Bonds having the same series and maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the County and the Bond Registrar 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 such 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 Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(e) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the County nor the Bond Registrar will provide any notice of redemption to any beneficial owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption) shall be given by the Bond Registrar on behalf of the County by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption for Bonds 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 by series and maturity (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.

On or prior to any redemption date, unless the redemption was conditional and the conditions for the redemption have not been satisfied, the County 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.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has 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 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. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the County as set out below, but no defect in said further notice nor any 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 (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive notice pursuant to Section 14, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the SEC) and with such additional information as the County shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) CUSIP Number. 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 and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

NO. _____ \$ _____

UNITED STATES OF AMERICA
STATE OF WASHINGTON

KITTITAS COUNTY
LIMITED TAX GENERAL OBLIGATION BOND, 2016[A][B][C] [(TAXABLE)]

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

Registered Owner: CEDE & CO.

Principal Amount:

Kittitas County, Washington (the “County”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2016, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____, 20__, and semiannually thereafter on the first days of each succeeding _____ and _____. 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 held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the County to DTC.] Initially, [the Treasurer] the County’s Treasurer has specified and adopted the registration system for the bonds of this issue specified by the State Finance Committee, and the fiscal agent of the State [will act as registrar, paying agent and authenticating agent (the “Bond Registrar”).

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Resolution No. 2016-_____ duly adopted by the Board on November 15, 2016 (the “Bond Resolution”). Capitalized terms used in this bond have the meanings given such terms 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.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and is issued pursuant to the Bond Resolution for providing funds to acquire property and finance water bank acquisitions for County use, and make capital improvements to County facilities and pay costs of issuance.

The bonds of this issue are subject to redemption as stated in the [Bond Purchase Contract][Official Statement for the Bonds dated _____].

The County hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to counties without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other revenues and money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

[The County has designated the bonds of this issue as “qualified tax-exempt obligations” for investment by financial institutions under Section 265(b) of the Code.][The County has taken no action to cause the interest on the bonds of this issue to be exempt from federal income taxation.]

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds of this issue by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the County may incur.

IN WITNESS WHEREOF, Kittitas County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Chair and Clerk of the Board of County Commissioners, and the seal of the County to be impressed, imprinted, or otherwise reproduced hereon, as of this ____ day of _____, 2016.

[SEAL]

KITTITAS COUNTY,
WASHINGTON

/s/ facsimile or manual signature

Chair of the Board of
County Commissioners

ATTEST:

/s/ facsimile or manual signature

Clerk of the Board of
County Commissioners

The Bond Registrar's Certificate of Authentication on the Bonds 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 Limited Tax General Obligation Bonds, 2016[A/B/C] [(Taxable)] of Kittitas County, Washington, dated _____, 2016.

[KITTITAS COUNTY TREASURER/
WASHINGTON STATE FISCAL
AGENT], as Bond Registrar

By _____

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the County with the manual or facsimile signatures of the Chair of the Board and the Clerk of the Board, and the corporate seal of the County shall be impressed, imprinted or otherwise reproduced thereon.

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

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for

any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

Section 7. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, series, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the County in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the County evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the County and the Bond Registrar with indemnity satisfactory to both.

Section 8. Bond Fund. A special fund of the County to be known as the “Fund # [REDACTED] – 2016 GO Bond” is hereby authorized and directed to be created in the office of the County Treasurer. The taxes hereafter levied for the purpose of paying principal of and interest on the Bonds and other funds to be used to pay the Bonds shall be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bonds. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of County funds.

Section 9. Pledge of Taxation and Credit. The County hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County subject

to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes so collected and any other money to be used for such purposes shall be paid into the Bond Fund.

The County hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the County prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds.

The full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 10. Defeasance. In the event that money and/or noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the County to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bonds so provided for, and the registered owners of such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right

to receive the money so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder. The County shall give written notice of defeasance to the owners of all Bonds so provided and to each party entitled to receive notice in accordance with Section 14 of this resolution.

Section 11. Project Funds; Application of Bond Proceeds. Special funds of the County to be known as the “ Fund” and the “ Fund” (the “Project Funds”) are hereby authorized and directed to be created in the office of the County Treasurer, into which the proceeds of the Bonds shall be deposited. Such names of the funds may be changed prior to closing as directed by the County Representative. Money on hand in the Project Funds shall be used to pay the costs of or reimbursement for the costs of the Projects and costs of issuance of the Bonds. The Treasurer or his designee may invest money in the Project Funds in legal investments for County funds. Earnings on such investments shall accrue to the benefit of the fund earning such interest. Any part of the proceeds of the Bonds remaining in the Project Funds after all costs of the Projects have been paid (including costs of issuance) may be used for any capital purpose of the County or may be transferred to the Bond Fund.

Section 12. Tax Covenants; Special Designation.

(a) *Tax Covenants.* If the Bonds of a series are issued as Tax-Exempt Bonds, the County shall enter into a tax certification that will include covenants regarding the use of the facilities financed and the maintenance of tax-exemption of those Tax-Exempt Bonds.

(b) *Designation under Section 265(b) of the Code.* The County Representative shall be authorized to determine and execute a designation, if applicable, of Bonds of a series under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 13. Sale of Bonds. The Board has determined that it is in the best interest of the County to delegate to the County Representative the authority to determine whether the Bonds of a series are to be sold as Tax-Exempt Bonds or Taxable Bonds, approve the number of series, series designation, manner of sale of each series, the final interest rates, maturity dates, aggregate principal amounts of each series, principal amounts of each maturity, redemption rights for one or more series of Bonds and other terms and conditions of the Bonds. The County's financial advisor has advised the Board that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Board. The Board has determined that it is in the best interest of the County to delegate to the County Representative for a limited time the authority to determine whether the Bonds of a series are to be sold as Tax-Exempt Bonds or Taxable Bonds, determine the number of series of Bonds, the manner of sale of each series of the Bonds, to approve the final interest rates, aggregate principal amounts of each series and principal amounts of each maturity of the Bonds and determine the redemption rights for one or more series of the Bonds. The County Representative is hereby authorized to determine whether the Bonds of a series are to be sold as Tax-Exempt Bonds or Taxable Bonds, determine the number of series, manner of sale of each series, to approve the final interest rates, aggregate principal amounts of each series, principal maturities and redemption rights for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds issued pursuant to this resolution does not exceed \$~~6,500,000~~~~{7,000,000}~~; and (ii) the true interest cost for the Bonds (in the aggregate) does not exceed ~~4.00~~—%.

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In determining whether the Bonds of a series are to be sold as Tax-Exempt Bonds or Taxable Bonds, the number of series, series designation, final interest rates, aggregate principal

amounts, principal maturities, the County Representative, in consultation with County staff, shall take into account those factors that, in his/her judgment, will result in the lowest true interest cost on the applicable series of the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the applicable series of Bonds. The authority granted to the County Representative by this Section 13 shall expire 180 days after the date of approval of this resolution. If a Bond Purchase Contract for Bonds has not been executed or an Approved Bid received within 180 days after the date of final approval of this resolution, the authorization for the issuance of such Bonds shall be rescinded, and Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by Resolution of the Board. The Resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution approving a bond purchase contract or approved bid or establishing terms and conditions for the authority delegated under this Section 13.

Initially, the County Representative is hereby authorized to determine whether the Bonds of a series shall be sold by Negotiated Sale, Private Placement or by a Competitive Sale. If the Bonds of a series are sold by Negotiated Sale, the County Representative shall select one or more underwriting firms to underwrite the applicable series of the Bonds through a process of soliciting proposals for underwriting. Upon the selection of one or more underwriters, the County Representative shall negotiate the terms of sale for the Bonds, including the terms described in this section, in a contract of sale (the "Bond Purchase Contract"). If the Bonds are sold by Private Placement, the County Representative shall select the purchasing entity or bank to purchase the Bonds through a process of soliciting proposals for purchase. Upon the selection

of a Purchaser, the County Representative shall negotiate the terms of sale for the Bonds, including the terms described in this section, in a Bond Purchase Contract. If the Bonds of a series are sold by Competitive Sale, sealed bids will be received by the County Representative or the Competitive Sale will be undertaken by electronic means, in the manner and on such date and time as the County Representative hereafter shall determine. The County Representative will approve the bid offering to purchase the Bonds at the lowest true interest cost to the County at such price as shall be determined at the time of sale by the County Representative, plus accrued interest to the date of delivery, on all the terms and conditions set out in the applicable Official Notice of Sale.

All bids submitted for the purchase of the Bonds shall be as set forth in the applicable Official Notice of Sale or otherwise as established by the County Representative which will be furnished to potential bidders upon request made to the County Representative.

Subject to the terms and conditions set forth in this Section 13, the County Representative is hereby authorized to accept an Approved Bid in a Competitive Sale and/or execute the final form of a Bond Purchase Contract in a Negotiated Sale or Private Placement, upon his or her approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the sale of the Bonds, the County Representative shall provide a report to the Board, describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

Upon the passage and approval of this resolution, the proper officials of the County including the County Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter or Purchaser thereof and further to execute all closing certificates and documents required to effect the closing

and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract or Approved Bid. In furtherance of the foregoing, the County Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter's discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriter and/or Purchaser and other retained services, including bond counsel, financial advisor, rating agencies, fiscal agent, and other expenses customarily incurred in connection with issuance and sale of bonds.

The County Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the County, the Official Statement (and any Preliminary Official Statement) relating to the issuance and sale of the Bonds and the distribution of the Official Statement pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 14. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the County's written undertaking for the benefit of the owners of the Bonds of a series as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* If a series of Bonds are sold by Competitive Sale or Negotiated Sale, the County agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year (commencing in 2017 for the fiscal year ended December 31, 2016):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the County's general fund prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official

statement for the Bonds under the heading “Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund”;

2. The assessed valuation of taxable property in the County;
3. Ad valorem taxes due and percentage of taxes collected;
4. Property tax levy rate per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the County.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before nine months after the end of the County’s fiscal year. The County’s current fiscal year ends December 31. The County may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the County may cross-refer to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the County shall provide the County’s audited annual financial statement prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) *Listed Events.* If a series of Bonds are sold by Competitive Sale or Negotiated Sale, the County agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds of each series not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;

- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material or events affecting the tax status of the Bonds;
- Modifications to the rights of Bond owners if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the County;
- The consummation of a merger, consolidation, or acquisition of the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an action, other than pursuant to its terms, if material; and

- Appointment of a successor or additional trustee or the change of name of the trustee, if material.

Solely for purposes of information, but without intending to modify this undertaking, with respect to the notice regarding property securing the repayment of the Bonds, the County will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Bonds. The County shall promptly determine whether the events described above are material.

(d) *Notification Upon Failure to Provide Financial Data.* The County agrees to provide or cause to be provided, in a timely manner to the MSRB notice of its failure to provide the annual financial information described in Subsection (b) above on or prior to the date set forth in Subsection (b) above.

(e) *EMMA; Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The County's obligations to provide annual financial information and notices of listed events shall terminate with respect to the Bonds of a series upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that series. Any provision of this section shall be null and void if the County (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is

invalid, has been repealed retroactively or otherwise does not apply to the Bonds of a series and (2) notifies the MSRB of such opinion and the cancellation of this section.

The County may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the County shall describe such amendment in the next annual report, and shall include, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (A) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (B) the annual report for the year in which the change is made shall 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.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the County's obligations under this section, and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "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 and agreements provided in this resolution to be performed on the part of the County 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.

ADOPTED by the Board of County Commissioners of Kittitas County, Washington, at a regular meeting thereof held this 15th day of November, 2016.

BOARD OF COUNTY COMMISSIONERS
KITITAS COUNTY, WASHINGTON

Chairman

Commissioner

Commissioner

ATTEST:

Clerk of the Board

CERTIFICATE

I, the undersigned, Clerk of the Board of County Commissioners of Kittitas County, Washington (herein called the "Board") and keeper of the records of the County, DO HEREBY CERTIFY:

1. That the attached Resolution is a true and correct copy of Resolution No. 2016-____ of the County (herein called the "Resolution"), as finally adopted at a regular meeting of the Board held on the 15th day of November, 2016, and duly recorded in my office.

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 quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the approval of said Resolution; that all other requirements and proceedings incident to the proper approval of said 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 15th day of November, 2016.

Clerk of the Board