



Kitsap 911 Board of Directors Meeting

September 2, 2025 (12:30 to 2:00)

Via Hybrid Option of Zoom or in-person at the Norm Dicks Governance Center

Mission Statement: We are Kitsap 911 providing exceptional public safety emergency communications services every day.

A G E N D A

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- | | | |
|---|---|---------|
| 1 | Call to Order | (Chair) |
| 2 | Additions to the agenda | (Chair) |
| 3 | Public Comment (Limited to 2 minutes per speaker) | (Chair) |
| 4 | Consent Agenda - All matters listed within the Consent Agenda have been distributed to each member of the Board as a separate document for reading and study, are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by a Board member or by citizen request. | (Chair) |
- [Click here to open the consent agenda.](#)
-

Employee Recognition

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- | | | |
|---|------|-----------|
| 5 | None | (Jameson) |
|---|------|-----------|
-

Action Items

(These would be items previously discussed and/or routine items ready for action. Click blue text to view)

- | | | | |
|----|--|-----------|-------------------------|
| 6 | Approval of Strategic Initiative #5 | (Jameson) | Page 3 |
| 7 | Approval of LMR Master Finance Agreement | (Rogers) | Page 5 |
| 8 | Approval of Radio as a Service | (Jameson) | Page 60 |
| 9 | Approval of Resolution 2025-006 Public Records Index | (Bagwell) | Page 63 |
| 10 | Collective Bargaining Agreement – Closed Session | (Jameson) | |
-

Discussion Items

(New items not previously discussed, not ready for action.)

- | | | | |
|----|---|-----------|-------------------------|
| 11 | 2026 Budget Workshop | (Rogers) | Page 66 |
| 12 | CAD Project Management Recommendation | (Jameson) | Page 68 |
| 13 | Board Structure Review Process | (Jameson) | Page 71 |
| 14 | Strategic Initiative #2 Progress Report | (Rogers) | Page 72 |
-

Standing Reports

(As Time Permits)

- | | | | |
|----|--|--------------------|-------------------------|
| 15 | Strategic Advisory Board Report | (Chief LaGrandeur) | |
| 16 | Land Mobile Radio Report | (Peabody) | |
| 17 | Monthly Finance Report | (Rogers) | Page 75 |
| 18 | Goals and Tech Project Report | (Higashi) | Page 80 |
| 19 | Staffing Report | (Taylor) | |
| 20 | Up-Coming Items | | |
| | o Action: 2026 Budget Approval (Oct) | | |
| | o Action: First LMR Line of Credit Draw (Oct) | | |
| | o Action: CAD Project Management Contract Approval (Oct) | | |
| | o Discussion: 2026 Unrepresented Employees Salary Schedule (Nov) | | |

- Discussion: Succession Planning (Dec)

21 Good of the Order

(All)

22 Adjourn

(Chair)

Adopted Board Expectations

Collaboration and Communication: Engage in open, honest, and constructive dialogue with fellow board members, agency staff, and stakeholders. Foster a culture of collaboration, active listening, and mutual respect.

Active Engagement: Thoroughly review materials in advance, consistently attend meetings, participate in discussions, and make informed contributions to decision-making.

Integrity & Ethics: Uphold the highest ethical standards and act in the best interests of the agency.

Accountability & Growth: Hold oneself, peers, and agency staff accountable while seeking continuous improvement and professional development.

Public Comment may be submitted to pubcomment@kitsap911.org All comments received prior to 12:00 PM on August 29, 2025. will be included in the public comment report. Comments received after that will be distributed to Kitsap 911 Board members after the meeting concludes. Members of the public may also comment during the meeting via zoom by using the Q&A feature.

Zoom Webinar Link:

When: September 2, 2025 at 1230

Event Name: Kitsap 911 Board Meeting

Please click the link below to join the event:

https://events.zoom.us/j/AvOxTLqL10Y9x5U-vsGbA0hfpBr5kkhO64Lmm0toZAxj1_zt-Kt~A7bs_PDTGIEQD8vE-EzJ2djfiY3789gbj-qk_6GPSe3M5UfJPg-kReg7byYSg



Board of Directors Action Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #6

Agenda Item: **Approval of Strategic Initiative #5** Enhancing Service Management and Efficiency
Submitted By: Maria Jameson-Owens
Title: Executive Director
Attachments:

Budgetary Impact (If Applicable) Cost of annual workshop if facilitated

Budgeted Amount:

Expenditure Required:

Budget Category:

Reviewed By: Brandon Wecker, Jamie Donley, John Higashi, Rachael Taylor, Steve Rogers

Reviewed Date: August 25, 2025

Summary Statement:

As Kitsap 911 faces increasing service demands, an evolving population, and rising expectations, adapting processes, optimizing technology, and improving efficiency are essential. This initiative aims to enhance service management, ensure effective resource allocation, and support a responsive, engaged workforce.

Focus Areas:

- **Managing Service Complexity:** Aligning service level expectations with workforce capacity and available resources.
- **Enhancing Call and Workflow Management:** Implementing strategies to efficiently manage non-emergency calls, refine call triage, explore smart call routing, and streamline workflows through process improvements and technology enhancements.
- **Enhancing Public Education & Alternative Resources:** Expanding outreach efforts to educate the public on 911 alternatives, self-service resources, and the role of Kitsap 911.

Workplan:

Managing Service Complexity

- **Action 1:** Evaluate current service level expectations and adjust based on workforce capacity and operational priorities. This includes incorporating data from staffing trends, overtime analysis, and employee feedback from Stay Interviews to ensure service delivery is sustainable.
 - **Timeline:** Annually

Enhancing Call and Workflow Management

- **Action 1:** Launch a new non-emergency phone number by the end of 2025 to divert lower priority calls away from emergency lines. This effort will reduce call congestion and provide the public with a clearly defined alternative.
 - **Timeline:** Q3-Q4 2025

- **Action 2:** Research and evaluate AI-driven technologies and workflow automation solutions, including smart routing of calls based on urgency or caller needs.
 - **Timeline:** Research in Q2-Q3 2025; Pilot evaluation in Q1–Q2 2026
- **Action 3:** Research and evaluate paperless options to increase efficiency and reduce waste with regard to technology and workflow procedures.
 - **2025 Deliverable TSG–** Paperless Inventory Process
 - **2025 Deliverable Operations–**
 - Paperless data entries for agencies we serve.
 - Paperless trade/leave slips
 - **Timeline:** Research in Q2 2025; Pilot evaluation in Q3–Q4 2025, with annual review process for improvements.

Public Education & Alternative Resources

- **Action 1:** Increase public awareness of 911 alternatives through a strategic outreach campaign focused on the new non-emergency line and available self-service resources. Efforts will include social media, agency partnerships, and event-based outreach.
 - **Timeline:** Launch Q3 - Q4 2025; campaigns ongoing annually
- **Action 2:** Develop educational materials and events to inform the community about the role of Kitsap 911, how emergency dispatch functions, and why certain protocols exist. This will help manage public expectations and promote more appropriate use of services
 - **Timeline:** Ongoing, with annual evaluations.

Success Measurement:

- **Improved Service Efficiency:** Enhanced call triage and the use of non-emergency lines will optimize how calls are managed and dispatched.
- **Better Resource Utilization:** Staff will be better positioned to handle high-priority calls, with reduced overtime and burnout due to smarter workload distribution and technology support.
- **Stronger Public Engagement:** Increased awareness of 911 alternatives.

Conclusion:

By focusing on these interconnected strategies, Kitsap 911 will improve operational capacity, strengthen internal processes, and better serve the public. This initiative is critical for maintaining a responsive, sustainable, and trusted emergency communication system as we grow into the future.

Recommendation:

Move to approve Strategic Initiative #5 - Enhancing Service Management.



Board of Directors Action Item Summary

September 2, 2025 (12:30 to 2:00)
Agenda Item #7

Agenda Item: Approve Master Finance Debt Agreement for the Land Mobile Radio Debt Solution
Submitted By: Steve Rogers
Title: Finance Manager
Attachments: Master Finance Agreement

Budgetary Impact
Budgeted Amount:
Expenditure Required:
Budget Category: Long-Term Debt

Reviewed By: Maria Jameson-Owens, Brandon Wecker, Ken Bagwell, WCIA
Reviewed Date: August 26, 2025

Summary:

The radio-replacement project is a \$46 million initiative funded to date by Proposition 2 sales tax revenues. Because receipts to date from Proposition 2 are significantly below the amount needed to maintain our completion timeline, we propose using long-term debt in line with our original funding plan and Strategic Initiative #2.

Kitsap 911 has negotiated a Master Financing Agreement (MFA) with Holman Capital, a specialist in public-sector debt instruments. Under this MFA:

- A “guidance line of credit” is established, from which Kitsap 911 may draw individual tranches.
- Each tranche functions as a separate loan with its own repayment terms and no prepayment penalties.
- Kitsap 911 may accelerate principal payments at any time, retaining full flexibility.
- The guidance line of credit remains available after full repayment, providing capacity for future capital needs.

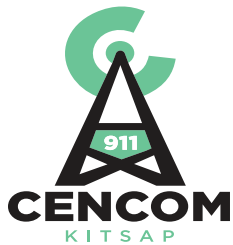
Every drawdown under the MFA will require Board approval and be restricted to capital projects, thereby strengthening our financial stability and cash-flow management for the Land Mobile Radio project.

At the June 3, 2025 Board Meeting, the Board was briefed on the MFA structure and discussed it with Finance Manager Steve Rogers and Holman Capital CEO Lance Holman. No additional directives were given.

At the September 2, 2025 Board Meeting, the Board of Directors were presented with the final draft of the MFA, which legal counsel for both Holman Capital and Kitsap 911 has approved.

Recommendation:

Move to approve Master Finance Agreement with Holman Capital.



**KITSAP 911
CONTRACT REVIEW SHEET**

(Kitsap 911 Governing Directive #60 -Purchasing and Contracting)

A. GENERAL INFORMATION

1. Contractor	Holman Capital Corporation		
2. Purpose	Credit Financing Agreement		
3. Contract Amount	\$11,000,000	Disburse <input type="checkbox"/>	Receive <input checked="" type="checkbox"/>
4. Contract Term	Credit financing in individual tranche withdrawals each with their own payment schedule for the purpose of managing cash flow for the LMR Project.		
5. Contract Administrator	Jane Taubman	Phone	949-403-0022
Approved :	Maria Jameson-Owens	Date	08-27-2025
	Executive Director		

B. ACCOUNTING INFORMATION

1. Contract Control Number	K911-091
2. Fund Name	LMR Project/Debt Income & Expense
3. Payment from-Revenue to CC/Account Nbr	

C. RISK MANAGER REVIEW

1.	<input checked="" type="checkbox"/>	Approved	<input type="checkbox"/>	Not Approved	
Reviewer	Farah Derosier			Date	08/26/2025
2. Comments:	Section 7.8 (c). Please let them know that you are part of a self-insured municipal risk pool and we are unable to list them as additional insured.				

D. ATTORNEY REVIEW

1.	<input checked="" type="checkbox"/>	Approved	<input type="checkbox"/>	Not Approved	
Reviewer	Ken Bagwell			Date	08/26/2025
2. Comments:	All issues addressed in this version.				

**H. CERTIFICATION BY CONTRACT ADMINISTRATOR: THIS CONTRACT IS
READY FOR CONSIDERATION BY THE AUTHORIZED CONTRACT SIGNER.**
(For contract signing authority, see Kitsap 911 Governing Directive # 60 Purchasing and Contracting)

Ratification By Kitsap 911 Board of Directors Chair

Date

INDEX TO CLOSING DOCUMENTS

MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT
FINANCING CAPITAL PROJECTS
ISSUED BY THE KITSAP 911 PUBLIC AUTHORITY TO
HOLMAN CAPITAL CORPORATION

Loan Documents:

Tab A:	Master Full Faith and Credit Financing Agreement;
Exhibit 1:	Description of the Project
Exhibit 2:	Payment schedule
Exhibit 3:	Authorizing Resolution of the [Issuer];
Exhibit 4:	General Certificate of the Borrower;
Exhibit 5:	Tax Agreement and Arbitrage Certificate;
Exhibit 6:	Opinion of Issuer's Counsel;
Exhibit 7:	Form 8038-G;
Exhibit 8:	Closing Memorandum;
Exhibit 9:	Insurance Certificate
Exhibit 10:	Escrow Agreement, together with related Exhibits

Assignment Documents (Lender and Investor Only):

Exhibit 12:	Assignment Agreement with Schedule A thereto.
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HOLMAN CAPITAL CORPORATION

TAB A:

MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT

between

KITSAP 911 PUBLIC AUTHORITY

and

HOLMAN CAPITAL CORPORATION

Dated September 25, 2025

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MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT

This MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT (“Agreement”), dated September 25, 2025, between the KITSAP 911 PUBLIC AUTHORITY, an Authority duly formed under the laws of the State of Washington (the “Borrower”), and HOLMAN CAPITAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the “Corporation”), (each individually a “Party” and collectively the “Parties”). There are no other parties to this MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT.

W I T N E S S E T H:

WHEREAS, the Borrower provides to its service area public safety emergency communication services and owns various assets related to the provision of those services.

WHEREAS, the Borrower has determined over the coming months to undertake the acquisition of certain equipment and completion of certain facility improvements, as described in Exhibit 1 hereto, which is incorporated by this reference, and in subsequent Payment Schedules (collectively, the “Project”), as more particularly described in each Payment Schedule to be issued under this Master Full Faith and Credit Financing Agreement, as described in Section 3.1(b), below, and in the form set forth in Exhibit 2;

WHEREAS, the Borrower and the Corporation are entering into this Master Full Faith and Credit Financing Agreement, pursuant to which the Corporation will finance the acquisition of the Project upon the terms and conditions set forth herein and, in each Payment Schedule, and accompanying documents.

WHEREAS, the Borrower and the Corporation have duly authorized the execution of this Master Full Faith and Credit Financing Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Master Full Faith and Credit Financing Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute and enter into this Master Full Faith and Credit Financing Agreement,

NOW, THEREFORE, in consideration of these promises and of the mutual agreements and covenants contained herein and for other valuable consideration, the Parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

Accountant’s Report means a report signed by an Independent Certified Public Accountant.

Assignee means the assignee of the Corporation's interests under a Payment Schedule, as assigned under a separate Assignment Agreement, and its successors and/or assigns.

Assignment Agreement means the Assignment Agreement issued in connection each Payment Schedule, between the Corporation and the Assignee designated in each such agreement.

Corporation means Holman Capital Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware.

Board of Directors means the Kitsap 911 Board of Directors which is made up of the same elected officials that served on the CENCOM policy board: the three county commissioners and the sheriff, the mayors of Bainbridge Island, Bremerton, Port Orchard, and Poulsbo, three fire commissioners, and two Bremerton City Council members.

Borrower means the Kitsap 911 Public Authority, an authority under the laws of the State of Washington, which is a body corporate and politic and a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington.

Effective Interest Rate means the rate of interest per annum specified in Exhibit 2 and in any subsequent Payment Schedule, to be applied on the basis of a 360-day year consisting of 12 months of 30 days.

Engineer's Report means a report signed by an Independent Engineer.

Equipment means the equipment and related items being acquired as part of the Project.

Escrow Agreement means the Escrow Agreement issued in connection with each Payment Schedule, between the Borrower, the Corporation and escrow agent, as designated in that agreement.

Escrow Fund means the fund by that name established pursuant to any Escrow Agreement.

Event of Default means an event described in Section 8.1.

Fiscal Year means the period beginning on January 1 of each year and ending on December 31 of each year, or any other twelve-month period selected and designated as the official Fiscal Year of the Borrower.

Funding Date means the date specified in each Payment Schedule for the funding of the components of the Project specified in that particular Payment Schedule.

Independent Certified Public Accountant means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of Washington, appointed and paid by the Borrower, and who, or each of whom:

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Borrower;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Borrower; and

(3) is not connected with the Borrower as a member, officer or employee of the Borrower, but who may be regularly retained to audit the accounting records of and make reports thereon to the Borrower.

Independent Engineer means a registered engineer or firm of registered engineers generally recognized to be well-qualified in engineering matters relating to the Equipment, appointed and paid by the Borrower, and who:

(1) is in fact independent and not under the domination of the Borrower or any member thereof;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Borrower; and

(3) is not connected with the Borrower as an officer or employee of the Borrower or any member thereof, but who may be regularly retained to make reports to the Borrower.

Installment Payment Dates mean the dates specified in each Payment Schedule for the payment of the Installment Payments.

Installment Payments means the installment payments of interest and principal scheduled to be paid by the Borrower under and pursuant to each particular Payment Schedule.

Interest Rate shall mean the annual interest rate specified in each Payment Schedule, which shall be amortized over the Loan repayment period through the Maturity Date to determine the Installment Payments.

Loan means the advance of the Principal Amount specified in each Payment Schedule being made by Corporation to the Borrower.

Master Full Faith and Credit Financing Agreement means this Master Full Faith and Credit Financing Agreement dated September 25, 2025, between the Borrower and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Maturity Date means the maturity date specified in each Payment Schedule.

Net Proceeds means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Operation and Maintenance Costs means all expenses and costs of management, operation, maintenance and repair of Borrower facilities and all incidental costs, fees and expenses properly chargeable to the Borrower's various operating departments (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).

Parity Debt means the payments made pursuant to any other indebtedness or other obligations (including leases and installment sale agreements), currently outstanding or hereafter issued or incurred,

which are payable from and secured by a pledge of Borrower's full faith and credit equally and ratably with the Installment Payments.

Payment Schedule means the agreed upon schedule, in the form attached hereto as Exhibit 2 and attached to each subsequent Payment Schedule issued under this Agreement, which sets forth the terms on which the Borrower will purchase and acquire certain specified components of the Project from the Corporation.

Principal Amount means the principal amount of the loan made under each Payment Schedule issued under this Agreement being made by the Corporation to the Borrower to finance the Project.

Resolution means the Resolution adopted by the Borrower's Board of Directors on approving this Master Full Faith and Credit Financing Agreement, approving the financing, approving related documents and delegating to Borrower's management the authority to enter into subsequent Payment Schedules.

Revenues means all gross income and revenue received by the Borrower from its operations, including, without limiting the generality of the foregoing,

- (1) all income, taxes (including all taxes paid under any Local Option Levies), rents, rates, fees, charges or other moneys the Borrower receives;
- (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent the use of such earnings and income is allowed under applicable law; and
- (3) any proceeds derived by the Borrower directly or indirectly from the sale, lease or other disposition of a part of any Borrower property.

Section 1.2. Benefits of Master Full Faith and Credit Financing Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Borrower or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Borrower or the Corporation shall be for the sole and exclusive benefit of the other Parties.

Section 1.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the Borrower or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Borrower or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the Borrower or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 1.4. Waiver of Personal Liability. No director, officer or employee of the Borrower shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the Borrower from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 1.5. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any

gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Master Full Faith and Credit Financing Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Borrower or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Borrower and the Corporation hereby declare that they would have executed this Master Full Faith and Credit Financing Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 1.7. Washington Law. This Master Full Faith and Credit Financing Agreement shall be construed and governed in accordance with the laws of the State of Washington.

Section 1.8. Notices. All written notices to be given hereunder shall be given by mail to the Party entitled thereto at its address set forth below, or at such other address as such Party may provide to the other Party in writing from time to time, namely:

If to the Borrower: Kitsap 911 Public Authority
 911 Carver Street
 Bremerton, WA 98312
 Attention: Executive Director

If to the Corporation: Holman Capital Corporation
 25231 Paseo De Alicia
 Suite 105
 Laguna Hills, CA 92653
 Attention: Lance Holman

If to the Assignee: As designated in the applicable Escrow Agreement.

Section 1.9. Execution in Counterparts. This Master Full Faith and Credit Financing Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

ARTICLE II

REPRESENTATIONS BY THE BORROWER AND THE CORPORATION

Section 2.1. Representations by the Borrower. The Borrower makes the following representations:

- (a) The Borrower is a duly organized and existing authority under and pursuant to the laws of the State of Washington, and is a political subdivision and body corporate and politic of the State of Washington;
- (b) The Borrower has full legal right, power and authority to enter into this Master Full Faith and Credit Financing Agreement and to carry out its obligations hereunder;
- (c) The Borrower is not currently, and has not been at any time, in default under any long-term debt obligations with a term longer than one year;
- (d) With the exception of the pledge of the Revenues hereunder, any pledge made with respect to Parity Debt and any pledge of Revenues disclosed to Corporation, the Revenues have not otherwise been pledged and there are no other liens against the Revenues that are not subordinated to the pledge set forth herein;
- (e) The Borrower's audited financial statements for the period ended December 31, 2023, present fairly the financial condition of the Borrower as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Assignee, there has been no change in the financial condition of the Borrower since, that will in the reasonable opinion of the Borrower materially impair its ability to perform its obligations under this Installment Purchase Agreement. All information provided by the Borrower to the Corporation with respect to its financial performance is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (f) As currently conducted, the Borrower's activities are in all material respects, to the Borrower's best knowledge, in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the Borrower is subject; and
- (g) By proper action, the Borrower has duly authorized the execution, delivery and due performance of this Agreement which constitutes a legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms;
- (h) The execution, delivery, and performance by the Borrower of its obligations under this Agreement will not result in a breach or violation of, nor constitute a default under, any agreement, lease, or other instrument to which the Borrower is a party or by which the Borrower's properties may be bound or affected;
- (i) There is no pending, or to the best of the Borrower's knowledge threatened, litigation of any nature which may have a material adverse effect on the Borrower's ability to perform its obligations under the Agreement; and

Section 2.2. Representations by the Corporation. The Corporation makes the following representations and warranties:

- (a) The Corporation is a corporation duly organized and existing under the laws of the State of Delaware.

- (b) The Corporation has full legal right, power and authority to enter into this Master Full Faith and Credit Financing Agreement and to carry out its obligations hereunder.
- (c) By proper action, the Corporation has duly authorized the execution, delivery and due performance of this Agreement.

ARTICLE III

LOAN; INSTALLMENT PAYMENTS

Section 3.1. Loan and Terms. The Corporation shall advance the Principal Amount to the Borrower on the Closing Date applicable to each Payment Schedule in accordance with the instructions specified in the Closing Memorandum applicable to each Payment Schedule. The Principal Amount shall bear interest at the Interest Rate from the closing date of each Payment Schedule. Interest is payable semi-annually as specified in the applicable Payment Schedule. Unless the Borrower exercises its right to prepay, it shall repay the Principal Amount and amortized interest as specified in Section 3.2. All unpaid principal, plus accrued interest, shall be paid no later than the applicable Maturity Date.

Section 3.2. Installment Payments. The Borrower shall, subject to any rights of prepayment provided in Article IV (Prepayment of Installment Payments) herein, pay the Installment Payments under each Payment Schedule on the dates and in the amounts set forth in the respective Payment Schedules.

Each Installment Payment shall be paid to the Corporation or Assignee, as directed, in lawful money of the United States of America by check, wire transfer or other electronic transfer of immediately available funds. If the Borrower fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the Borrower until such amount shall have been fully paid, and the Borrower agrees to pay the same plus interest thereon at the Effective Interest Rate.

Section 3.3. Obligation to Pay. The obligation of the Borrower to make the Installment Payments from its Revenues is absolute and unconditional and is secured as specified in Section 6.1, below; provided, however, this Agreement will not constitute a debt or indebtedness of the State of Washington or any political subdivision thereof other than the Borrower.

Additionally, the Borrower represents, warrants, and agrees that the obligation to make the Installment Payments required by the Master Full Faith and Credit Financing Agreement is non-cancellable and shall be paid equally and ratably, without preference, priority, or distinction because of date of issue or otherwise, from Revenues on the same basis as the Borrower's other general obligations.

Section 3.4. Net Contract. The Agreement shall be deemed and construed to be a net contract, and the Borrower shall pay absolutely during the term hereof the Installment Payments and all other payments required under any Payment Schedule, free of any deductions and without any abatement, diminution, counterclaims, or set-off whatsoever.

Section 3.5. Late Payments. Whenever any Installment Payment or other amount payable to Corporation by Borrower under any Payment Schedule is not paid within ten (10) days after such due date, Borrower agrees to pay Corporation a late charge on the delinquent amount at the "Default Rate," which is one percent (1%) per month, or the maximum amount permitted under applicable law, whichever is less. Such amount(s) shall be payable solely from legally available funds in addition to all amounts payable by Borrower as a result of the exercise of any of the remedies herein provided.

ARTICLE IV

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 4.1. Prepayment. (a) The Borrower may or shall, as the case may be pursuant to subdivision (c) of Section 7.7, prepay principal components of any unpaid Installment Payments as a whole or in part (as provided in subdivision (c) of Section 7.7) at a prepayment price for any Payment Schedule equal to the sum of the principal components prepaid under that Payment Schedule plus accrued interest thereon to the date of prepayment.

(b) **Optional Prepayment.** On any Installment Payment Date under a Payment Schedule, the Borrower may prepay its obligations hereunder in whole, but not in part, by paying to the Corporation the Installment Payment due on such date together with the amount shown as the "Purchase Option Price" for such date on the Payment Schedule, plus the amount of any Installment Payments then in default, together with all past due amounts, additional interest, and late charges (if any).

Section 4.2. Notice of Prepayment. Before making any prepayment pursuant to Article 4 (Prepayment of Installment Payments) herein, the Borrower shall give written notice to the Corporation not less than thirty (30) calendar days prior to the date of prepayment, or such shorter time as is consented to by the Corporation. The Borrower may provide a conditional notice of prepayment to satisfy the requirements of this Section 4.2.

ARTICLE V

DISCHARGE OF OBLIGATIONS

Section 5.1. Discharge of Obligations. (a) Payment of All Installment Payments. If the Borrower shall pay or cause to be paid all Installment Payments then outstanding at the times and in the manner provided herein and also pay or cause to be paid all other sums payable hereunder, including all outstanding Payment Schedules, by the Borrower, then the right, title, and interest of the Corporation herein shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Master Full Faith and Credit Financing Agreement, the covenants of the Borrower to preserve the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes contained in Section 7.10 (Tax Covenant) shall survive.

(b) Prepayment Escrow. All or any portion of unpaid Installment Payments shall, prior to their scheduled payment dates, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 5.1 (except that the Borrower shall remain liable for the Installment Payments, but only out of the money or securities deposited as described below for their payment), if there shall have been irrevocably deposited with an escrow agent or other fiduciary sufficient moneys and securities guaranteed by the full faith and credit of the United States the principal of and interest on which when due will provide money sufficient to pay such Installment Payments when due or prepay such Installment Payments in accordance with Section 4.1(b) (Optional Prepayment) herein.

ARTICLE VI

SECURITY

Section 6.1. Pledge of Full Faith and Credit. This Master Full Faith and Credit Financing Agreement is an unconditional obligation of the Borrower, which is payable from all legally available funds of the Borrower. Pursuant to RCW 39.50, the Borrower hereby pledges its full faith and credit and taxing

power (if any) within the limitations of Sections 11 and 11b of Article XI of the Washington Constitution to pay the principal and interest due to the Lender under this Master Full Faith and Credit Financing Agreement. The Borrower is authorized to issue short-term obligations pursuant to Chapter 39.50 RCW to pay the amounts due under this Master Full Faith and Credit Financing Agreement. This pledge of the Borrower's full faith and credit and taxing power shall not entitle the Corporation to any lien on, or pledge of, specific properties or revenues of the Borrower.

Section 6.2. Additional Debt. (a) No Superior Obligations. The Borrower shall not issue or incur any additional or future obligations secured by any obligation that is superior to the pledge securing the Installment Payments specified in Section 6.1, above, without the prior written consent of the Corporation and Assignee.

(b) Additional Parity Debt. The Borrower shall not incur additional Parity Debt unless:

(1) the Borrower is not in default under the terms of this Master Full Faith and Credit Financing Agreement, and

(2) the Revenues for the latest Fiscal Year or any more recent 12-month period selected by the Borrower ending not more than 60 days prior to the adoption of the Resolution approving the instrument pursuant to which such proposed Parity Debt is to be issued or incurred, plus, at the option of the Borrower, the additional allowance described below, shall have amounted to at least 1.25 times the sum of the amount of the Installment Payments becoming due and payable in the current or future Fiscal Year in which that amount is at its maximum and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations, as evidenced by a calculation prepared by an Independent Certified Public Accountant.

Either or both of the following items may be added to Revenues by the Borrower for the purpose of applying the restriction in Subsection (b)(2) above:

(1) An allowance for revenues from any additions to or improvements or extensions of the Borrower's services to be constructed with the proceeds of such additional obligations, and also for net revenues from any such additions, improvements or extensions, but that, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 100% of the estimated additional average annual net Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Debt, all as shown by the certificate or opinion of an Independent Certified Public Accountant; and/or

(2) An allowance for earnings arising from any increase in the charges made for Borrower services that has become effective prior to the incurring of such additional obligations but that, during all or any part of such Fiscal Year, was not in effect, in an amount equal to 100% of the amount by which the Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year and any period prior to the incurring of such additional obligations, as shown by the certificate or opinion of an Independent Engineer.

(c) Refundings. The Borrower may incur obligations secured by its full faith and credit to discharge or defease any Parity Debt, if the Borrower either meets the requirements of subsection (b) above or an Accountant's Report is filed with the Corporation to the effect that the Debt Service for each future Fiscal Year following such discharge or defeasance shall be less than or equal to the Debt

Service for that Fiscal Year if such discharge or defeasance did not occur.

(d) Subordinate Obligations. The Borrower may incur obligations secured by its full faith and credit on a junior or subordinate basis, if the Borrower meets the requirements of subsection (b) above but reducing the coverage ratio required therein from 1.25 to 1.00.

ARTICLE VII COVENANTS OF THE BORROWER

Section 7.1. Compliance with Installment Purchase Agreement and Resolution. The Borrower will punctually pay the Installment Payments in strict conformity with the terms hereof and of any applicable Payment Schedule, and will faithfully observe and perform all agreements, conditions, covenants and terms contained herein required to be observed and performed by it and will not terminate the Master Full Faith and Credit Financing Agreement for any cause. The Borrower will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Resolution resolved therein to be observed and performed by it.

Section 7.2. Compliance with Law and Contracts; Preservation of Rights. The Borrower will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operations by contract, or prescribed by any law of the United States of America or of the State of Washington, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right, or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights, and privileges shall be maintained and preserved and shall not become abandoned, forfeited, or in any manner impaired.

Section 7.3. Against Sale or Other Disposition of Property. The Borrower will not sell, lease, encumber, or otherwise dispose of its properties, or interest therein essential to its proper operations. The Borrower will not enter into any agreement or lease that impairs its operations or any part thereof necessary to secure adequate Revenues for the payment of the Installment Payments. The Borrower may sell or otherwise dispose of any real or personal property that has become non-operative or that is not needed for its efficient and proper operations or any material or equipment that has become worn out.

Section 7.4. Operation and Maintenance of Borrower Facilities. The Borrower will maintain and preserve all Borrower facilities in good repair and working order at all times and will conduct its operations in an efficient and economical manner and will pay all Operation and Maintenance Costs they become due and payable.

Section 7.5. Project Maintenance. The Borrower agrees it shall, at its sole expense: (a) be responsible for all repair and maintenance of all of the Project; and (b) comply with all laws and regulations relating to such assets. No maintenance or other service for any of said assets will be provided by the Corporation.

Section 7.6. Risk of Loss. The Borrower bears the entire risk of loss for, shall pay directly, and shall defend the Corporation against any and all claims, liabilities, proceedings, actions, expenses (including reasonable attorneys' fees), damages or losses arising out of or the Project. This includes, but is not limited to, the possession, ownership, lease, use, or operation thereof. These obligations of the Borrower shall survive any expiration or termination of the Master Financing Agreement.

Section 7.7. Payment of Claims. The Borrower will pay and discharge any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien on the Revenues or any part thereof or on any funds in the hands of the Borrower prior or superior to the lien of the Installment Payments or that might impair the security of the Installment Payments.

Section 7.8. Insurance; Application of Net Proceeds.

(a) Casualty and Liability Insurance. The Borrower will procure and maintain or cause to be procured and maintained insurance on its properties and facilities with responsible insurers in such amounts and against such risks (including accident to or destruction of those properties and facilities) as are usually covered in connection with similar properties and facilities so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of Borrower properties and facilities caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the property or facility. The Borrower shall begin such reconstruction, repair, or replacement promptly after such damage or destruction shall occur; shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible; and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and property or facility shall be free and clear of all claims and liens. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds may be applied in part to the prepayment of Installment Payments as provided in Article 4 (Prepayment of Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt. If such Net Proceeds are sufficient to enable the Borrower to retire the entire obligation evidenced hereby, including under all outstanding Payment Schedules, prior to the final due date of the Installment Payments as well as the entire obligations evidenced by contracts for Parity Debt then remaining unpaid prior to their final respective due dates, the Borrower may elect not to reconstruct, repair, or replace the damaged or destroyed portion of the property or facility, and thereupon such Net Proceeds shall be applied to the prepayment of Installment Payments as provided in Article 4 (Prepayment of Installment Payments) and to the retirement of such Parity Debt.

(b) Other Insurance. The Borrower will procure and maintain such other insurance that it deems advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with similar properties and facilities.

(c) Self-Insurance. Any insurance required to be maintained pursuant to paragraph (a) above and any insurance maintained pursuant to paragraph (b) above may be maintained under a self-insurance or pooled risk program so long as such self-insurance or pooled risk program is maintained in the amounts and manner usually maintained in connection with similar properties and facilities.

(d) Notice of Cancellation. All policies of insurance required to be maintained herein shall provide that the Corporation shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

(e) Additional Insured. All policies of insurance required to be maintained herein shall name the Corporation or its assignee, as applicable, as an additional insured party under such policies.

Section 7.9. Eminent Domain Proceeds. If all or any part of a Borrower property is taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the Borrower obtains and files with the Corporation an Engineer's Report or Accountant's Report showing (i) the estimated loss of annual Revenues, if any, suffered or to be suffered by the Borrower by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions, or improvements to Borrower facilities proposed to be acquired and constructed by the Borrower from such Net Proceeds, and (iii) an estimate of the additional annual Revenues to be derived from such additions, betterments, extensions, or improvements, and (2) the Borrower, on the basis of such Engineer's Report or Accountant's Report filed with the Corporation, determines that the estimated additional annual Revenues will sufficiently offset the estimated loss of annual Revenues resulting from such eminent domain proceedings so that the ability of the Borrower to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive) then the Borrower shall promptly proceed with the acquisition and construction of such additions, betterments, extensions, or improvements substantially in accordance with such Engineer's Report or Accountant's Report and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the Borrower for such purpose shall be deposited in the Borrower's general fund.

(b) If (1) the Borrower obtains and files with the Corporation an Engineer's Report or Accountant's Report containing an estimate of annual Revenues after the taking by eminent domain and (2) the Borrower, on the basis of such Engineer's Report or Accountant's Report, determines that Net Revenues will equal at least one hundred twenty-five per cent (125%) of the Installment Payments and debt service on all Parity Debt outstanding for each Fiscal Year in which Installment Payments are due, then the Borrower may use such Net Proceeds for any lawful purpose.

(c) If the conditions of neither of the foregoing subsections are met, then such Net Proceeds shall be applied in part to the prepayment of Installment Payments as provided in Article IV (Prepayment of Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion as the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such Parity Debt. For avoidance of doubt, any prepayment triggered under this Section 7.7 may be in whole or in part, with partial prepayments being made in the pro rata portion of the Purchase Option Price.

Section 7.10. Tax Levies (if allowed and if applicable).

(a) The Borrower covenants that it shall, subject to any requirement for voter approval, levy and collect taxes that, after allowances for contingencies and error in the estimates, shall produce Revenues sufficient in each Fiscal Year to provide Revenues equal to at least 125% of the sum of (1) the Installment Payments becoming due and payable in such Fiscal Year, and (2) all debt service and any additional payments required with respect to Parity Debt for such Fiscal Year.

(b) The Borrower will have in effect, at all times, rules and regulations requiring each citizen to pay the taxes and any other applicable rates, fees and charges applicable to that citizen and providing for the billing thereof and for a due date and a delinquency date for each bill. Unless otherwise authorized by Borrower action, the Borrower will not permit any facility or service to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of Washington and any city, county, district, authority, political subdivision, public corporation or agency of any thereof).

(c) The Borrower covenants and agrees to levy taxes (subject to the legal restrictions and requirements incumbent thereon) and take other legally available steps necessary to not only cover operating expenses, capital expenditures, and maintenance expenses, but also to faithfully and punctually pay and perform all of its obligations under this Installment Purchase Agreement, including, without limitation, meeting all debt service, rate and other financial covenants contained herein.

Section 7.11. Protection of Security and Rights of the Corporation. The Borrower will preserve and protect the security hereof and the rights of the Corporation to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 7.12. Tax Covenant. The Borrower shall at all times do and perform all acts and things permitted by law (and not permit any omissions required under applicable laws) that are necessary and desirable in order to assure that interest paid with respect to the Installment Payments will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Borrower agrees to (a) execute and deliver to Corporation, upon Corporation's request, a tax certificate and agreement in form and content acceptable to Corporation and Borrower, relating to the establishment and maintenance of the excludability from gross income of the interest component of the Installment Payments for federal income tax purposes; (b) complete and file in a timely manner an information reporting return as required by the Internal Revenue Code of 1986 (as from time to time amended, the "Code"); and (c) make any arbitrage, yield, or rebate payments (if applicable) to the federal government if required by, and in accordance with, Section 148(f) of the Code, and make the determinations and maintain the records required by the Code. For avoidance of doubt, the representations and warranties of the Borrower in any Tax and Arbitrage Certificate executed in connection with any Payment Schedule shall be incorporated by reference herein.

The Borrower represents that it does not have on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to purchase the Project. The Borrower has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required or otherwise restricted to pay directly or indirectly Installment Payments hereunder. The Borrower further certifies that, so long as any Installment Payments hereunder remain unpaid, moneys on deposit in the Escrow Fund will not be used in a manner that will cause this Agreement to be classified as an "arbitrage bond" within the meaning of Section 148(a) of the Code.

If the Corporation, its Assignee, or any subsequent assignee thereof either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Corporation or any assignee thereof, that the Corporation or any assignee thereof may not exclude any interest paid under any Payment Schedule issued pursuant to this Agreement from its Federal gross income (each an "Event of Taxability"), the Borrower shall pay to the

payee under the respective Payment Schedule(s) upon demand (x) an amount which, with respect to Installment Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the interest due through the date of such event), will restore such payee to its intended after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Installment Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by the applicable Payment Schedule through the date of such event and (y) as additional Installment Payments to the Corporation or its assignees on each succeeding payment date such amount as will maintain such after-tax yield to the Corporation or its assignees.

Section 7.13. Indemnification of the Corporation. The Borrower shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation and its directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest, arising out of or as the result of the actions or omissions of Borrower related to entering into this Agreement, any Payment Schedule and related transaction documents, or any other agreement entered into in connection herewith or therewith, the design or ownership of the Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the Project, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the Borrower or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. Notwithstanding the forgoing, this indemnification and hold harmless shall not include any liability arising out of or resulting from the gross negligence, willful misconduct, or wrongful acts of the Corporation, its directors, officers, employees, or agents. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of the term of this Agreement or any Payment Schedule for any reason. The Borrower and the Corporation mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section 7.14. Additional Information. The Borrower agrees to furnish to the Assignee (i) the audited financial statements of the Borrower within six (6) months of the end of the Fiscal Year, or as soon as practicable thereafter, together with a certificate that the Borrower is in compliance with the covenants contained herein, and (ii) promptly, from time to time, but no more than one (1) time per quarter, such information regarding the operations, financial condition and property of the Borrower as the Assignee may reasonably request. Any audited financial statements furnished to the Assignee shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the Borrower's financial condition as of the date of the statements.

Section 7.15. Further Assurances. The Borrower will adopt, deliver, execute and make any and all further assurances, instruments and Resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 7.16. Opinion of Borrower's Attorney. The Borrower will cause to be delivered an opinion of the Borrower's legal counsel dated each Funding Date as to each Payment Schedule issued hereunder and addressed to the Corporation and the Assignee, substantially in the form in Exhibit 6 to such Payment Schedule, to the effect that:

(i) the Borrower is an authority duly organized and existing under the laws of the State of Washington;

(ii) the Resolution was duly adopted at a meeting of the Board of Directors of the Borrower that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the Borrower, to restrain or enjoin the payment of the Installment Payments under this Agreement and each Payment Schedule, or in any way contesting or affecting the validity of the Resolution or this Agreement, and

(iv) the execution of this Agreement, the issuance of any Payment Schedule and related transaction documents, the consent to the Assignment Agreement, the adoption of the Resolution and compliance by the Borrower with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not constitute on the part of the Borrower a breach or default under any agreement or other instrument to which the Borrower is a party or by which it is bound (that are known to the Borrower's legal counsel) or any existing law, regulation, court order or consent decree to which the Borrower is subject.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default and Remedies. (a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the Borrower to pay any Installment Payment or debt service on any Parity Debt at the time specified herein or under any applicable Payment Schedule, or as required under any agreement or instrument pursuant to which Parity Debt is issued.

(2) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part contained herein, under any Payment Schedule or in agreement or instrument pursuant to which Parity Debt is issued, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Borrower by the Corporation; provided, however, that the Corporation and the Borrower may agree that action by the Borrower to cure such failure may be extended beyond such thirty-day period.

(3) Any violation of any applicable rule, regulation, law, statute or Resolution applicable to the Borrower or the Parity Debt that could lead to a breach under subsections (1) and/or (2) and that are not cured in accordance with subsections (1) and/or (2).

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation shall have the right to exercise any remedy available at law or in equity, but the amounts due from the Borrower under this Agreement shall not be subject to acceleration.

Section 8.2. Application of Funds. Upon the receipt of any funds as provided in Section 8.1, all Revenues thereafter received by the Borrower shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues, ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid Principal Amount of any other obligations secured by Borrower's pledge of its full faith and credit, and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments pursuant to any applicable Payment Schedule and such other obligations if paid in accordance with their respective terms.

Section 8.3. Other Remedies of the Corporation. The Corporation shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Borrower, and to compel the Borrower to carry out its duties under the agreements and covenants required to be performed by it contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the Borrower and its Board of Directors, officers and employees to account as the trustee of an express trust.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the Borrower, which is absolute and unconditional, to pay the Installment Payments to the Corporation at the respective due dates specified in each Payment Schedule or upon prepayment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in each Payment Schedule.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation under applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, the Borrower and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in

equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the law.

ARTICLE IX ASSIGNMENT; AMENDMENTS

Section 9.1. Assignment.

(a) The Borrower hereby consents to the assignment by the Corporation of its rights under this Agreement to the Assignee under any Payment Schedule, which rights are evidenced by the Assignment Agreement entered into in connection with any Payment Schedule. The Borrower will not assign its duties and obligations under this Agreement without the prior written consent of the Corporation, the Assignee, or any permitted assignee thereof, and such assignment by the Borrower will be subject to the holder's then existing credit underwriting criteria and require an opinion from a nationally recognized tax or bond counsel that such transfer or assignment will not cause the interest paid with respect to the Installment Payments to be included in the gross income calculations of the Corporation, Assignee, or any assignee thereof for federal income tax purposes.

(b) The Assignee may further assign its right, title and interest in this Agreement, the Installment Payments and other amounts due hereunder and under any Payment Schedule in whole to one or more assignees or subassignees at any time, without the consent of the Borrower; provided that any such assignee or subassignee must be a qualified bank or qualified investor. Upon such assignment the assignee of such assignment shall be entitled to all rights of the Assignee set forth herein and shall be entitled to all notices required to be sent to the Assignee pursuant to this Agreement. The Borrower shall cooperate with the Assignee either now or hereafter by acknowledging any agreement relating thereto which in no way will alter or affect the terms and conditions of this Agreement and the assignment of this Agreement by the Assignee. No such assignment shall be effective as against the Borrower unless and until the entity or person making the assignment shall have filed with the Borrower written notice thereof. During the term of this Agreement, the Borrower shall keep a record of all such notices of assignment and shall make payments to the assignee. Subject always to the foregoing, this Agreement inures to the benefit of and is binding upon the successors and assigns of the Parties hereto.

Section 9.2. Amendments Permitted.

(a) This Agreement and the rights and obligations of the Corporation and the Borrower and of the Assignee may be modified or amended at any time but only with the written consent of the Borrower and Assignee. No such modification or amendment shall (1) extend the payment dates for the Installment Payments or reduce the amounts thereof without the consent of the Borrower and the Assignee, or (2) modify any of the rights or obligations of the Corporation or the Assignee (as applicable) without its written consent thereto.

(b) This Agreement and the rights and obligations of the Corporation and the Borrower and of the Assignee may also be modified or amended at any time, with the consent of the Assignee and the Borrower, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the Borrower contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the Borrower, and that shall not adversely affect the interests of the Assignee;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or the Borrower may deem necessary or desirable and that shall not adversely affect the interests of the Assignee; and

(3) to make such other amendments or modifications as may be in the best interests of the Assignee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Master Full Faith and Credit Financing Agreement by their officers thereunto duly authorized as of the day and year first written above.

KITSAP 911 PUBLIC AUTHORITY

HOLMAN CAPITAL CORPORATION

By: _____

Name: Maria Jameson-Owens

Title: Executive Director

By: _____

Name: Lance Holman

Title: President & CEO

[Signature Page to Master Full Faith and Credit Agreement]

EXHIBIT 1:

DESCRIPTION OF THE PROJECT

[This exhibit should list all components of the Project, including any subsequent sub-projects or items of equipment that will be acquired through Payment Schedules to be issued]

EXHIBIT 2:

PAYMENT SCHEDULE NO. 01

Pursuant to the terms and conditions of the Master Full Faith and Credit Financing Agreement dated September 25, 2025, between the Kitsap 911 Public Authority, an authority duly formed under the laws of the State of Washington (the “Borrower”), and HOLMAN CAPITAL CORPORATION a corporation duly organized and existing under the laws of the State of Delaware (the “Corporation”), which terms and conditions are fully incorporated into this Payment Schedule by this reference, the Borrower and Corporation hereby set forth further terms relating to the acquisition of the components of the 2025 Project, as follows:

- A. Components of the 2025 Project to be acquired under this Payment Schedule No. 01:

[insert the components being financed and acquired under this Payment Schedule No. 01]

- B. Principal Amount being Financed under this Payment Schedule No. 01: \$11,000,000.00
- C. Interest Rate Applicable to this Payment Schedule No. 01: per annum. Installment payments to be paid under Section H, below, shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days.
- D. Repayment Period: 20 Years
- E. This Payment Schedule No. 01 will be subject to the terms of the Escrow Agreement between Borrower, Corporation and the escrow agent named therein that was entered into concurrently with the Master Full Faith and Credit Financing Agreement.
- F. The Borrower hereby consents to the assignment by the Corporation of its rights under this Payment Schedule No. 01, which rights are evidenced by the Assignment Agreement entered into concurrently with this Payment Schedule.
- G. The following exhibits are incorporated into this Payment Schedule No. 01 by this reference: Exhibit 4 – General Certificate of the Borrower; Exhibit 5 – Tax Agreement and Arbitrage Certificate; Exhibit 6 – Opinion of Issuer’s Counsel; Exhibit 7 – Form 8038-G; Exhibit 8 – Closing Memorandum; Exhibit 9 – Insurance Certificate; and Exhibit 10 – Escrow Agreement.
- H. The installment payments under this Payment Schedule No. 01 shall be made for the Equipment as follows:

PAYMENT NO.	DATE	PAYMENT	INTEREST COMPONENT	PRINCIPAL COMPONENT	PURCHASE OPTION
0	9/25/2025				
1	3/25/2026	\$ 483,609.39	\$ 341,000.00	\$ 142,609.39	\$ 11,508,834.05
2	9/25/2026	\$ 483,609.39	\$ 336,579.11	\$ 147,030.28	\$ 11,352,981.95
3	3/25/2027	\$ 483,609.39	\$ 332,021.17	\$ 151,588.22	\$ 11,192,298.44
4	9/25/2027	\$ 483,609.39	\$ 327,321.94	\$ 156,287.45	\$ 11,026,633.74
5	3/25/2028	\$ 483,609.39	\$ 322,477.02	\$ 161,132.37	\$ 10,855,833.43
6	9/25/2028	\$ 483,609.39	\$ 317,481.92	\$ 166,127.47	\$ 10,679,738.31
7	3/25/2029	\$ 483,609.39	\$ 312,331.97	\$ 171,277.42	\$ 10,498,184.24
8	9/25/2029	\$ 483,609.39	\$ 307,022.37	\$ 176,587.02	\$ 10,311,002.00
9	3/25/2030	\$ 483,609.39	\$ 301,548.17	\$ 182,061.22	\$ 10,118,017.11
10	9/25/2030	\$ 483,609.39	\$ 295,904.27	\$ 187,705.12	\$ 9,919,049.68
11	3/25/2031	\$ 483,609.39	\$ 290,085.42	\$ 193,523.97	\$ 9,713,914.27
12	9/25/2031	\$ 483,609.39	\$ 284,086.17	\$ 199,523.22	\$ 9,502,419.66
13	3/25/2032	\$ 483,609.39	\$ 277,900.95	\$ 205,708.44	\$ 9,284,368.71
14	9/25/2032	\$ 483,609.39	\$ 271,523.99	\$ 212,085.40	\$ 9,059,558.19
15	3/25/2033	\$ 483,609.39	\$ 264,949.34	\$ 218,660.05	\$ 8,827,778.54
16	9/25/2033	\$ 483,609.39	\$ 258,170.88	\$ 225,438.51	\$ 8,588,813.72
17	3/25/2034	\$ 483,609.39	\$ 251,182.29	\$ 232,427.10	\$ 8,342,440.99
18	9/25/2034	\$ 483,609.39	\$ 243,977.05	\$ 239,632.34	\$ 8,088,430.71
19	3/25/2035	\$ 483,609.39	\$ 236,548.45	\$ 247,060.94	\$ 7,826,546.11
20	9/25/2035	\$ 483,609.39	\$ 228,889.56	\$ 254,719.83	\$ 7,556,543.09
21	3/25/2036	\$ 483,609.39	\$ 220,993.24	\$ 262,616.15	\$ 7,278,169.98
22	9/25/2036	\$ 483,609.39	\$ 212,852.14	\$ 270,757.25	\$ 6,991,167.29
23	3/25/2037	\$ 483,609.39	\$ 204,458.67	\$ 279,150.72	\$ 6,695,267.53
24	9/25/2037	\$ 483,609.39	\$ 195,804.99	\$ 287,804.40	\$ 6,390,194.86
25	3/25/2038	\$ 483,609.39	\$ 186,883.06	\$ 296,726.33	\$ 6,075,664.95
26	9/25/2038	\$ 483,609.39	\$ 177,684.54	\$ 305,924.85	\$ 5,751,384.61
27	3/25/2039	\$ 483,609.39	\$ 168,200.87	\$ 315,408.52	\$ 5,417,051.58
28	9/25/2039	\$ 483,609.39	\$ 158,423.21	\$ 325,186.18	\$ 5,072,354.23
29	3/25/2040	\$ 483,609.39	\$ 148,342.44	\$ 335,266.95	\$ 4,716,971.26
30	9/25/2040	\$ 483,609.39	\$ 137,949.16	\$ 345,660.23	\$ 4,350,571.42
31	3/25/2041	\$ 483,609.39	\$ 127,233.69	\$ 356,375.70	\$ 3,972,813.18
32	9/25/2041	\$ 483,609.39	\$ 116,186.05	\$ 367,423.34	\$ 3,583,344.44
33	3/25/2042	\$ 483,609.39	\$ 104,795.92	\$ 378,813.47	\$ 3,181,802.16
34	9/25/2042	\$ 483,609.39	\$ 93,052.70	\$ 390,556.69	\$ 2,767,812.07
35	3/25/2043	\$ 483,609.39	\$ 80,945.45	\$ 402,663.94	\$ 2,340,988.29
36	9/25/2043	\$ 483,609.39	\$ 68,462.87	\$ 415,146.52	\$ 1,900,932.98
37	3/25/2044	\$ 483,609.39	\$ 55,593.32	\$ 428,016.07	\$ 1,447,235.95
38	9/25/2044	\$ 483,609.39	\$ 42,324.82	\$ 441,284.57	\$ 979,474.30
39	3/25/2045	\$ 483,609.39	\$ 28,645.00	\$ 454,964.39	\$ 497,212.05
40	9/25/2045	\$ 483,609.39	\$ 14,541.42	\$ 469,067.97	\$ -
Grand Totals		\$ 19,344,375.60	\$ 8,344,375.60	\$ 11,000,000.00	\$ -

[Signature Page Follows]

KITSAP 911 PUBLIC AUTHORITY

HOLMAN CAPITAL CORPORATION

By: _____

Name: Maria Jameson-Owens

Title: Executive Director

By: _____

Name: Lance Holman

Title: President & CEO

[Signature Page to Exhibit 2]

EXHIBIT 3: _____

Form of a Resolution Provided by Borrower, Bond Counsel or Holman.

EXHIBIT 4:

GENERAL CERTIFICATE

Payment Schedule No. 01 under
Master Full Faith and Credit Financing Agreement ("Agreement")
Financing the
911 System Modernization Project
in the
Aggregate Principal Amount of \$11,000,000.00

The undersigned is the Executive Director of the Kitsap 911 Public Authority (the "Issuer"), certifies as follows:

I

I am the duly appointed Finance Manager and as such am familiar with its books and corporate records.

II

The Borrower is a duly created and validly existing authority, which constitutes a political subdivision of the State of Washington vested with the rights and powers conferred upon cities and other municipal corporations by the laws of Washington.

III

A duly noticed meeting of the Borrower's Board of Directors ("Board of Directors") was duly called and held on <Need Date>. At such meeting, the Board of Directors considered the issuance of certain indebtedness. Attached hereto as Tab A is the agenda for said meeting, posted in accordance with the requirements of Washington law. At that meeting, the Board of Directors considered a Resolution for the issuance of certain indebtedness and attached hereto as Exhibit 3 is a true and complete copy of a Resolution [dated], which was adopted by a majority of the members of the Board of Directors present and voting during such meeting (the "Resolution") relating to such matters, including the delegation of authority by the Board of Directors to Borrower's management relative to this Payment Schedule. A summary of the members present or absent at such meeting, and the recorded vote with respect to the Resolution, is included therewith. The Resolution constitutes the only Resolution or Resolution adopted by the Board of Directors relating to the matters referred to therein.

III

Except as has otherwise been disclosed to Holman Capital Corporation, no litigation or other proceedings are pending or, to our knowledge, threatened against the Issuer in any court or other tribunal of competent jurisdiction, State or Federal, in any way (i) restraining or enjoining the issuance, sale, execution or delivery of the Agreement, or (ii) questioning or affecting the validity of the Agreement or

the Resolution, or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the Agreement.

IV

All other representations and warranties of the Issuer in the Resolution are correct as of the date hereof.

V

There has been no material adverse change in the financial condition of the Issuer since the copies of its financials were last published following the Fiscal Year ending December 31, 2023.

VI

The following is a correct list of the names of the members of the Issuer's Board of Directors and of the dates of expiration of their respective terms of office:

<u>NAME</u>	<u>TITLE</u>	<u>ENDING DATE OF CURRENT TERM</u>
Clarence Moriwaki	Bainbridge Island Representative	December 2025
Becky Erickson	Poulsbo Mayor	December 2026
Bob Muhleman	Fire Commissioner	December 2029
Oran Root	Kitsap County Commissioner	December 2028
Dave Ellingson	Fire Commissioner Chair	December 2029
Dusty Wiley	Fire Commissioner	December 2025
Katie Walters	Kitsap County Commissioner	December 2026
John Gese	Kitsap County Sheriff	December 2026
Greg Wheeler	Bremerton Mayor Vice-Chair	December 2026
Jennifer Chamberlin	Bremerton City Council Member	December 2025
Eric Younger	Bremerton City Council Member	December 2026
Christine Rolfes	Kitsap County Commissioner	December 2028
Rob Putaansuu	Port Orchard Mayor	December 2027

Each of the persons named above has qualified for office by taking the oath, if any, required by law on or before the day on which his or her term of office began.

VII

I have been the Executive Director of the Issuer since <Need Date>.

VIII

The Issuer has complied with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Resolution and as required by applicable law.

IX

The Resolution has been duly adopted and has not been repealed, revoked, rescinded or altered in any manner, and is in full force and effect on the date hereof.

X

The Issuer is not in default, and has not been in default at any time as to principal of and interest on any of its indebtedness.

XI

The Agreement is signed with the manual signatures of the (Authorized Representative) of the Issuer, and the foregoing specimen is his or her genuine and correct signature:

_____.

XII

Borrower agrees: (a) that it has not been and it will continue to ensure that it will not be, listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control, Department of Treasury, and/or any other similar lists maintained by the Office of Foreign Assets Control; (b) that it will comply with the USA Patriot Act, and international trade control and anti-money laundering laws, as applicable; and (c) that it will not be a person designated under Section 1(b), (c), or (d) of Executive Order No. 13224 (9/23/01) or under any related enabling legislation or any other similar Executive Orders. Issuer also agrees to comply with all Bank Secrecy Act laws, regulations and governmentally imposed guidelines on or in connection with Bank Secrecy Act compliance, and on the prevention and detection of money laundering violations.

IN WITNESS WHEREOF, I hereby certify attest to the foregoing information as of this September 25, 2025.

By: _____

Name: Maria Jameson-Owens

Title: Executive Director

Attest:

By: _____

Name: Steve Rogers

Title: Finance Manager

[Signature Page to General Certificate]

TAX AND ARBITRAGE CERTIFICATE

Payment Schedule No. 01 under
Master Full Faith and Credit Financing Agreement Financing the
911 System Modernization Project
in the
Aggregate Principal Amount of \$11,000,000.00

The undersigned is the Executive Director of the Kitsap 911 Public Authority (the “Issuer”), being duly charged, with others, with the responsibility for issuing the Issuer’s \$11,010,000.00 Payment Schedule No. 01 (“PS”) under the Master Full Faith and Credit Financing Agreement (the “Agreement”). The undersigned HEREBY CERTIFIES, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”) and Sections 1 148-0 through 1 148-11 of the Income Tax Regulations (the “Regulations”), as follows:

1. The Agreement was issued and the PS is being issued pursuant to the Constitution and laws of the State of Washington and that certain Resolution adopted on <approval date> at the Issuer’s Board of Directors Meeting (the “Resolution”). Unless otherwise specifically defined, all capitalized terms used in this Certificate shall have the meanings as set forth in the Agreement. The proceeds of the PS will be used for the purpose of:
 - a.) financing the acquisition of 911 System Modernization Project for the use of <usage description of the equipment> provided by the Borrower (collectively, the “Project”); and
 - b.) paying the costs of issuing the PS (the “Issuance Expenses”)
2. On the basis of the facts, estimates and circumstances in existence on the date hereof, we reasonably expect the following with respect to the PS being issued this day and as to the use of the proceeds thereof:
 - a.) Proceeds in the amount of \$11,000,000.00 (the “Proceeds”) are expected to be derived by the Issuer from the advance of monies to be repaid in accordance with the PS to Holman Capital Corporation (“Corporation”) and are expected to be needed and fully expended as follows:
 - (i) \$10,000.00 of said proceeds will be deposited into the Escrow Fund and used to pay the Issuance Costs;
 - (ii) \$10,990,000.00 of said proceeds, from time to time in accordance with Payment Schedules issued under the Agreement, will be deposited into the Escrow Fund and used to acquire and equip the Project and expended within three years from the date hereof to

pay for the Project and Issuance Expenses.

- b.) The total Sale Proceeds to be received from the sale of the PS to the Purchaser do not exceed the amount necessary for the purposes described above.
 - c.) The Issuer does not expect to sell or otherwise dispose of any property comprising a part of the Project financed with the proceeds of the PS prior to the final maturity date of the PS.
- 3. Binding contracts or commitments obligating the expenditure of not less than 5 percent of the Proceeds of the PS toward the cost of the Project will be entered into by the Issuer within 6 months from the date hereof. Work on the Project will proceed with due diligence. It is expected that the Project will be acquired/completed and at least 85 percent of the Proceeds of the PS will be allocated to Project expenditures within three years of the date hereof.
 - 4. Not more than 50 percent of the proceeds of the PS will be invested in obligations having a substantially guaranteed yield for 4 years or more.
 - 5. The Agreement provides that the Issuer will utilize Revenues on each Installment Payment Date sufficient to pay principal of and interest on the PS, in accordance with the terms of the PS. No separate funds or accounts will be held or reserved by the Issuer from which payments of principal and interest on the PS will be made.
 - 6. There are no funds or accounts established pursuant to the Agreement, PS or the Resolution or otherwise which are reasonably expected to be used to pay debt service on the PS, or which are pledged as collateral for the PS (or subject to a negative pledge) and for which there is a reasonable assurance on the part of the Corporation that amounts therein will be available to pay debt service on the PS if the Issuer encounters financial difficulties.
 - 7. Except for preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs, proceeds of the PS will not be used to reimburse the Issuer of the Project costs paid prior to 60 days before September 25, 2025.
 - 8. In the event that amounts drawn under the PS are not immediately used to pay or reimburse costs of the Project, the following represents the expectations of the Issuer with respect to the investment of such proceeds of the PS:
 - a.) Proceeds derived from the sale of the PS to be applied to pay Issuance Expenses may be invested at an unrestricted yield for a period not to exceed three years from the date hereof;
 - b.) Proceeds derived from the sale of the PS deposited into a Project fund (if any) to pay Project costs may be invested at an unrestricted yield for a period of time not to exceed three years from the date hereof;
 - c.) Investment earnings on obligations acquired with amounts described in subparagraphs (a) and (b) above may be invested at an unrestricted yield for a period

of three years from the date hereof or one year from the date of receipt, whichever period is longer;

- d.) Amounts described in subparagraphs (a) through (c) that may not be invested at an unrestricted yield pursuant to such subparagraphs, may be invested at an unrestricted yield to the extent such amounts do not exceed \$100,000 (the "Minor Portion"); and
- e.) Amounts described in subparagraph (d), not invested at an unrestricted yield pursuant to such subparagraph, shall be invested at a yield not in excess of the yield on the PS plus 1/8 of one percentage point.

To the extent that any amounts described in this Paragraph 8 are not permitted to be invested at an unrestricted yield, the Issuer may satisfy the applicable yield restriction by causing the appropriate amount of yield reduction payments to be made to the United States as permitted by Section 1.148-5 c of the Regulations.

- 9. For purposes of this Certificate, "yield" means that yield which when used in computing the present worth of all payments of principal and interest to be paid on an obligation produces an amount equal to the purchase price of such obligation. The yield on obligations acquired with the proceeds derived from the sale of the PS and the yield on the PS shall be calculated by the use of the same frequency interval of compounding interest. In the case of the PS, the purchase price is the issue price under the PS. The purchase price of the PS and the interest rate thereon, as set forth in the PS, were arrived at as a result of an arm's length negotiation between the Issuer and the Purchaser. The Purchaser is acquiring the PS primarily for its own account and is not acting as a broker or other intermediary for the purpose of reselling the PS to other investors, except that such PS will be immediately assigned to the Assignee as defined in the Agreement and PS. Any investments acquired with amounts that may not be invested at an unrestricted yield pursuant to Paragraph 8 above shall be purchased at prevailing market prices and shall be limited to securities for which there is an established market, shall be United States Treasury Obligations - State and Local Government Series, or shall be tax-exempt obligations under 103(a) of the Code, the interest on which is not an item of tax preference within the meaning of Section 57(a) (5) of the Code.
- 10. No portion of the proceeds of the PS will be used as a substitute for other moneys of the Issuer which were otherwise to be used to acquire or construct the 2025 Project and which have been or will be used to acquire directly or indirectly, obligations producing a yield in excess of the yield on the PS.
- 11. There are no other obligations of the Issuer that (i) are being sold at substantially the same time as the PS (within 15 days), (ii) are being sold pursuant to a common plan of financing together with the PS, and (iii) will be paid out of substantially the same source of funds as the PS.
- 12. The Issuer has covenanted in the Agreement and PS that so long as the PS remains outstanding, the moneys on deposit in any fund or account maintained in connection with the PS, will not be used in any manner that would cause the PS to be an "arbitrage bond" within the meaning of Section 148 of the Code, or not described under Section 103(a) of the Code and the applicable regulations promulgated from time to time thereunder.

13. Neither the Issuer nor any person related to the Issuer has entered or is expected to enter into any hedging transaction (such as an interest rate swap, cap or collar transaction) with respect to the PS.
14. The weighted average maturity of the PS does not exceed 120 percent of the reasonably expected economic life of the 2025 Project (within the meaning of Section 147(b) of the Code).
15. None of the proceeds of the PS will be used (directly or indirectly) to acquire any property which prior to its acquisition was used (or held for use) by a person other than a state or local governmental unit in connection with an output facility. For purposes of this Certificate, the term "output facility" means electric and gas generation, transmission, and related facilities.
16. None of the proceeds of the PS will be used (directly or indirectly) to make or finance loans to any person.
17. Not more than 10% of the proceeds of the PS will be used (directly or indirectly) in a trade or business (or to finance facilities which are used in a trade business) carried on by any person other than a governmental unit. Not more than 5% of the proceeds of the PS will be used (directly or indirectly) in a trade or business (or to finance facilities which are used in a trade or business) carried on by any person other than a governmental unit which private business use is not related to any governmental use or is disproportionate to governmental use, all as described in Section 141(b)(3) of the Code ("Unrelated or Disproportional Use"). For the purpose of this paragraph, use by a nongovernmental person as a member of the general public shall not be taken into account.
18. Paragraph 17 shall apply only if the payment of 10% or more (5% or more in the case of Unrelated or Disproportional Use) of the principal of or interest on the PS is (under the terms of such PS or any underlying arrangement) directly or indirectly secured by any interest in property used or to be used for a private business use or in payments in respect of such property or derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a private business use.
19. The Issuer reasonably expects that the 2025 Project will be owned and operated throughout the term of the PS in a manner which complies with the requirements set forth in Paragraph 17 above. The Issuer will not change the ownership or use all or any portion of the Project manner that fails to comply with Paragraph 17, above, unless it receives an opinion from nationally recognized bond counsel that such change of ownership or use will not adversely affect the exclusion of interest on the PS from the gross income for federal income tax purposes.
20. The payment of the principal or interest on the PS is not and will not be guaranteed directly or indirectly by the federal government within the meaning of Section 149(b) of the Code.
21. This Certificate is, in part, to serve as a guideline in implementing the requirements of Sections 141 to 150 of the Code. If regulations, rulings, announcements and notices validly promulgated under the Code contain requirements which differ from those outlined here which must be satisfied for the PS to be tax-exempt or in order to avoid the imposition of

penalties under Section 148 of the Code, pursuant to the covenants contained in the Agreement and PS, the Issuer is obligated to take such steps as are necessary to comply with such requirements. If under those pronouncements, compliance with any of the requirements of this Certificate is not necessary to maintain the exclusion of interest on the PS from gross income and alternative minimum taxable income (except to the extent of certain adjustments applicable to corporations) or to avoid the imposition of penalties on the Issuer under Section 148 of the Code, the Issuer shall not be obligated to comply with that requirement. The Issuer has been advised to seek the advice of competent counsel with a nationally recognized expertise in matters affecting exclusion of interest on municipal bonds from gross income in fulfilling its obligations under the Code to take all steps as are necessary to maintain the tax-exempt status of the PS.

22. The Issuer will timely file a Form 8038-G relating to the PS with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").
23. The Issuer has adopted, or will adopt in a reasonable period post-closing, by Resolution, separate written procedures regarding ongoing compliance with federal tax requirements necessary to keep, ensure and maintain the interest portions of the payments under the PS as excluded from Purchaser's gross income for federal income tax purposes, and will, on an annual basis, conduct an audit of the PS to ensure compliance with such procedures.
24. To the best of our knowledge, information and belief, the above expectations are reasonable.

[Signature Page Follows]

IN WITNESS WHEREOF, we have hereunto set our hands this September 25, 2025

KITSAP 911 PUBLIC AUTHORITY

By: _____

Name: Maria Jameson-Owens

Title: Executive Director

[Signature Page to Tax and Arbitrage Certificate]

EXHIBIT 6:

(PRINT ON LEGAL COUNSEL'S LETTERHEAD)

FORM OF OPINION OF ISSUER'S COUNSEL

September 25, 2025

Lance Holman
Holman Capital Corporation
25231 Paseo De Alicia
Suite 105
Laguna Hills, CA 92653

Payment Schedule No. 01 under
Master Full Faith and Credit Financing Agreement Financing the
911 System Modernization Project
in the
Aggregate Principal Amount of \$11,000,000.00

Ladies and Gentlemen:

I have participated as counsel for the Kitsap 911 Public Authority (the "Borrower") in connection with the issuance of Payment Schedule No. 01 (the "PS") in the amount of \$11,000,000.00 under the Master Full Faith and Credit Financing Agreement dated September 25, 2025 between the Borrower and Holman Capital Corporation (the "Agreement"), pursuant to the Constitution of the State of Washington, as amended, other applicable provisions of Washington law, and an Resolution duly adopted by the Borrower's Board of Directors on (the "Resolution"). Any capitalized terms used herein not otherwise defined shall have the meaning set forth in the Resolution.

In rendering this opinion, I have examined such proceedings and records of Borrower and made such inquiry of the Borrower as I deem necessary.

In giving the opinions expressed below, I do not purport to be an expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction (including, but not limited to, the laws of the United States) other than the laws of the State of Washington.

Based on such participation, examination, and inquiry, I am of the opinion, as of the date hereof, that:

1. The Borrower is a duly formed and validly existing authority of the State of Washington, which makes it a body corporate and politic and a political subdivision of the State of Washington, as such term is defined under the Section 103 of the Internal Revenue Code of 1986, as amended, with the full right, power, and authority to adopt the Resolution, to issue the Agreement and PS, to perform its obligations under the Agreement and the PS, and under the Resolution and to consummate the transactions contemplated by such instruments.

2. The Resolution was duly adopted by the Borrower's Board of Directors at a duly called meeting following proper notice, and has not been otherwise amended or repealed and is in full force and effect as of the date hereof. The Resolution, Agreement and PS constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their terms.

3. The Agreement and PS have been duly authorized, executed, and delivered by the Borrower and constitute a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms (subject only to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditor's rights generally, from time to time in effect).

4. The adoption of the Resolution, and the authorization, execution, and delivery of the Agreement and PS, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulations, consent, decree, Resolution, constitutional provision, or any agreement or other instrument to which the Borrower was or is subject, as the case may be, nor will such enactment, adoption, execution, delivery authorization or compliance result in the creation or imposition of an invalid, illegal or unauthorized lien, charge, or other security interest or encumbrance of any nature whatsoever upon any property or assets of the Borrower, or under the terms of any law, administrative regulation, Resolution, or instrument, except as expressly and legally provided for in the Agreement and PS.

5. All approvals, consents, authorizations and order of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the Borrower of its obligation under the Agreement, PS and Resolution have been obtained and are in full force and effect.

6. The Borrower is lawfully empowered to acquire, complete and engage in all manners incidental to the 2025 Project and to pay associated costs of issuance.

7. There is no litigation pending or threatened, to restrain or enjoin the issuance or sale of the Agreement or PS, or in any way, affecting any authority for or the validity of the Agreement, the PS, the Resolution, or the pledge of and covenants related to Borrower's full faith and credit.

8. Neither the corporate existence nor the title of any present member of Borrower's governing body, Executive Director, or other officials thereof to their respective office is being contested.

This opinion may be relied upon by addressees hereof as well as by their successors and assigns, but only respect to the matters expressly set forth herein.

Very truly yours,

EXHIBIT 7:

[IRS Form 8038-G is to be prepared by Holman Capital Corporation]

EXHIBIT 8:

CLOSING MEMORANDUM ON PAYMENT SCHEDULE NO. 01

**Payment Schedule No. 01 under
MASTER FULL FAITH AND CREDIT FINANCING AGREEMENT
FINANCING THE 911 SYSTEM MODERNIZATION PROJECT
ISSUED BY THE KITSAP 911 PUBLIC AUTHORITY TO
HOLMAN CAPITAL CORPORATION**

Pre-Closing: Pre-Closing will be held on or before September 23, 2025 as all documents will be executed and originals will be overnighted to Holman Capital Corporation, Attn: Jane Taubman, 25231 Paseo De Alicia, Suite 105, Laguna Hills, CA 92653, and held in trust until such time as the wires and original documents are released by the Parties.

Closing: By wire transfer, the morning of September 25, 2025. Counsel for each of the Parties will confirm by e-mail the release of all original documents held in trust, when such funds and/or documents are in the possession of each of the Parties. On the morning of September 25, 2025, ABC Bank will and is authorized by Borrower to wire for the purchase of the Borrower's Payment Schedule No. 01 issued under the 2025 Installment Purchase Agreement, per the wire transfer instructions herein, in the amount of \$11,000,000.00 in 2025 Project Proceeds to ABC Bank, as escrow agent:

Bank Name:	ABC Bank
ABA No:	
Account No:	
Account Name:	Kitsap 911 Public Authority Schedule No 01.

Following receipt of the Project Proceeds, the Escrow Agent is hereby authorized and directed to pay the Costs of Issuance to Holman Capital Corporation to the instructions in the Escrow Agreement and the Invoice attached hereto.

Bank Name:	FFB
ABA No:	121144191
Account No:	
Account Name:	Holman Capital Corporation

Sources and Uses of Funds:

911 System Modernization Project	\$11,000,000.00
TOTAL SOURCES	\$11,000,000.00
Project Costs for Payment Schedule No. 01 Components	\$10,990,000.00
Costs of Issuance	\$10,000.00
TOTAL AGREEMENT PROCEEDS	\$11,000,000.00

KITSAP 911 PUBLIC AUTHORITY

By: _____
Name: Maria Jameson-Owens
Title: Executive Director

[Signature Page to Closing Memorandum]

EXHIBIT 9:

Insurance Certificate Provided by the Borrower

EXHIBIT 10:

ESCROW AGREEMENT

CORPORATION:

Holman Capital Corporation
25231 Paseo De Alicia
Suite 105
Laguna Hills, CA 92653

ESCROW AGENT:

ABC Bank
Tacoma, WA 98402

BORROWER:

Kitsap 911 Public Authority
911 Carver Street
Bremerton, WA 98312

THIS ESCROW AGREEMENT (this "*Escrow Agreement*") is made as of September 25, 2025, between Holman Capital Corporation ("*Corporation*"), Kitsap 911 Public Authority ("*Borrower*"), and (the "*Escrow Agent*").

Corporation and Borrower have heretofore entered into that certain Payment Schedule No. 01 (the "*PS*") under the Master Full Faith and Credit Financing Agreement dated September 25, 2025 (the "*Financing Agreement*") (the PS and Master Full Faith and Credit Financing Agreement are collectively referred to herein as the "*Agreement*"). The Financing Agreement contemplates that certain real or personal property described in the PS (the "*Project Components*") is to be acquired from the vendor(s) or manufacturer(s) thereof. On or about September 25, 2025 (the "*Issue Date*"), the Financing Agreement and the Escrow Agreement will be assigned to ABC Bank (the "*Assignee*").

After acceptance of the Project Components by Borrower, the Project Components are to be financed by Corporation for the Borrower pursuant to the terms of the Purchase Agreement.

The PS contemplates that Corporation will deposit with the Escrow Agent cash in the amount of \$11,000,000.00 (the "*Deposit Amount*"), for deposit into the escrow fund (the "*Escrow Fund*"), to be held in escrow by the Escrow Agent and applied on the express terms and conditions set forth herein. Such deposit into the Escrow Fund, together with all interest and additions received with respect thereto, is to be applied from time to time to pay the vendor(s) or manufacturer(s) for the Project Components its or their invoice cost (a portion of which may, if required, be paid prior to final acceptance of the Project Components by Borrower). The Escrow Fund is to be held for the account and benefit of Borrower, and, by its execution hereof and of the Purchase Agreement, the Borrower has granted to Corporation a first, priority and perfected lien on the Deposit Amount and security interest in the Escrow Fund.

The parties desire to set forth the terms on which the escrow is to be created and to establish the rights and responsibilities of the parties hereto.

NOW, THEREFORE, the parties agree as follows:

1. The Escrow Agent hereby agrees to serve as escrow agent upon the terms and conditions set forth herein. The Escrow Agent agrees that the Escrow Fund shall be held irrevocably for the account

and benefit of Borrower, but subject to the Corporation's first position priority and perfected lien and security interest therein, and all interest earned with respect to the Escrow Fund shall accrue to the benefit of Borrower and shall be applied as expressly set forth herein.

To the limited extent required to perfect the first, priority security interest hereby granted by Borrower to Corporation in the cash and negotiable instruments from time to time held in the Escrow Fund, Corporation hereby appoints the Escrow Agent as its security agent, and the Escrow Agent hereby accepts the appointment as security agent and agrees to hold physical possession of such cash and negotiable instruments on behalf of Corporation.

2. On such day as determined to the mutual satisfaction of the parties under the PS and related Closing Memorandum (each a "Commencement Date"), Corporation shall deposit with the Escrow Agent cash in the amount of the Deposit Amount to be held by the Escrow Agent on the express terms and conditions set forth herein. The Escrow Agent agrees to accept the deposit of the Deposit Amount by Corporation with the Escrow Agent, and further agrees to hold the amount so deposited together with all interest and other additions received with respect thereto in escrow on the express terms and conditions set forth herein.
3. The Escrow Agent shall at all times segregate the Escrow Fund into an account maintained for that express purpose, which shall be clearly identified on the books and records of the Escrow Agent as being held in its capacity as Escrow Agent. Securities and other negotiable instruments held in the Escrow Fund from time to time shall be held or registered in the name of the Escrow Agent (or its nominee) and shall be secured in a manner that complies with rules and policies established under Washington law. The Escrow Fund shall not, to the extent permitted by applicable law, be subject to levy or attachment or lien by or for the benefit of any creditor of any of the parties hereto (except with respect to the security interest therein held by Corporation).
4. Borrower hereby directs the Escrow Agent to invest the cash held in the Escrow Fund from time to time in an ABC Bank non-interest-bearing demand deposit account with no fees or, in the event such fund is not at the time available, such other investments as Borrower may specify in writing, to the extent the same are at the time legal for investment of the funds being invested. Interest or other amounts earned and received by the Escrow Agent with respect to the Escrow Fund shall be deposited in and become a part of the Escrow Fund. No investment shall be made that would cause the Purchase Agreement to be deemed to be an arbitrage bond within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended.
5. Corporation and Borrower hereby authorize the Escrow Agent to take the following actions with respect to the Escrow Fund:
 - a. From time to time, the Escrow Agent shall pay the vendor or manufacturer of the Project Components payments then due and payable, or reimburse Borrower for amounts that it has paid to the vendor or manufacturer of the Project Components, upon receipt of the following: (a) a duly executed Certificate of Acceptance and Payment Request in the form attached as Exhibit 12 hereto, (b) the vendor(s)' or manufacturer(s)' invoice(s) specifying the acquisition price for the designated component(s) of the Project Components described in the requisition request, and (c) any additional documentation required by Corporation.

- b. On the Issue Date, the Borrower will pay Corporation by wire transfer outside of Escrow the agreed upon documentation fee in the amount of \$10,000.00.
 - c. If Corporation provides to the Escrow Agent written notice of the occurrence of an Event of Default or breach of any term, condition or covenant by Borrower under the Purchase Agreement, the Escrow Agent shall thereupon promptly remit to Corporation the entire balance of the Escrow Fund.
 - d. Upon receipt by the Escrow Agent of a duly executed Certificate of Acceptance and Payment Request identified as the final such request, the Escrow Agent shall transfer the then remaining balance of the Escrow Fund to Borrower, upon the express condition that Borrower hereby agrees to use such excess amount solely for capital expenditures as shall be approved by Borrower or, at the written direction of Borrower, for application against the interest component of the Borrower's payment obligation under the PS, as provided therein, unless otherwise agreed by Corporation.
6. The Escrow Agent shall have no liability for acting upon any written instruction presented by Borrower and Corporation in connection with this Escrow Agreement that the Escrow Agent in good faith believes to be genuine. Furthermore, the Escrow Agent shall not be liable for any act or omission in connection with this Escrow Agreement except for its own gross negligence, willful misconduct, or bad faith. The Escrow Agent shall not be liable for any loss or diminution in value of the Escrow Fund as a result of the investments made pursuant to Section 4.
7. To the extent authorized by law, Borrower hereby agrees to indemnify and save the Escrow Agent harmless against any liabilities that Escrow Agent may incur in the exercise and performance of its powers and duties hereunder and that are not due to the Escrow Agent's gross negligence or willful misconduct. No indemnification will be made under this Section or elsewhere in this Escrow Agreement for damages arising solely out of gross negligence, willful misconduct, or bad faith by the Escrow Agent, its officers, agents, employees, successors or assigns.
8. The Escrow Agent may at any time resign by giving at least 30 days' prior written notice to Borrower and Corporation, but such resignation shall not take effect until the appointment of the successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Corporation and Borrower. In addition, the Escrow Agent may be removed at any time, with or without cause, by instrument in writing executed by Corporation and Borrower. Such notice shall set forth the effective date of the removal. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Corporation and Borrower. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Corporation, Borrower and the predecessor Escrow Agent.
- Upon the effective date of resignation or removal, the Escrow Agent will transfer the Escrow Fund then held by it to the successor Escrow Agent selected by Corporation and Borrower.
9. This Escrow Agreement shall terminate upon receipt by the Escrow Agent of the written notice from Corporation specified in Section 5(c) or Section 5(d) hereof.
10. All notices hereunder shall be in writing, sent by certified mail, return receipt requested, or by mutually recognized overnight carrier addressed to the other party at its respective address shown

on page 1 of this Escrow Agreement or at such other address as such party shall from time to time designate in writing to the other parties; and shall be effective on the date or receipt.

11. This Escrow Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. No rights or obligations of the Escrow Agent under this Escrow Agreement may be assigned without the prior written consent of Corporation and Borrower.
12. This Escrow Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no waiver, consent, modification, or change of terms hereof shall bind any party unless in writing signed by all parties.
13. The Escrow Agent may employ agents, attorneys and accountants in connection with its duties hereunder and shall not be liable for any action taken or omitted in good faith in accordance with the advice of counsel, accountants, or other skilled persons.
14. This Escrow Agreement shall be governed by and be construed and interpreted in accordance with the internal laws of the State of Washington.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be duly executed as of the day and year first above set forth.

CORPORATION:
HOLMAN CAPITAL CORPORATION

BORROWER:
KITSAP 911 PUBLIC AUTHORITY

By: _____
Name: Lance Holman
Title: President & CEO

By: _____
Name: Maria Jameson-Owens
Title: Executive Director

ESCROW AGENT:
ABC BANK

By: _____
Name: John Doe
Title: Executive Vice President

[Signature Page of Escrow Agreement]

EXHIBIT A:

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

The following payment request is directed to ABC Bank (the “Escrow Agent”), as escrow agent under that certain Escrow Agreement dated September 25, 2025 (the “Escrow Agreement”), between the Kitsap 911 Public Authority (“Borrower”), Holman Capital Corporation (“Corporation”), and the Escrow Agent. Because Holman Capital Corporation has assigned all of its right, title, and interest in and to the Escrow Agreement to the ABC Bank, all references herein to “Corporation” shall mean ABC Bank.

The Escrow Agent is hereby requested to pay from the Escrow Fund established and maintained under the Escrow Agreement the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Borrower). The portion of the Project Components described below is part or all of the Project Components financed pursuant to that certain Payment Schedule No. 01 (“PS”) under that Agreement (the “Agreement”) (collectively, the PS and Agreement are referred to herein as the “Purchase Agreement”), between Corporation and Borrower:

QUANTITY	DESCRIPTION OF PROJECT COMPONENT	AMOUNT	PAYEE
----------	-------------------------------------	--------	-------

Borrower hereby certifies and represents to and agrees with Corporation as follows with respect to the components of the Project described above: (i) the designated components of the Project have been delivered to the location(s) set forth in the Purchase Agreement; (ii) a present need exists for the Project Components, which need is not temporary or expected to diminish in the near future; (iii) the Project Components are essential to and will be used by Borrower only for the purpose of performing one or more governmental functions of Borrower consistent with the permissible scope of Borrower’s authority; (iv) the estimated useful lives of the Project Components based upon the manufacturer’s representations and Borrower’s projected needs are not less than the term of the PS; (v) Borrower has conducted such inspection and/or testing of the designated component of the Project as it deems necessary and appropriate and hereby acknowledges that it accepts that component of the Project for all purposes as of the date of this Certificate; (vi) the Project Components are covered by insurance in the types and amounts required by the Purchase Agreement; (vii) no Event of Default, as that term is defined in the Purchase Agreement, and no event that with the giving of notice or lapse of time or both, would become an Event of Default, has occurred and is continuing on the date hereof; and (viii) sufficient funds have been appropriated by Borrower for the payment of all Installment Payments due under PS during Borrower’s current Fiscal Year.

Based on the foregoing, the Escrow Agent is hereby authorized and directed to fund the acquisition of the designated Project Components set forth above by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices from the Escrow Fund held under the Escrow Agreement in accordance with its terms.

The following documents are attached hereto and made a part hereof: (a) Original Invoice(s) and (b) Copies of Certificate(s) of Ownership, designating Corporation as legal owner, and evidence of filing.

IF REQUEST IS FINAL REQUEST, CHECK HERE ☐. The undersigned hereby certifies that the items of Project Components described above, together with the items of Project Components described in and accepted by Certificates of Acceptance and Payment Requests previously filed by Borrower with Corporation constitute the final of the Project Components subject to the Purchase Agreement.

Date: _____

Approved:

ABC BANK, as Escrow Agent

Kitsap 911 Public Authority, as Borrower

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

NOTICE AND ACKNOWLEDGEMENT OF
ASSIGNMENT OF ESCROW AGREEMENT

Holman Capital Corporation ("*Corporation*"), Kitsap 911 Public Authority ("*Borrower*"), and ABC Bank ("*Escrow Agent*") have entered into an Escrow Agreement dated September 25, 2025 (the "*Escrow Agreement*"), pursuant to which Corporation has deposited cash into the Escrow Fund established thereunder, which funds are to be used by Borrower to pay the Issuance Costs and acquire the Project Components.

Escrow Agent is hereby notified that Corporation has assigned all of its right, title, and interest in and to, but not its obligations under, the Escrow Agreement to ABC Bank ("*Assignee*"), including, in particular, but without limitation, Corporation's security interest in the Escrow Fund and Corporation's right to approve all payment requests submitted by Borrower.

Date: September 25, 2025

CORPORATION:
HOLMAN CAPITAL CORPORATION

BORROWER:
KITSAP 911 PUBLIC AUTHORITY

By: _____
Name: Lance Holman
Title: President & CEO

By: _____
Name: Maria Jameson-Owens
Title: Executive Director

Acknowledged:

ESCROW AGENT:
ABC BANK

By: _____
Name: John Doe
Title: Executive Vice President

ABC Bank
Waiver of Securities for Deposit of Public Moneys

Pursuant to State of Washington Code Section 295.002, subdivision (b), the undersigned hereby waives the security collateralization requirement for that portion of any deposits maintained by the Depository that do not exceed the level of deposit insurance provided under federal law, which is currently \$250,000.00.

The undersigned also affirms that he/she is duly authorized to grant this waiver. All moneys belonging to the Depository, and on deposit in excess of the FDIC insurance levels, shall be collateralized by pledged securities in accordance with Washington law.

IN WITNESS WHEREOF, the Authorized Signor in his/her official capacity has signed this contract in duplicate and the Depository has caused this contract to be executed in like number by its duly authorized officers.

CORPORATION:
HOLMAN CAPITAL CORPORATION

BORROWER:
KITSAP 911 PUBLIC AUTHORITY

By: _____
Name: Lance Holman
Title: President & CEO

By: _____
Name: Maria Jameson-Owens
Title: Executive Director

DEPOSITORY:
ABC BANK

By: _____
Name: John Doe
Title: Executive Vice President



Board of Directors Action Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #8

Agenda Item: Approval of Radio as a Service on Kitsap 911 Radio System
Submitted By: Maria Jameson- Owens
Title: Executive Director
Attachments:

Budgetary Impact (If Applicable)

Budgeted Amount: None
Expenditure Required: None
Budget Category: Revenue

Reviewed By: Scott Peabody, Brandon Wecker, John Higashi, Steve Rogers
Reviewed Date: August 25, 2025
Summary Statement

This document outlines the policies regarding the purchase, use, and support of radios operating on the Kitsap 911 digital P25 radio system by non-member agencies.

As Kitsap 911 transitions to a new digital P25 radio system, all users—regardless of membership status—will require new, compatible radios. To support non-member agencies, Kitsap 911 will offer a “Radio-as-a-Service” model, providing radios, radio accessories, and associated services under a structured cost allocation agreement.

Non-member users will receive the same equipment, support, and service levels as member agencies. However, the primary distinction is in funding: member agency radios and maintenance are funded by Proposition 2 revenues, while non-member agencies are responsible for covering the full cost of their participation, including equipment, cellular service, and maintenance.

Definition of a Non-Member Agency

A non-member agency is any organization that does not pay member agency fees to Kitsap 911. Examples include but are not limited to:

- Fire Marshal
- Community Development
- Juvenile Detention
- Emergency Management

- Private ambulance companies
 - Hospitals
 - For-profit organizations
-

Cost Responsibilities for Non-Member Agencies

Non-member agencies are responsible for the following costs:

- **Radio Equipment:** Full purchase cost of radios and any accessories. Ordered by Kitsap 911.
 - **Cellular & Maintenance Fees:**
 - TBD – Depending on overall usage of cellular, costs will range between \$200 to \$300 per year per radio for broadband cellular service and routine maintenance.
 - This rate is subject to a 3% annual increase.
 - **One-Time Setup Fee** (covers Kitsap 911 staff time for programming and deployment):
 - \$500 for up to 4 hours of service
 - \$1,000 for up to 8 hours of service
 - Both fees are subject to a 3% annual increase.
 - **Repairs:** All costs for equipment repair not covered by warranty will be paid by the non-member agency. Kitsap 911 will coordinate repair services.
-

Rationale for Cost Allocation

Proposition 2 funds are designated specifically for supporting Kitsap 911 public safety member agencies. While non-member agencies benefit from access to the Kitsap 911 radio system, they do not contribute through membership fees. To maintain fairness and ensure the financial sustainability of the system, non-member users are required to fully fund their own equipment and service costs.

Equipment Responsibilities

Kitsap 911 will coordinate and complete all repairs and maintenance for all radios during normal business hours as soon as is practicable; and if available, Kitsap 911 will provide a temporary replacement to be used while a radio is out of service.

Non-member agencies shall:

- Maintain the radios in good working condition
- Notify Kitsap 911 immediately of lost or stolen radios

- Notify Kitsap 911 of any needed repairs as soon as is practicable
- Replace equipment when required and shall not attempt to materially modify or repair the radios.

Next Steps:

Move to approve proposed Radio as a Service model.



Board of Directors Action Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #9

Agenda Item: Approval of Resolution 2025-006 Public Records Index
Submitted By: Maria Jameson- Owens
Title: Executive Director
Attachments:

Budgetary Impact (If Applicable)

Budgeted Amount: None
Expenditure Required: None
Budget Category: N/A

Reviewed By: Rachael Taylor, Ken Bagwell
Reviewed Date: August 25, 2025
Summary Statement

The Kitsap 911 Board of Directors had previously determined that maintaining an index containing all public records as described in RCW 42.56.070(3) would be unduly burdensome and now intends to formalize that policy decision. In accordance with RCW 42.56.070(4), a local agency need not maintain such an index, if to do so would be unduly burdensome or interfere with agency operations and may issue and publish a formal order specifying why. This Resolution serves to formally document the reasoning and budgetary limitations behind this policy.

Next Steps:

Move to approve proposed Resolution 2025-006 Public Records Index.

**Kitsap 911 Public Authority
RESOLUTION 2025-006**

**ORDER ESTABLISHING THAT KITSAP 911 PUBLIC AUTHORITY WILL NOT
MAINTAIN A PUBLIC RECORD INDEX**

WHEREAS, on April 25, 2016, the Board of County Commissioners adopted ordinance 532-2016 enacting chapter 2.110 of the Kitsap County code (the “Ordinance”), creating the Kitsap 911 Public Authority; approving a charter therefor; establishing a Board of Directors to govern the affairs of Kitsap 911; and providing how Kitsap 911 shall conduct its affairs; and

WHEREAS, Kitsap 911 (the “Authority”) is a public corporation organized pursuant to RCW 35.21.730; and

WHEREAS, RCW 42.56.070(3) requires that Kitsap 911 maintain and make available for public inspection an index of its public records created since 1973 or adopt an order that the creation of such an index would be unduly burdensome.

WHEREAS, the Governing Board has previously determined by policy that creation of such an index would be unduly burdensome but now intends to formalize that policy decision into a formal order of the Governing Board that specifies the reasons why and the extent to which compliance with the record indexing requirement would unduly burden or interfere with Kitsap 911 operations;

WHEREAS, Kitsap 911 creates and maintains a significant number of records on a regular basis in the conduct of business of Kitsap 911.

WHEREAS, the sheer volume of the records and the constant creation of records on an ongoing basis makes it difficult, if not impossible, to create and maintain a useful index.

WHEREAS, existing Kitsap 911 staff perform essential functions necessary to the operation of Kitsap 911 and adding record review and indexing job duties to the existing workload would unduly burden and interfere with Kitsap 911’s core operations, and

WHEREAS, based on budgetary limitations, and the Board’s desire to provide emergency services in the most cost-effective manner, Kitsap 911 staff believes it would be unduly burdensome to Kitsap 911’s operations and budget and would not be in the taxpayers’ best interest to hire additional staff to create and maintain a record index given the above conditions.

NOW THEREFORE, BE IT RESOLVED, that the Governing Board of Kitsap 911 approves the following Order:

1. 42.56.070(4) it is hereby ordered that based on the recitals above and the recommendations of staff, Kitsap 911 shall not establish a public records index as the creation and maintenance of such an index would be unduly burdensome and would interfere with Kitsap 911 operations.

MOVED AND PASSED at a regular meeting of the Kitsap Board of Directors on September 2, 2025 of which all Directors were notified, and a quorum was present.

KITSAP 911 BOARD OF DIRECTORS

Dave Ellingson, Board of Directors CHAIR

ATTEST:

Maria Jameson-Owens, Executive Director



Board of Directors Discussion Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #11

Agenda Item: 2026 Budget
Submitted By: Maria Jameson
Title: Executive Director
Attachments: None

Budgetary Impact (If Applicable)

Budgeted Amount: N/A
Expenditure Required: N/A
Budget Category: Finance

Reviewed By: Steve Rogers, Brandon Wecker
Reviewed Date: August 25, 2025
Summary Statement:

The Board of Directors will be discussing the draft 2026 Budget in Workshop format with the intention of providing direction to the Executive Director and Finance Manager so that a final version may be presented for approval at the October Board of Directors Meeting. This timing is essential for member agencies to be able to finalize their own budgets within their required timelines.

Highlights of the 2026 budget include:

- Revenue projections are approximately 2% over 2025 (budget) and flat with 2024 (actuals), totaling and estimated \$31.4M (including \$11M in estimated debt proceeds).
 - Sales tax growth is expected to soften – 2.8% over 2025 and 1% over 2024.
 - Excise taxes flat with 2025 and 2024.
 - Minor increase in other regular revenues, primarily due to tower leases
 - User fee increase due to new funding formula
- Proceeds from Radio Project debt is estimated to be approximately \$11M.
- Salaries and wages increase by approximately 19%, primarily driven by board-approved additions to the collective bargaining agreement, step increases, 3% COLA, 15% increase in medical insurance premiums, and 3-year longevity bonus (paid in 2026).
 - Vacant positions in 2025 comprised 20% of the labor budget overall, but in 2026, it is less than 9%, and overtime has declined for 3 straight years.
 - No pay-scale adjustments are included in the collective bargaining agreement.
- Other operating costs increase by approximately 24%, primarily driven by new hardware, software, communication, debt service, and repairs and maintenance costs associated with the new radio system.

- Proposition 2-funded capital projects, including the Radio Project, CAD system replacement, backup center, and remote 911 kit replacement total an estimated \$14.2M.
- Capital projects funded by all other revenue sources, including AI integration for dispatch floor operations, finance ERP replacement, ADA-compliant rebuild of Kitsap911.org, and minor facility improvements total an estimated \$276K.
- Total appropriation for 2026 is \$35.8M (\$20.8M for Proposition 2 and \$15M for all other expenditures).
- Ending fund balance is approximately \$4.2M (\$0.87M from Proposition 2 and \$3.37M from all other funding sources).
 - Total deficit from Proposition 2 is approximately \$2.5M.
 - Operating surplus is approximately \$0.67M.
 - Total deficit from all other funding sources is \$1.9M.
 - Operating deficit is approximately \$1.6M.
- Ending balance from non-Proposition 2 revenue sources (\$3.37M) is \$263K less than what is needed (\$3.63M) to fully fund the Stabilization Fund.

Recommendation:

Discuss options for the 2026 budget in the September 2025 meeting with the intention of approving the 2026 budget in the October 2025 meeting.



Board of Directors Discussion Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #12

Agenda Item: Recommendation to Retain National Public Safety Group (NPSG) as Project Manager for CAD Upgrade

Submitted By: Maria Jameson-Owens

Title: Executive Director

Attachments:

Budgetary Impact (If Applicable)

Budgeted Amount: \$290,000

Expenditure Required: \$290,000

Budget Category: Capital Projects – CAD Upgrade

Reviewed By: Brandon Wecker, Jamie Donley, Barrie Hillman

Reviewed Date: August 14, 2025

Summary Statement:

Kitsap 911 is preparing to implement a \$3.5 million upgrade to our Computer-Aided Dispatch (CAD) system—an essential technology platform at the heart of public safety operations. The CAD system is used to process every 911 call, prioritize incidents, and dispatch the appropriate law enforcement, fire, or EMS resources. It enables dispatchers to track units in real time, relay critical information to field personnel, and record time-sensitive details throughout the life of an incident. CAD is also integrated with GIS mapping, radio communications, and law enforcement databases, including the Criminal Justice Information Services (CJIS) network, which is used to run people, vehicles, and items for wants, warrants, stolen property, and other law enforcement queries.

This CAD upgrade is unlike past upgrades where we simply moved to a new version of the same system—this is a transition to an entirely new CAD platform, bringing increased complexity, workload, and the full range of challenges that come with implementing a new system. It will affect every Kitsap 911 employee—call receivers, dispatchers, supervisors, and technical staff—as well as every user of the system across our partner agencies. It also directly impacts the Mobile Computer Terminals (MCTs) installed in police vehicles, fire engines, and ambulances.

MCTs are the primary connection to the CAD system for field personnel, enabling them to receive dispatch assignments, view incident details and maps, update their status, access premise and hazardous materials information, and communicate with dispatch—all while remaining mobile. They also provide direct access to CJIS and other critical databases, giving responders the real-time information they need to make safe, informed decisions in the field.

Because the CAD system and MCTs are foundational to real-time emergency response—and because of the complexity of coordinating multiple stakeholders, vendors, interfaces, and mission-critical systems—it is imperative that we retain project management specialists with proven experience in public safety software implementation to guide this effort and ensure its success.

Why NPSG?

1. Proven Expertise in Public Safety Technology Projects

NPSG specializes in public safety technology and has a successful track record managing complex CAD, RMS, and Next Gen 911 system implementations nationwide. Their team includes former 911 center executives, engineers, and project managers who understand the operational, technical, and governance challenges unique to public safety environments. This goes beyond standard technology project management—it requires specialized leadership from professionals who understand the unique demands, risks, and realities of public safety operations.

2. Objectivity and Accountability

As an independent third party, NPSG provides objective oversight and ensures vendor accountability throughout the entire lifecycle of the upgrade. This impartial perspective reduces the risk of scope creep, miscommunication, and costly missteps that can occur when relying solely on internal staff or vendor-led project management. With a proven track record of advocating for the best interests of public safety organizations, NPSG brings trusted experience and reliability to complex technology projects.

3. Capacity and Focus

Our internal staff are highly capable but already operating at or near full capacity with core operational responsibilities—and many key personnel are currently dedicated to supporting the radio system upgrade. The CAD upgrade project itself will require sustained, focused attention for a minimum of 18 months. While there will be important work and input required from internal resources throughout the project, this level of commitment cannot be met without compromising other critical priorities. NPSG will provide dedicated project leadership without impacting internal staff's ability to focus on mission-critical operations.

4. Risk Mitigation

CAD systems are the backbone of emergency response. Failure, delays, or system instability during or after implementation could have real-world consequences, including slower response times, compromised officer safety, and loss of trust. NPSG's structured methodology, detailed project planning, and hands-on vendor coordination drastically reduce these risks.

5. Return on Investment

While hiring NPSG involves a cost, these expenses are included within the approved 2025 CAD upgrade budget. Investing in professional project management is a prudent decision to

ensure the success of this \$3.5 million project. The potential costs of project failure, rework, or delays—would far exceed the cost of engaging experienced project management expertise.

6. External Validation

NPSG comes with strong references from peer 911 centers that have undergone similar upgrades. Their past clients consistently cite NPSG’s professionalism, technical acumen, and ability to drive projects to successful, on-time, and on-budget completion.

Recommendation:

Kitsap 911 cannot afford to treat this CAD upgrade as business-as-usual. The scope and complexity demand experienced, specialized, and independent project leadership. Engaging National Public Safety Group as our Project Manager is the responsible and strategic choice to protect this critical investment and ensure a smooth and successful outcome.

I ask that we discuss utilizing National Public Safety Group for project management of the CAD upgrade at the September 2, 2025 meeting, and if there is agreement, approve the contract at the October meeting.



Board of Directors Discussion Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #13

Agenda Item: Board Structure Review Process
Submitted By: Maria Jameson
Title: Executive Director
Attachments: None

Budgetary Impact (If Applicable)

Budgeted Amount: N/A
Expenditure Required: N/A
Budget Category: N/A

Reviewed By: Steve Rogers, Brandon Wecker
Reviewed Date: August 25, 2025
Summary Statement:

Kitsap 911 has contracted with Mission Critical Partners to conduct a Board of Directors Composition and Effectiveness Study. Mission Critical Partners (MCP) will be conducting an introductory session to the Board at a special board meeting on September 5, 2025 at 1100 via Zoom only.

The introductory session is followed up by a site visit by MCP on September 8 and 9. During this site visit they will be meeting with individual members of the Board and the Strategic Advisory Board for interviews. Additional time slots have been scheduled for interviews virtually in the days and weeks following the site visit.

MCP will be gathering data and doing discovery and then will spend time conducting analysis which will be followed up by a final report and presentation.

Recommendation:

If you have not already done so, please email Barrie at bhillman@kitsap911.org with some time slots when you can do a virtual interview between September 11 and 30. Please attend the introductory meeting on September 5, 2025 at 1100 via Zoom.



Board of Directors Discussion Item Summary

September 2, 2025 (12:30 to 2:00)

Agenda Item #14

Agenda Item: Progress Report of Strategic Initiative #2 Review of Financial Philosophy
Submitted By: Maria Jameson-Owens
Title: Executive Director
Attachments:

Budgetary Impact (If Applicable)

Budgeted Amount:

Expenditure Required:

Budget Category:

Reviewed By: Brandon Wecker, Jamie Donley, John Higashi, Rachael Taylor, Steve Rogers

Reviewed Date: August 25, 2025

Summary Statement:

To ensure long-term sustainability amid rising costs and public expectations, Kitsap 911 must regularly refine its financial philosophy. This initiative strengthens financial decision-making, transparency, and reliability.

Focus Areas:

1. **Financial Principles:** Reinforce transparent, accurate, and efficient financial practices.
2. **Funding Formula:** Assess and refine for fairness and long-term stability.
3. **Communication:** Clearly convey financial philosophy to stakeholders.

Work Plan:

1. **Action 1:** Review and update financial processes and policies to focus on long-term stability, responsible spending, and clear reporting. Work with leadership and the Board to ensure financial processes are current, efficient, and thorough.
 - **Timeline:** 3–6 months
 - **Progress:** In progress
2. **Action 2:** Review Funding Formula. Analyze and refine the existing funding formula including input from member agencies to ensure fairness, adequacy, and sustainability in supporting Kitsap 911's financial needs.
 - **Timeline:** 3–6 months.
 - **Progress:** Complete
3. **Action 3:** Communicate the financial philosophy to all stakeholders, enhancing transparency and trust.

- **Timeline:** Ongoing.
- **Progress:** Ongoing

Success Measurement:

- **Financial Stability:** Continued adherence to the budget, avoidance of deficit spending in the operating budget, a Board-approved update to the Funding Formula, and the establishment of an equipment and replacement fund to ensure long-term stability, both operationally and financially.
- **Transparency and Trust:** Clear and timely communication with stakeholders and enhanced trust in financial decisions.
- **Alignment:** Evidence of consistent decision-making across leadership based on the financial philosophy.

This initiative ensures Kitsap 911 remains transparent and financially and is prepared for future challenges.

Recommendation:

Discuss Proposed Strategic Initiative #2 - Review of Financial Philosophy at the April 2025 meeting with the intent of considering this initiative for approval at the May 2025 Board meeting.

Progress Summary:

Action 1 – we have divided this action into three main subcategories:

1. **Internal** – the first step of this includes a review of all financial policies and procedures. Once reviewed, any document needing to be updated will be updated, anything out of date will be purged, and anything missing will be added. Once this is complete, the updated financial policies and procedures will be uploaded into our documents and records management software, and made available to management, employees, and any other relevant stakeholders. For this portion, we are currently in the review stage, and we expect to be done with this by the end of 2025.
2. **Stakeholder** – this includes improvements to how information is communicated to external stakeholders (e.g., board of directors, strategic advisory board). The focus for 2025 is to improve budget presentation materials so that the summarized and detailed information provided effectively communicates all significant elements of our budget and its execution. Success for this will be measured by the timely adoption of the budget by the Board of Directors. The draft documents and workbooks have all been created – the only remaining steps are to present the budget, consider and implement feedback provided by the Board, and for the Board to adopt the budget.
3. **Public-Facing** – this includes improvements to how financial information is presented to the general public. For 2025, this includes the creation of a simplified, more visual version of the budget which will be made available on our website. The draft version of it has been created, and shortly after the 2026 budget has been approved by the Board, the file will be uploaded.

Action 2 – Following numerous discussions with the Board of Directors, Strategic Advisory Board, and other stakeholders, the proposed changes to the Funding Formula have been approved by the Board. This Action Item is complete, but analysis will be done for each budget cycle for at least the next three years to ensure the new funding formula works as intended.

Action 3 – This is an ongoing item, and to support the efforts to accomplish this (at least for the remainder of 2025), our focus will primarily be on Action 1. By conducting a thorough review of our financial processes and policies, we will be more capable of producing the information that all of our stakeholders need to advise and to make informed decisions about Kitsap 911.

Executive Summary

Kitsap 911 Board of Directors

Summary

For the year-to-date period ended July 31, 2025, revenues were above, and expenditures were below expectations. A large equipment reimbursement grant bolstered revenues, and sales tax revenues are higher year over year, but with indications of possible stagnation. Year to date, operating expenditures are lower than budget, almost entirely due to the timing of the Radio Project. Significant recurring costs (e.g., LTE connection, radio system maintenance) are included in the 2025 budget, and will begin immediately upon completion, which is expected to occur in Q4 2025 – Q1 2026.

Revenues

As of July 31, 2025, we have received approximately \$12.90M (41.97%) of projected annual revenues, which was above our year-to-date forecast of \$11.19M by approximately \$959K (15.22%).

We have received approximately \$8.46M (60.10%) of the total projected sales tax revenues, which was above our year-to-date forecast of \$7.90M by approximately \$562K (7.11%). While YTD sales tax revenues are higher than they were at this same point in the prior year, signs of weakening appear to be present. By July 2024, year to date sales tax revenues had increased by approximately 1% over 2023; in July 2025, the year to date growth was also 1%, but with significantly less volatility from month to month, as compared to the prior year, suggesting possible stagnation. Additionally, the percentage by which YTD receipts have grown year over year has decreased by 2.08% between March and July, indicating a possible declining trend.

We have received approximately \$1.61M (59.29%) of the total projected excise tax revenues, which was in line with our year-to-date forecast of \$1.59M, over by approximately \$26K (1.64%).

We have received approximately \$2.82M (20.27%) of the total projected for other revenues, which was above our year-to-date forecast of \$1.71M by approximately \$1.12M (65.39%). For the current month, the variance from budget was primarily due to the receipt of a \$0.6M grant from the WA State Military Department. This was a reimbursement for costs incurred for certain capital projects, including the replacement of dispatch console workstations, data logging recorder, and the uninterrupted power supply (UPS) system. Excluding this grant, other YTD revenues totaled \$512K (30.02%), representing a decrease from the prior month.

Executive Summary

Kitsap 911 Board of Directors

Operating Expenditures

As of July 31, 2025, we have expended approximately \$8.93M (50.69%) of our total operating expenditures appropriation, which was under our year-to-date expectation of \$9.86M by approximately \$0.93M (9.45%).

We have expended approximately \$7.59M (58.81%) of our total operating salaries and benefits budget, which was under our year-to-date goal of \$7.97M by approximately \$377K (4.73%).

We have expended approximately \$1.34M (25.74%) of the total non-labor operating expenditures, which was below our year-to-date goal of \$1.89M by approximately \$555K (29.31%). This variance from budget is primarily due to the timing of certain aspects of the Radio Project, the cost for which will not be incurred until the completion of Phase 1, which is expected to occur in late Q4 2025, or possibly in Q1 2026.

Proposition 2-Funded Capital Project Expenditures

As of July 31, 2025, we have expended approximately \$3.35M (22.38%, including reclassifications) of our total annual appropriation of \$14.96M.

Other Capital Projects and Non-Operating Expenditures

As of July 31, 2025, we have expended approximately \$40K (52.84%, including reclassifications) of our total annual appropriation of \$76K.

Debt and Cash Reserves

As of July 31, 2025, no new debt obligations are expected within the next three months, and no reserves have been used.

Risks

A slowing economy poses the greatest risk to our revenues, primarily because Kitsap 911's main source of revenue is derived from taxable retail sales in Kitsap County; supply chain disruptions and shortages are also primary factors contributing to our inherent level of risk. We will continue to monitor these and other risks over the coming months.

Kitsap 911 Public Authority

Budget Status Report

For the Seven Months Ended July 31, 2025

	Year-to-Date Actual	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
REVENUES					
Sales and Excise Taxes					
Sales Tax	\$ 4,231,054	\$ 3,950,181	107.11%	\$ 7,040,065	60.10%
Sales Tax (Proposition 2)	4,231,054	3,950,181	107.11%	7,040,065	60.10%
Telephone Excise Taxes	1,611,757	1,585,706	101.64%	2,718,354	59.29%
Total Sales and Excise Taxes	10,073,866	9,486,068	106.20%	16,798,484	59.97%
Agency Fees and Surcharges					
Agency User Fees	1,557,419	1,283,694	121.32%	2,200,619	70.77%
NPRV MCT Surcharges	25,478	72,536	35.12%	124,347	20.49%
Total Agency Fees and Surcharges	1,582,897	1,356,230	116.71%	2,324,966	68.08%
State and Federal Funding					
State Military Grant	655,403	29,167	2247.10%	50,000	1310.81%
State and Community Highway Grant	-	1,249	0.00%	2,142	0.00%
Other Grants	-	-	0.00%	-	0.00%
Total State and Federal Funding	655,403	30,416	2154.80%	52,142	1256.97%
Other Revenues					
Tower Lease Revenue	363,672	265,434	137.01%	455,029	79.92%
Investment Interest	213,502	49,096	434.87%	84,164	253.67%
Debt Proceeds	-	-	0.00%	11,000,000	0.00%
Miscellaneous Revenues	6,901	5,275	130.82%	9,043	76.31%
Total Other Revenues	584,075	319,805	182.64%	11,548,236	5.06%
TOTAL REVENUES	\$ 12,896,241	\$ 11,192,518	115.22%	\$ 30,723,828	41.97%
OPERATING EXPENDITURES					
Labor and Personnel					
Salaries and Wages - Ops	\$ 4,811,586	\$ 5,192,588	92.66%	\$ 8,437,955	57.02%
Benefits - Ops	1,236,255	1,155,087	107.03%	1,877,016	65.86%
Payroll Taxes - Ops	367,392	415,274	88.47%	674,821	54.44%
Subtotal Labor and Personnel - Ops	6,415,234	6,762,949	94.86%	10,989,792	58.37%
Salaries and Wages - TSG	817,552	1,183,393	69.09%	1,923,013	42.51%
Benefits - TSG	251,700	282,618	89.06%	459,254	54.81%
Payroll Taxes - TSG	105,867	97,272	108.84%	158,066	66.98%
Subtotal Labor and Personnel - TSG	1,175,119	1,563,282	75.17%	2,540,334	46.26%
Budgeted Attrition	-	(359,162)	0.00%	(622,548)	0.00%
Total Labor and Personnel	7,590,352	7,967,069	95.27%	12,907,577	58.81%
Debt Service					
Debit Service Payments - Principal	\$ -	\$ -	0.00%	\$ 150,000	0.00%
Debit Service Payments - Interest	-	-	0.00%	320,000	0.00%
Total Debt Service	-	-	0.00%	470,000	0.00%
Building and Tower Sites					
Lease/Rent Payments	219,230	335,766	65.29%	699,703	31.33%
Repairs and Maintenance - Facilities	57,644	39,902	144.47%	280,158	20.58%
Insurance	117,606	213,398	55.11%	213,398	55.11%
Utilities	126,276	115,520	109.31%	200,208	63.07%
Total Building and Tower Sites	520,757	704,585	73.91%	1,393,467	37.37%

Kitsap 911 Public Authority
Budget Status Report
For the Seven Months Ended July 31, 2025

	Year-to-Date Actual	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Computer and Other Equipment					
Repairs and Maintenance - Equipment	75,128	269,638	27.86%	1,462,023	5.14%
Software	319,896	315,639	101.35%	540,489	59.19%
Total Computer and Other Equipment	395,024	585,277	67.49%	2,002,512	19.73%
Supplies and Professional Services					
Supplies	19,622	39,991	49.07%	64,573	30.39%
Professional Services	178,968	218,517	81.90%	484,345	36.95%
Communications	167,087	236,873	70.54%	593,368	28.16%
Total Supplies and Professional Services	365,678	495,380	73.82%	1,142,287	32.01%
Other Operating Expenditures					
Travel and Training	22,476	49,863	45.07%	99,563	22.57%
Miscellaneous	33,651	57,014	59.02%	89,643	37.54%
Total Other Operating Expenditures	56,127	106,877	52.52%	189,206	29.66%
SUBTOTAL OPERATING SUPPLIES & SERVICES	\$ 1,337,585	\$ 1,892,120	70.69%	\$ 5,197,471	25.74%
TOTAL OPERATING EXPENDITURES	\$ 8,927,937	\$ 9,859,189	90.55%	\$ 18,105,048	49.31%
CAPITAL AND OTHER NON-OPERATING EXPENDITURES					
Proposition 2-Funded Projects					
LMR and Radio Replacement Projects	\$ 2,234,257			\$ 13,072,395	17.09%
All Other Projects	1,113,114			1,885,347	59.04%
Total Proposition 2-Funded Projects	3,347,371			14,957,742	22.38%
Other Non-Operating Projects					
Capital Projects	40,159			76,000	52.84%
Total Other Non-Operating Projects	40,159			76,000	52.84%
SUBTOTAL OTHER NON-OPERATING PROJECTS	\$ 3,387,530			\$ 15,033,742	22.53%
TOTAL EXPENDITURES	\$ 12,315,467			\$ 33,138,791	37.16%

Kitsap 911 Public Authority

Fund Balance Report As of July 31, 2025

Cash Balances	As of:	
Beginning Cash and Cash Equivalents	07/31/2025	06/30/2025
Non-Custodial Cash in Bank	\$ 2,913,833.48	\$ 2,499,182.97
Investments	8,500,377.33	8,070,688.39
Total Cash and Cash Equivalents	\$ 11,414,210.81	\$ 10,569,871.36

Source of Funds	07/31/2025
Beginning Proposition 2 Balance	\$ 7,678,826.41
Net Change from Use of Funds	272,859.43
Ending Proposition 2 Balance	\$ 7,951,685.84

Beginning Balance from All Other Sources	\$ 2,891,044.95
Net Change from Use of Funds	571,480.02
Ending Balance from All Other Sources	\$ 3,462,524.97

Total Cash from All Sources	\$ 11,414,210.81
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Stabilization Fund and Periodic Debt Analysis

Stabilization Fund	
17% of Budgeted Annual Revenues	\$ 3,353,050.83
Funds in Excess/(Deficit) of Threshold	8,061,159.98
Total	\$ 11,414,210.81

Debt Financing Recommendation	
Minimum Excess Cash Level	\$ 2,500,000.00
Funds in Excess/(Deficit) of Threshold	8,061,159.98
Funds in Excess of Minimum	\$ 5,561,159.98

Debt Financing Recommended within 90 Days	No
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Kitsap 911 2025 Key Projects and Initiatives

Technical Projects			Estimated		
Proj/Task#	Project/Initiative	Priority	Start	on	Status
2019 1	Backup Center - Phase 1	3	9/30/2022	Q3 2025	In Progress
2023 2	Cyber Security Upgrade	3	Q4 2023	Q1 2025	Late
2023 3	Replace AV System	4	Q4 2023	Q2 2025	Rescheduled
2023 4	Dispatch Floor Project - Carpet	3	Q4 2023	Q2 2025	In Progress
2023 5	Dispatch Floor Project - Soundproofing	3	Q4 2023	Q2 2025	Complete+
2023 6	Dispatch Floor Project - Console Furniture	2	Q4 2023	Q2 2025	In Progress
2025 7	CAD Upgrade Part 1	1	9/1/2024	Q3 2025	In Progress
2025 8	Data Center Improvement	4	Q1 2025	Q3 2025	In Progress
2025 9	SonicWall Replacement	2	Q1 2025	Q3 2025	In Progress
2025 10	Firewall Cluster at Backup Center	3	Q4 2024	TBD	In Progress
2025 11	Windows Server Licensing	3	Q1 2025	Q3 2025	Complete+
2025 12	Temp Sensors at all sites	4	Q1 2025	Q4 2025	Complete+
2025 13	PowerRecall Implementation	4	Q1 2025	Q3 2025	Complete+
2025 14	QA program	3	Q4 2024	Q3 2025	Complete+
2025 15	CAD Upgrade Part 2	1	Q3 2025	Q3 2026	Not Started
2025 16	Backup Center - Phase 2	3	TBD	TBD	Not Started

Microwave Expansion Project (Multi-Year)			Estimated		
Task#	Milestone	Priority	Start	on	Status
MVE 1	Complete microwave hops to additional radio sites	2	Q1 2025	Q4 2025	Not Started

LMR Replacement Project (Multi -Year)			Estimated		
Task#	Milestone	Priority	Start	Completion	Status
LMR 1	Integration Testing of Radio System, Console system, CAD, etc.	1	Q2 2024	Q1 2025	Complete
LMR 2	Move Radio Equipment to Tower Sites	1	Q3 2024	Q1 2025	Complete
LMR 3	System Testing and Acceptance of Phase 1 Sites	1	Q1 2025	Q4 2025	Not Started
LMR 4	DC Power Systems Replacement	2	Q4 2023	Q2 2025	Complete
LMR 5	Complete replacement of Law Portable Radios	1	Q1 2025	Q4 2025	In Progress
LMR 6	Phase 1 Coverage Testing	2	Q2 2025	Q3 2025	In Progress
LMR 7	Complete Replacement all Law Mobile Radios	1	Q1 2025	Q4 2025	In Progress