

January 8, 2018

Mr. Scott Pingel
City Manager
City of Fircrest
115 Ramsdell Street
Fircrest, WA 98466

**Re: Bond Counsel Engagement Letter for the Issuance of Unlimited Tax General
Obligation Bonds**

Dear Scott:

We greatly appreciate the opportunity to serve again as Bond Counsel to the City of Fircrest, Washington (the "City"). The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds will be issued to finance costs of rehabilitating and improving the City's pool and community center and may be sold to D.A. Davidson & Co., Seattle, Washington (the "Purchaser"), through a negotiated public sale.

SCOPE OF ENGAGEMENT

In this engagement, we will perform the following duties as bond counsel to the City. For the Bonds, we will: (1) subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes; (2) prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, and coordinate the authorization and execution of such documents; (3) review legal issues relating to the structure of the Bonds; (4) assist the City in dealings with Pierce County officials; and (5) review the section of the official statement, private placement memorandum or other form of offering or disclosure document to be disseminated in connection with the sale of the Bonds involving the federal income tax treatment of interest on the Bonds.

Our Bond Opinion will be addressed to the City and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing"). The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished

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to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City after the Bonds are issued with applicable laws relating to the Bonds. During the course of this engagement, we will rely on the City to provide us with complete and timely information on all developments pertaining to any aspect of the Bond and its security. We understand that officials and employees of the City will cooperate with us in this regard.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist between us. In this transaction we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel regarding the Bonds are limited to those contracted for in this letter. The City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City regarding the Bonds will be concluded upon issuance of the Bonds. Nevertheless, subsequent to the Closing, we will mail the appropriate Internal Revenue Service Form 8038, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

CONFLICTS

Foster Pepper PLLC ("Foster Pepper") represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the District, one or more of our present or future clients will have transactions with the District. It is also possible that we may be asked to represent, in an unrelated matter, one or more of those types of clients. For example, from time to time we serve as counsel to bond underwriters or purchasers (in fact, we have previously served as underwriter's counsel to the Purchaser, but, as of the date hereof, we have no active matters representing the Purchaser), or we represent neighboring governments, or we assist developers in land use or environmental matters. We do not foresee, however, that any such prior or future representation will adversely affect our ability to represent you as provided in this letter, either because such matters were or will be sufficiently different from the issuance of each series of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of each series of the Bonds. Execution of this letter will signify the District's consent to our representation of others consistent with the circumstances described in this paragraph. To the extent we believe such future representation may adversely affect our representation of the District, we will disclose such representation to the District and, if required by ethical rules, seek the appropriate District consent. However, the District's consent to our representation of other clients as described in this paragraph does not extend to our firm's lawyers representing a client in any litigation or similar dispute adverse to the District

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before any court or similar forum. A separate waiver would need to be sought, based on the facts of the relevant dispute.

FEE

Based upon: (1) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (2) the duties we will undertake pursuant to this engagement letter; (3) the time we anticipate devoting to the financing; and (4) the responsibilities we will assume in connection therewith, we propose to charge according to the following fee schedule:

<u>Issue Size</u>	<u>Bond Fee</u>
\$ 1MM - \$4.999MM	\$7,800 + 2.75 per \$1,000 in excess of \$ 1MM
\$ 5MM - \$9.999MM	\$18,800 + 1.65 per \$1,000 in excess of \$ 5MM

For voted bonds, we apply a factor of 1.05. For example, if the Bonds are issued in a par amount of \$3,000,000 in a public sale, our fee would be \$13,965. If the Bonds are issued to separate purchasers, but under the authority of a single bond ordinance, our fee may be increased by up to 25% to account for additional closing documents, negotiation and review, but will not exceed our actual costs. Our fee may be adjusted if: (1) material changes in the structure, size or schedule of the financing occur (*e.g.*, the addition of a refunding or defeasance component to any series of the Bonds); (2) the ballot proposition for the Bonds must be submitted at multiple elections before it is approved; or (3) unusual or unforeseen circumstances arise that require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee, we will advise you. Our fee will be paid at the time of Closing of the Bonds. ***Payment of our fee is contingent on a successful Closing of the Bond.*** If for any reason, however, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates for time actually spent on your behalf; provided that, (1) we submit a billing statement to the City that describes the time, legal services and expenses incurred on your behalf, and (2) such compensation shall not exceed the amount of the fee that would have been paid had the Bonds closed with our Bond Opinion.

RECORDS

Upon request, papers and property furnished by you will be returned promptly. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

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If the foregoing terms are acceptable to the City, please have both originals of this engagement letter dated and signed by you or another appropriate City official and return one original to me, retaining the other for the City's files. We look forward to working with you. Thank you.

Sincerely,

FOSTER PEPPER PLLC



P. Stephen DiJulio

Lindsay A. Coates



The terms of engagement set forth herein are accepted and approved by the City this ____ day of _____, 2017.

CITY OF FIRCREST, WASHINGTON

By: _____
Title: _____