LOPEZ ISLAND SCHOOL DISTRICT NO. 144,
SAN JUAN COUNTY, WASHINGTON

LIMITED GENERAL OBLIGATION BOND, 2022

RESOLUTION NO. 21/22-10

A RESOLUTION of the Board of Directors of Lopez Island School District No. 144, San Juan County, Washington, providing for the issuance and sale of a limited general obligation bond of the district in the principal amount of not to exceed $500,000 for the purpose of making certain capital and infrastructure improvements to facilities of the school district; providing the form, terms and maturity of said bond; and approving the sale of such bond.

ADOPTED: AUGUST 24, 2022

PREPARED BY:

K&L GATES LLP
Seattle, Washington
LOPEZ ISLAND SCHOOL DISTRICT NO. 144,
SAN JUAN COUNTY, WASHINGTON

RESOLUTION NO. 21/22-10

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Exhibit A – Commitment
Exhibit B – Request for Draw

* This table of contents and the cover page are not a part of this resolution; they are included for convenience of the reader only.
RESOLUTION NO. 21/22-10

A RESOLUTION of the Board of Directors of Lopez Island School District No. 144, San Juan County, Washington, providing for the issuance and sale of a limited general obligation bond of the district in the principal amount of not to exceed $500,000 for the purpose of making certain capital and infrastructure improvements to facilities of the school district; providing the form, terms and maturity of said bond; and approving the sale of such bond.

WHEREAS, the electors of the Lopez Island School District No. 144, San Juan County, Washington (the “District”), approved a five-year Capital Projects Levy (“Capital Levies”) at an election held on August 3, 2021 for the purpose of funding construction, renovation, improvements, and expansion of new and existing facilities, including, but not limited to, construction, building repairs and upgrades to the water system within the District to meet the needs of current and future educational programs, all as described in Resolution No. 20/21-9 of the Board of Directors (the “Improvements”); and

WHEREAS, the Board of Directors (the “Board”) of the District has determined that it is in the best interest of the District to proceed with the Improvements as quickly as reasonably possible; and

WHEREAS, the District is authorized, pursuant to RCW 28A.530.080, to incur indebtedness and issue a limited general obligation bond to finance the costs of the Improvements and the costs of issuance of such bond; and

WHEREAS, pursuant to published notice, the District has held a public hearing on the issuance of a bond as required by RCW 28A.530.080; and

WHEREAS, it is deemed necessary and advisable that the District now provide for the issuance and sale of a limited general obligation bond in the principal amount of not to exceed
$500,000 (the “Bond”) to pay the costs of a portion of the Improvements pending receipt of the Capital Levies and the costs of issuance of the Bond; and

WHEREAS, the District has received the commitment of SaviBank, Friday Harbor, Washington (the “Bank”), dated July 21, 2022, to purchase the Bond, which by this reference is incorporated herein and is attached as Exhibit A (the “Commitment”), and the Board wishes to accept such offer on the terms and conditions set forth therein and herein;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LOPEZ ISLAND SCHOOL DISTRICT NO. 144, SAN JUAN COUNTY, WASHINGTON, as follows:

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

Bank means SaviBank, Friday Harbor, Washington, and any business successor thereto.

Board of Directors or Board means the duly constituted Board of Directors as the general legislative authority of the District.

Bond means the Lopez Island School District No. 144, San Juan County, Washington, Limited General Obligation Bond, 2022, in the principal amount of not to exceed $500,000, issued pursuant to this resolution.

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

Bond Registrar means initially, the fiscal agent of the State of Washington, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond and shall include any successor institution appointed as Bond Registrar by the Treasurer.
Capital Levies mean the capital levy approved by the voters on August 3, 2021, pursuant to Resolution No. 20/21-9 of the Board of Directors.

Capital Projects Fund means the fund of the District established pursuant to RCW 28A.320.330(2).

Code means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

Commitment means the commitment to purchase the Bond of the Bank, dated July 21, 2022, attached hereto as Exhibit A.

Debt Service Fund means the fund of that name established pursuant to RCW 28A.320.330(3).

Date of Issue means the date of issuance and delivery of the Bond to the Bank.

Designated District Representative means the Chair of the Board or the Superintendent or the designee of either identified in writing.

District means Lopez Island School District No. 144, San Juan County, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

Draw or Draws means incremental draws on the Bond as requested by the District.

Event of Default means, with respect to the Bond, a reasonable determination by the Bank that there has been (a) a failure to pay principal or interest on the Bond when due, as provided in the Bond; (b) a failure by the District to comply with any of its obligations, or to perform any of its duties, under the Bond, which failure continues, and is not cured, for a period of more than 60 days after the Bank has made a written demand on the District to cure such failure, or (c) a material
misrepresentation to the Bank by the District in the issuance of the Bond, as reasonably concluded by the Bank after investigation and discussion with the District.

**General Fund** means the fund of the District established pursuant to RCW 28A.320.330(1).

**Improvements** mean the construction, building repairs and upgrades to the water system to be made throughout the District pursuant to Resolution No. 20/21-9 of the Board of Directors.

**Interest Rate** means a fixed rate equal to 3.49% per annum provided, however, that upon the occurrence of an Event of Default, upon notice from the Bank, the Interest Rate shall be increased by 300 basis points (3.00%), while the Event of Default is continuing.

**Loan Draw Record** means the administrative record kept by the Bank to record the date and dollar amounts of the Draws on the Bond made by the District.

**Maturity Date** means December 1, 2027.

**Outstanding Principal Balance** of the Bond means on any particular day the aggregate of all funds that the District has drawn from the Bank under the Bond to that day, less the aggregate of all principal payments on the Bond made by the District on or before that day.

**Registered Owner** means the person named as the registered owner of a Bond in the Bond Register, initially the Bank.


**Treasurer** means the Treasurer of San Juan County, Washington, as ex officio treasurer of the District, or any successor to the functions of the Treasurer.
Section 2. Authorization of Bond. The District shall now issue and sell to the Bank its limited general obligation bond in the principal amount of not to exceed $500,000 (the “Bond”) to provide funds to pay the costs of the Improvements and the costs of issuance of the Bond.

(a) Bond Details. The Bond shall be designated as the “Lopez Island School District No. 144, San Juan County, Washington, Limited General Obligation Bond, 2022,” shall be dated as of the date of its delivery to the Bank (the “Date of Issue”), shall be fully registered as to both principal and interest, shall be issued as a single fully registered bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification. The Bond shall be in the denomination of $500,000, provided that the Outstanding Principal Balance due and owing thereunder shall be measured by the total Drawings made, as evidenced by the Loan Draw Record.

The Bond shall bear interest on the Outstanding Principal Balance of each Drawing from the date of each Drawing or the most recent date to which interest has been paid at the Interest Rate. Interest shall be calculated on the basis of the actual number of days elapsed over a year of 360-days. Principal of the Bond shall be amortized in equal annual principal payments of $100,000 each year. Interest on unpaid principal shall be paid semiannually on each June 1 and December 1, commencing on December 1, 2022. Principal shall be paid annually on December 1, commencing on December 1, 2023, with the final payment of all outstanding principal, together with interest thereon, on the Maturity Date. The Bank shall provide on November 24, 2022, June 25, 2023 and November 24, 2023, the interest accruing and to be paid on the Bond on December 1, 2022, June 1, 2023 and December 1, 2023. In the event that the principal amount of the Bond is prepaid in part, the Bank shall provide a revised amortization schedule to reflect such prepayment no later than the 15th day of the month preceding the next payment date.
The Bond is not intended to be a revolving obligation; the Outstanding Principal Balance under the Bond may never exceed $500,000.

(b) **Draws.** The available principal of the Bond shall be disbursed as borrowings from time to time by the District from the Bank upon request from the Designated District Representative in writing using the Draw Certificate attached as Exhibit B (each such disbursement herein referred to as a “Draw”), as provided in Section 8 of this resolution. Draws shall be recorded on the Loan Draw Record attached to the Bond, or in such other form as the District and the Bank may agree. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the basis as described above on the principal amount of the Draw. An initial Draw on the Bond in the amount of at least $50,000 must be made by the District on the Date of Issue. The District may make Draws on the Bond until June 15, 2023. The undrawn amount of the Bond on June 15, 2023, shall be deemed drawn on such date and the Bank shall wire such undrawn amount to the Treasurer for deposit into the Capital Projects Fund. Draws shall not be allowed between November 24, 2022 and November 30, 2022, and between May 25, 2023 and May 31, 2023.

(c) **Delegation to the Designated District Representative.** The Designated District Representative is hereby authorized to determine for the District the amount and the timing of Draws under the Bond.

Section 3. **Registration and Payments.** The District hereby requests that the Treasurer appoint the fiscal agent of the State of Washington to act as the Bond Registrar. The duties of the Bond Registrar hereunder shall be limited to authenticating the Bond and to remitting money to the Bank on the payment dates as provided therein. Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check mailed no later than the date due or by wire, or electronic
transfer on the date due to the Bank; provided, however, upon final payment of all installments of principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation and surrender. Presentment of the Bond will not be required until the Maturity Date or earlier redemption in whole thereof in accordance with Section 4 of this resolution.

The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond and to carry out all of the Bond Registrar’s powers and duties under this resolution.

The Bond is not transferable, except in whole to either a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an “accredited investor” by virtue of being a “bank,” as defined in Section 3(a) (2) of the Securities Act of 1933, as amended (the “Securities Act”).

Section 4. Prepayment. The District reserves the right to prepay the Bond, in whole or in part, on any date, with no prepayment penalty. The District shall provide the Bank with 10 days prior notice of any such prepayment. A partial prepayment shall be applied to principal over the maturity of the Bond to maintain level principal payments over the remaining life of the Bond, rather than inverse order of maturity. The Bank shall provide the District and the Treasurer with the revised debt service payment schedule after such prepayment in part as provided in Section 2(a), above. Prepayment in part shall not be allowed between November 24, 2022 and November 30, 2022, and between May 25, 2023 and May 31, 2023.
Section 5. Form of Bond. The Bond shall be in substantially the following form:

UNIVERSAL STATES OF AMERICA

No. R-1 $500,000
(or so much as has been
drawn hereunder)

STATE OF WASHINGTON
LOPEZ ISLAND SCHOOL DISTRICT NO. 144,
SAN JUAN COUNTY
LIMITED GENERAL OBLIGATION BOND, 2022

MATURITY DATE: DECEMBER 1, 2027
INTEREST RATE: 3.49%
REGISTERED OWNER: SAVIBANK
P.O. BOX 2056
FRIDAY HARBOR, WA 98250

TAX IDENTIFICATION #: 21-2414781

PRINCIPAL AMOUNT: FIVE HUNDRED THOUSAND NO/100 DOLLARS (or so much
as has been drawn hereunder)

LOPEZ ISLAND SCHOOL DISTRICT NO. 144, SAN JUAN COUNTY,
WASHINGTON (the “District”), hereby acknowledges itself to owe and for value received
promises to pay to the Registered Owner identified above, or registered assigns, the Principal
Amount specified above (or so much thereof has been drawn hereunder), together with interest
thereon, at the Interest Rate set forth above. Interest shall be calculated on the basis of actual
number of days elapsed over a year of 360 days. Principal and interest shall be repaid as set forth
in the Bond Resolution (as such term is defined below). Principal of the Bond shall be amortized
to achieve equal annual principal payments of $100,000 each year. The Registered Owner shall
provide on November 24, 2022, June 25, 2023 and November 24, 2023, the interest accruing and
to be paid on the Bond on December 1, 2022, June 1, 2023 and December 1, 2023 to the District,
the Treasurer of San Juan County, Washington and the Bond Registrar (hereinafter defined). In
the event of a partial prepayment of the Bond, the Registered Owner shall provide the District, the
Treasurer of San Juan County and the Bond Registrar the revised amortization schedule no later
than the 15th day of the month preceding the next interest payment date.

Both principal of and interest on this bond are payable in lawful money of the United States
of America. Payments made to the Registered Owner shall be applied first to accrued interest and
then to principal as of the date such payment is actually received by the Registered Owner.
Installments of the principal of and interest on this bond shall be paid by check or draft of the fiscal
agent of the State of Washington (the “Bond Registrar”) mailed on the date such principal and
interest is due or by electronic funds transfer made on the date such interest is due to the Registered
Owner at the address appearing on the Bond Register. Upon final payment of all installments of
principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation

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505937335.1
and surrender. Presentment of this bond will not be required until the Maturity Date or earlier redemption in whole thereof in accordance with the Bond Resolution (hereinafter defined).

This bond is issued pursuant to Resolution No. 21/22-10 of the Board of Directors of the District (the “Bond Resolution”), to provide funds to pay, or reimburse the District for all or a portion of the costs of the Improvements as defined therein, and to pay the costs of issuance of this bond. Capitalized terms used in this bond shall have the meanings given such terms in the Bond Resolution.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and the Bond Resolution for the purpose of providing financing for the costs of making certain capital improvements to the facilities of the District.

To pay installments of principal of and interest on this bond as the same shall become due, the District hereby irrevocably covenants that it will use money in the District’s Capital Projects Fund, the General Fund, or other funds legally available therefor. This bond does not require approval by a vote of the electors of the District. Accordingly, the District is not authorized to levy taxes to pay principal of and interest on this bond, other than the Capital Levies which may be used to pay principal of the Bond. The Capital Levies have been approved by a vote of the electors of the District. For as long as this bond remains outstanding, the District hereby pledges to use the Capital Levies solely for the payment of principal of this bond. The full faith, credit and resources of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

This bond is subject to prepayment by the District prior to its scheduled maturity as described in the Bond Resolution.

This bond is not transferable, except in whole to either a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an “accredited investor” by virtue of being a “bank,” as defined in Section 3(a) (2) of the Securities Act of 1933, as amended (the “Securities Act”).

This bond is not a “private activity bond.” The District has designated this bond as a “qualified tax-exempt obligation” for investment by financial institutions pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

The available principal of this bond shall be disbursed as borrowings from time to time by the Registered Owner upon request from the District (each such disbursement herein referred to as a “Draw”). Interest on each Draw shall accrue from the date of such Draw. Notwithstanding the foregoing, the principal amount outstanding under this bond shall never exceed $500,000. Draw requests submitted to the Registered Owner in the form agreed between the Bank and the District. The Registered Owner’s failure to record any Draws on the Loan Draw Record attached to this bond shall not affect in any way the District’s obligation to pay this bond.
This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

The Registered Owner shall have all rights, powers and remedies granted in the Bond Resolution, this bond, or available under applicable law as may be exercised at any time after the occurrence of an Event of Default, and shall be cumulative and shall not be exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity, except that this bond shall not be subject to acceleration.

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

IN WITNESS WHEREOF, the Lopez Island School District No. 144, San Juan County, Washington, has caused this bond to be signed with the manual or facsimile signature of the Chair and Secretary of its Board of Directors, as of this 30th day of August, 2022.

LOPEZ ISLAND SCHOOL DISTRICT
NO. 144, SAN JUAN COUNTY,
WASHINGTON

By __________ /s/ facsimile __________
Chair, Board of Directors

ATTEST:

_________/s/ facsimile_________
Secretary, Board of Directors

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The Bond Registrar’s Certificate of Authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: August 30, 2022

This bond is the bond described in the within-mentioned Bond Resolution and is the Limited General Obligation Bond, 2022 of the Lopez Island School District No. 144, San Juan County, Washington, dated August 30, 2022.

WASHINGTON STATE FISCAL AGENT, as Bond Registrar

By __________________________
Authorized Signatory

EXHIBIT A
AMORTIZATION SCHEDULE

[attach]

The Loan Draw Record shall be substantially in the following form or in such other form or by such other method acceptable to the Bank:

LOPEZ ISLAND SCHOOL DISTRICT NO. 144,
SAN JUAN COUNTY, WASHINGTON
LIMITED GENERAL OBLIGATION BOND, 2022

LOAN DRAW RECORD

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<td>Draw No. 1</td>
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<td>Draw No. 3</td>
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<td>Draw No. 8</td>
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</tbody>
</table>
Section 6. Execution and Delivery of Bond. The Bond shall be executed on behalf of the District with the manual or facsimile signatures of the Chair and Secretary of its Board of Directors. The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this resolution unless and until a Certificate of Authentication, in the form hereinbefore recited, has been manually executed by or on behalf of the Bond Registrar or its duly designated agent.

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

Section 7. Lost, Destroyed or Mutilated Bond. In the event the Bond is lost, destroyed, or mutilated, the District will cause to be issued a new Bond, substantially similar to the original, to replace the same, in such manner and upon such reasonable terms and conditions as the Bond Registrar may from time to time determine.

Section 8. Draw Procedures; Application of Bond Proceeds. The proceeds of sale of the Bond shall be deposited in the Capital Projects Fund of the District and shall be expended solely to pay the costs of the Improvements that may be funded with the proceeds of the District’s outstanding capital projects levy and the costs of issuing and selling the Bond, as authorized herein.

Following the Date of Issue of the Bond, the Designated District Representative shall notify the Bank and the Treasurer in writing each time that a Draw is required to pay costs of the
Improvements or costs of issuance of the Bond, in the form of Draw Certificate attached hereto as Exhibit B; provided, however, that the District shall make a minimum Draw of at least $50,000 on the Date of Issue. Draws will be processed once per month and require a ten (10) day prior notice to the Bank. The Bank will, upon receipt of a Draw Certificate notify the District and the Treasurer of its intent to wire transfer a Draw or pay by check (including the dollar amount of the Draw and the date on which the Draw amount will be wired or paid by check to the District for deposit into a fund of the District). The District may make Draws through June 15, 2023. The undrawn amount of the Bond on June 15, 2023, shall be deemed drawn on such date and the Bank shall wire such amount to the Treasurer for deposit into the Capital Projects Fund. Draws shall be used to pay the cost of the Improvements or reimburse for the costs identified in Section 11. Interest earned and income or profits derived by virtue of investments of moneys in a fund of the District, may remain in a fund of the District and may be used for the payment of Improvements costs.

Draws shall not be allowed between November 24, 2022 and November 30, 2022, and between May 25, 2023 and May 31, 2023.

Section 9.  Pledge of Funds and Credit. To pay principal of and interest on the Bond as the same shall become due, the District hereby irrevocably covenants that it will use money in the Capital Projects Fund, the General Fund or other funds legally available therefor. The Capital Levies have been approved by a vote of the electors of the District, and the District plans to utilize the Capital Levies to pay the principal of the Bond as it matures or becomes due and payable and pledges such Capital Levies solely to payment of the Bond. The Bond does not require approval by a vote of the electors of the District. Accordingly, the District is not authorized to levy taxes to pay principal of and interest on the Bond, other than the Capital Levies. The full faith, credit and
resources of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

Section 10. Tax Covenants; Special Designation. The District hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the District that may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code that will cause the Bond to be an “arbitrage bond” within the meaning of said section and said regulations. The District will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable Regulations thereunder throughout the term of the Bond.

The District further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute a “private activity bond” under Section 141 of the Code.

The District hereby designates the Bond as a “qualified tax-exempt obligation” for investment by financial institutions under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions. The District does not anticipate that it will issue more than $10,000,000 in qualified tax-exempt obligations during the year 2022 (excluding obligations permitted by the Code to be excluded for purposes of the District’s qualification as a qualified small issuer).

Section 11. Sale of the Bond. The District hereby ratifies and confirms its acceptance of the Commitment dated July 21, 2022, attached as Exhibit A, which by this reference is hereby incorporated herein, to purchase the Bond on the terms specified therein and in this resolution. The proper District officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bank and for the proper application and use of

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the proceeds of sale thereof. The District shall pay a $525 loan fee to the Bank at Date of Issue. Additionally, there will be a third party fee charged for the Bank’s counsel review in the amount of $3,000 that will be paid with invoice received from Davis Wright Tremaine LLP by the District on the Date of Issue directly to Davis Wright Tremaine LLP.

Section 12. No Undertaking to Provide Ongoing Disclosure; Information to be Provided to Bank Following Closing. The Bond is not subject to the Rule, and the District makes no undertaking regarding ongoing disclosure with respect to the Bond.

The District shall provide the Registered Owner (a) its unaudited annual financial statements prepared in accordance with generally accepted accounting principles applicable to government entities, and in accordance with regulations prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) within 270 days after the end of each fiscal year, (b) its audited financial statements within 30 days of receipt each year, (c) its budget for each fiscal year promptly after adoption by the Board, and (d) such other financial information of the District as the Registered Owner may from time to time reasonably request, for as long as the Bond is outstanding and held by the Registered Owner.

Section 13. Resolution and Laws a Contract with the Bank. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington, including Title 28A of the Revised Code of Washington, as amended and supplemented. In consideration of the loan made by the Bank, evidenced by the Bond, the provisions of this resolution and of said laws shall constitute a contract with the Bank, and the obligations of the District and its Board under said laws and under this resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and
in the Bond set forth shall be for the equal benefit of the Bank and any permitted transferee or assignee.

Section 14. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bond.
Section 15. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Lopez Island School District No. 144, San Juan County, Washington, at a regular meeting thereof held this 24th day of August, 2022.

LOPEZ ISLAND SCHOOL DISTRICT
NO. 144, SAN JUAN COUNTY,
WASHINGTON

Chair and Director

Directors

Secretary, Board of Directors
EXHIBIT A
COMMITMENT

Ed Murray
Superintendent
Lopez Island School District
86 School Road
Lopez Island, WA 98261

Tel 360-468-2202

JULY 21, 2022

DEAR SUPERINTENDENT MURRAY,

Savi Bank ("Bank") is pleased to present this Commitment Letter to Lopez Island School District ("District") to provide tax-exempt bank qualified financing to fund the District capital projects deemed necessary by the District and consistent with maintaining the tax-exempt status of this financing.

This commitment is for the District to sell and the Bank to purchase a five (5)-year, tax-exempt bank qualified Limited Tax General Obligation (LTGO) Bond, with a principal amount of up to $500,000. The Bank’s purchase of the District’s Bond will be through a private sale for direct private placement into the Bank’s portfolio.

This letter constitutes a commitment by the Bank to purchase the District’s Bond at the terms and conditions described below which are based on information provided to the Bank. These terms and conditions are not all-inclusive, but substantially describe the Bank’s proposed intent to proceed to purchase the District’s Bond. The terms and conditions contained herein are subject to change in whole or in part as a result of legal review with the district, and once the Bank has completed its final underwriting.


Amount: Amount of the Bond is up to $500,000

Bond Purpose: The District desires to fund a capital project consistent with the capital levy approved by voters of the District on August 3, 2021. (the “Capital Levy”)

Proposed Form: Bond shall be a tax-exempt bank qualified Limited Tax General Obligation Bond (LGTO)
Drawdown provision:
The District will have the option of up to a 10-month drawdown provision, based on the construction budget. Draws will be processed once per month and require ten-day (10) prior notice to the Bank without a fee, penalty, or charges. On the 10-month anniversary of the issuance of the Bond, the full remaining undrawn portion of the Bonds shall be automatically drawn and paid to the District.

Term: Approximately five (5-years) with an estimated maturity of December 1, 2027.

Amortization: 5-year straight-line amortization of principal, at $100,00 per-year, with final payment of principal outstanding and interest on or before the final Maturity Date.

Bank Fees: The Bank origination fee for the Bond is $525 at closing. Additionally, there will be a third-party fee charged for the Bank’s legal Bond counsel review, in the amount of $3,000, that will be paid directly to Davis Wright Tremaine LLP, with no additional administrative fee. If the District elects not to close the sale of the Bond notwithstanding the Bank’s willingness to purchase, the District will nonetheless be responsible for payment of the incurred fees of Bank’s counsel. The Lopez Island School District is responsible for its Bond counsel and advisory fees.

Bank Bond Attorney: Davis Wright Tremaine LLP

Bond Rate: Tax-exempt bond qualified interest rate of 3.49% per annum on the Bond, fixed for 5-years.

Bond interest will be calculated on the basis of the actual number of days elapsed over a year of 360-days. The Bond will have an initial disbursement of at least $50,000 at closing, with the remaining funds available for disbursement within 10-months after closing of the Bond.

Market Rates: The fixed tax-exempt bond qualified interest rate described above is based upon today’s market interest rates. The interest rate is subject to change at the sole discretion of the Bank, if market rates change after August 30, 2022, and (1) if the District’s board of directors has not yet formally adopted the bond resolution authorizing the issuance of the Bond and/or (2) if the closing on these Bonds does not occur within forty-five days (45) following the formal adoption of the Bond resolution by the board of directors.
Repayment: Interest on the Bond shall be paid semiannually on June 1st and December 1st, beginning December 1, 2022.

Principal payment shall be made annually on December 1st, beginning December 1, 2023.

Prepayment: The District may prepay the Bond obligation in whole or part, on any date with ten-day (10) prior notice to the Bank without a fee, penalty, additional interest, or charges. A partial principal payment shall be applied to principal over the maturity of the Bond to maintain level debt payments over the life of the Bond, rather than inverse order of maturity.

Security: The Bond will constitute a limited general tax obligation of the District. The District will irrevocably pledge, for as long as the Bond is outstanding and unpaid, that it will levy taxes annually within the voter approved Capital Levy on all taxable property within the District in an amount sufficient, together with other money of the District legally available for such purpose, to pay the principal and interest on the Bond, as the same shall come due.

The Capital Levy and the full faith, credit, and resources of the District will be irrevocably pledged for the annual levy and collection of such taxes and prompt payment of the principal and interest on the Bond as they shall become due. The security description is subject to the Bond Counsel's approval with any changes by Bond Counsel being subject to review and approval by the Bank and its legal counsel.

Default Interest Rate: At the election of the Bank, the interest rate will increase while the Event of Default is continuing by 300 basis points (3.00%). "Event of Default" means the declaration by the Bank of an event of default as a result of a determination by the Bank that there has been: (i) a failure to pay principal or interest on the Bond when due, as provided in the Bond; or (ii) a failure by the District to comply with any of its obligations, or to perform any of its duties, under the Bond, which failure continues, and is not cured, for a period of more than 60 days after the Bank has made written demand on the District to cure such failure; or, (iii) a material misrepresentation to the Bank by the District in the issuance of the Bond, as reasonably concluded by the Bank after investigation and discussion with the District.

Other Remedies: All rights, powers and remedies of the Owner granted in the Bond Resolution, the Bond, any bond purchase agreement, or available under applicable law as may be exercised at any time after the occurrence of an Event of Default, and shall be cumulative and shall not be exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity, except that the Bond shall not be subject to acceleration.
Legal Opinion: A legal opinion from the District’s Bond Counsel, satisfactory to the Bank, (1) stating the Bond is legal, valid, and binding and enforceable in accordance with its terms and in compliance with the laws of the State of Washington and the United States of America; (2) stating the Districts transaction with the Bank is a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the United States IRS Code; (3) the interest income to the Bank is exempt from Federal Income Tax; (4) the Capital Levy has been approved by the voters and is enforceable; and (5) confirming the District’s Bond resolution is valid and authorized.

Additional Terms: Bank will purchase the bond under the following additional conditions: (i) the Bond is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) no CUSIP numbers will be obtained for the Bond; (iv) no official statement has been or will be prepared in connection with the private placement of the Bond; (v) the bond will not close through the DTC or any similar repository and will not be in book entry form; and (vi) the Bond is not listed on any stock or other securities exchange.

Material Change: Any change (whether material or not) in the amount to be financed or a material change in the financial condition or prospects of the District may constitute a re-pricing event and Bank may, at its option and in its sole discretion, terminate this Term Sheet and/or the Interest Rate may be adjusted.

MSRB Rule G-34 Representations: The Bank intends that the Bond be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34. The Bank represents and warrants that (i) it is a bank, or an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Bank is to hold the Bond to maturity or earlier redemption. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

Tax Exempt: The District shall designate this proposed Bond as “qualified tax-exempt obligation” for purchase by financial institutions pursuant to Section 265 (b)(c) of the Internal Revenue Code. The tax-exempt bank qualified interest rates described above are based upon the Bond qualifying for this tax-exempt status for the life of the Bond. In the event the Bond ceases to qualify for this tax-exempt status, the fixed interest rate will be converted to equivalent taxable interest rates.
Financials: While the Bond is Outstanding, the District shall provide the Bank (i) within 270 days after the end of each fiscal year, a copy of the unaudited financial statements of the District for that fiscal year, prepared in accordance with accounting principles applicable to governmental units of the State such as the District prescribed by the Washington State Auditor’s Office (the “SAO”), as such principles may be changed from time to time; (ii) annual audited financial statements within 30 days of receipt, prepared in accordance with accounting principles applicable to local governmental units of the State such as the District prescribed by the SAO, as such principles may be changed from time to time; (iii) promptly after adoption by the District, the budget of the District for each fiscal year; and (iv) such other financial information of the District as the Bank may from time to time reasonably request.

Documentation: Documentation shall be prepared by District’s bond counsel, at District’s expense. This Commitment Letter is subject to approval of the documentation by the Bank and its separate Bank counsel in the Bank’s reasonable discretion, including but not limited to the form of Bond.

Website Disclosure: Final bond documentation may be posted by the District on a national public bond market repository provided that certain information be redacted by the District as directed by the Bank. Items that should be redacted include, signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive

Municipal Disclosure: The District acknowledges and agrees that (i) the transaction contemplated herein is an arm’s length commercial transaction between the District and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a “Municipal Advisor” as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the “Municipal Advisor Rules”), agent or a fiduciary of the District, (iii) the Bank and its affiliates are relying on the Bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN THE EVENT ANY MATERIAL CHANGE SHALL OCCUR IN THE FINANCIAL MARKETS AFTER THE DATE OF THIS TERM SHEET, BUT BEFORE CLOSING, INCLUDING BUT NOT LIMITED TO ANY GOVERNMENTAL ACTION OR OTHER EVENT WHICH MATERIALLY ADVERSELY AFFECTS THE EXTENSION OF CREDIT BY BANKS, LEASING COMPANIES OR OTHER LENDING INSTITUTIONS, THE BANK MAY MODIFY THE INDICATIVE PRICING DESCRIBED ABOVE. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FOREBEAR FROM ENFORCING REPAYMENT OF DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.
Please note that this letter does not contain all the terms, conditions and provisions involved in this transaction. Final terms will be contained in the legal documents for the transaction.

Please contact us with any questions about the terms and conditions of this proposal letter.

We appreciate this opportunity to work with the Lopez Island School District.

Sincerely,

Mike Taylor

VICE PRESIDENT-COMMERCIAL LOAN OFFICER SAN JUAN COUNTY

MTAYLOR@SAVIBANK.COM

NMLS #720611P 360-298-5283

PO BOX 2056, FRIDAY HARBOR WA 98250
EXHIBIT B
REQUEST FOR DRAW

LOPEZ ISLAND SCHOOL DISTRICT NO. 144
SAN JUAN COUNTY, WASHINGTON
LIMITED GENERAL OBLIGATION BOND, 2022
REQUEST FOR DRAW NO. 1

TO: SAVIBANK
P.O. BOX 2056
FRIDAY HARBOR, WA 98250

On behalf of the Lopez Island School District No. 144, San Juan County, Washington (the “District”), I hereby certify that:

1. I am the Designated District Representative, and that I am authorized to request this Draw under Resolution No. 21/22-10 of the District (the “Resolution”) authorizing issuance of the Limited General Obligation Bond, 2022 (the “Bond”) and to make the representations on behalf of the District set forth herein. Terms not otherwise defined herein shall have the meanings set forth in the Resolution.

2. The amount of this Draw is $ 50,000.

3. The Draw will be expended for costs of the Improvements or cost of issuance of the Bond.

4. Please disburse the Draw to the District on August 30, 2022 by depositing funds according to instructions you have on file for the Bond and the District.

Dated this 29th day of August, 2022.

LOPEZ ISLAND SCHOOL DISTRICT NO. 144,
SAN JUAN COUNTY, WASHINGTON

By: ________________________________
Designated District Representative

cc: The San Juan County Treasurer at:
treasurer@sanjuanco.com

The Bond Registrar at:
U.S. Bank Trust Company, National Association
Global Corporate Trust
1420 5th Ave., 7th Floor
Seattle, WA 98101
carolyn.morrison@usbank.com or aaron.fong@usbank.com

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CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Lopez Island School District No. 144, San Juan County, Washington (the “District”) and keeper of the records of the Board of Directors (the “Board”), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 21/22-10 of the Board (the “Bond Resolution”), duly adopted at a regular meeting thereof held on the 24th day of August, 2022.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of the resolution; that all other requirements and proceedings incident to the proper adoption of the resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of August, 2022.

[Signature]
Secretary, Board of Directors