

SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 4  
SAN JUAN COUNTY, WASHINGTON  
(LOPEZ ISLAND FIRE & EMS)

LIMITED TAX GENERAL OBLIGATION BOND, 2020

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RESOLUTION NO. 2020-07

A RESOLUTION of the Board of Fire Commissioners of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), providing for the issuance and sale of a limited general obligation bond of the district in the principal amount of not to exceed \$780,000, to provide funds for the purchase of real property to be used by the District, to pay for maintenance of the property, to fund the acquisition of two fire command rigs, and to pay costs of issuance; providing the date, form, and repayment terms of said bond and for the pledge of the District's full faith and credit to pay the principal thereof and interest thereon; and approving the sale of such bond.

APPROVED ON SEPTEMBER 25, 2020

PREPARED BY:

K&L GATES LLP  
Seattle, Washington

**SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 4  
SAN JUAN COUNTY, WASHINGTON  
(LOPEZ ISLAND FIRE & EMS)**

**RESOLUTION NO. 2020-07**

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\* This table of contents is not a part of this resolution; it is included for convenience of the reader only.

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A RESOLUTION of the Board of Fire Commissioners of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), providing for the issuance and sale of a limited general obligation bond of the district in the principal amount of not to exceed \$780,000, to provide funds for the purchase of real property to be used by the District, to pay for maintenance of the property, to fund the acquisition of two fire command rigs, and to pay costs of issuance; providing the date, form, and repayment terms of said bond and for the pledge of the District's full faith and credit to pay the principal thereof and interest thereon; and approving the sale of such bond.

WHEREAS, the Board of Fire Commissioners (the "Board") of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS) (the "District"), plans to purchase real property located at 189 Hummel Lake Road on Lopez Island for District use, including the maintenance of such real property, and to fund the acquisition of two fire command rigs (the "Projects"); and

WHEREAS, the District has received a commitment for grant funds from the State of Washington Department of Ecology (the "Grant") in the amount of \$130,000 to provide a portion of the funding for the Projects; and

WHEREAS, the District is authorized, pursuant to RCW 52.16.061, to incur indebtedness and issue a limited tax general obligation bond for the purpose of providing funds to pay the costs of the Projects and costs of issuance; and

WHEREAS, it is deemed necessary and advisable that the District establish a non-revolving line of credit in exchange for its limited tax general obligation bond in the principal amount of not to exceed \$780,000 (the "Bond") to pay the costs of the Projects and the costs of issuance of the Bond; and

WHEREAS, the District has received the offer of Islanders Bank, Friday Harbor, Washington (the “Bank”), dated September 17, 2020, to purchase the Bond, which by this reference is incorporated herein and is attached as Exhibit A (the “Purchase Offer”), and the Board wishes to accept such offer on the terms and conditions set forth therein and herein; and

WHEREAS, in order to provide the funds necessary to pay the costs of a portion of the Projects pending payment of the Grant, the District now desires to authorize the issuance of a limited tax general obligation bond in order to provide a line of credit pending receipt of the Grant; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF FIRE COMMISSIONERS OF SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 4, SAN JUAN COUNTY, WASHINGTON (LOPEZ ISLAND FIRE & EMS), as follows:

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

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

**Board** means the duly constituted Board of Fire Commissioners as the general legislative authority of the District.

**Bond** means the San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), Limited Tax General Obligation Bond, 2020, issued pursuant to this resolution.

**Bond Fund** means the general obligation bond fund of the District maintained by the Treasurer pursuant to RCW 52.16.020(4).

***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.

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

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

***Designated District Representative*** means the District Fire Chief, the Chair of the Board of Fire Commissioners, or any District employee designated by either of them.

***District*** means San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), 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.

***Draw Certificate*** means a request for a Draw substantially in the form attached to this ordinance as Exhibit B.

***Draw Period*** means that period commencing on the Closing Date and ending on the earlier of (a) June 30, 2021, or (b) the date on which the District has determined no further Draws will be necessary to complete the Projects, during which Draw Period the District may draw on the principal amount available under the Bond up to a maximum of \$780,000.

***Expense Fund*** means the fund of the District established pursuant to RCW 52.16.010(1) as the general operating fund of the District.

***Final Maturity Date*** means December 1, 2040.

***Fiscal Year*** means a calendar year unless changed pursuant to applicable law.

***Grant*** means the commitment for grant funds from the State of Washington Department of Ecology for the acquisition of two command rigs (part of the Projects).

***Interest Rate*** means (i) a fixed rate equal to 2.98% per annum, until the Interest Rate Conversion Date, then (ii) the Reset Rate, calculated as of the Interest Rate Conversion Date, through the Final Maturity Date.

***Interest Rate Conversion Date*** means July 1, 2030.

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

***Outstanding Principal Balance*** of the Bond means on any particular day the aggregate dollar amount of all drawings that the District has made under the Bond to that day.

***Projects*** means the purchase of real property located at 189 Hummel Lake Road, Lopez Island, Washington, for District use, including the maintenance of such real property, and acquisition of two fire command rigs.

***Purchase Offer*** means the purchase offer of the Bank, dated September 17, 2020, attached hereto as Exhibit A.

***Reset Rate*** means the rate to be calculated on the Interest Rate Conversion Date, equal to the index of the 10-year Treasury Bond, plus a margin of 2.75% per annum, which rate will be in effect from the Interest Rate Conversion Date to the Final Maturity Date.

***Rule*** means the United States Securities and Exchange Commission's Rule 15c2-12 under the Securities Exchange Act of 1934.

*Term Loan Period* means that period commencing at the end of the Draw Period and ending on the Final Maturity Date or the date on which all principal of and interest on the Bond is fully paid, if earlier.

*Treasurer* means the San Juan County Treasurer, as *ex officio* treasurer of the District, or any successor to the functions of the Treasurer.

Section 2. Authorization of Bond; Bond Details; Delegation to the Designated District Representative. The Bond is being issued to provide financing for a portion of the costs of the Projects, as defined herein. The estimated cost of the Projects is approximately \$780,000, a portion of which will be paid from the Grant. For the purpose of establishing a line of credit, the District shall issue its limited tax general obligation bond to the Bank, initially in the form of a non-revolving eight-month draw down obligation to provide funds to pay the costs of the Projects, and to pay costs of issuance during the Draw Period and converting to an amortizing obligation during the Term Loan Period following the end of the Draw Period on June 30, 2021, in the principal amount of not to exceed \$780,000 (the “Bond”).

(a) *Bond Details.* The Bond shall be designated as the “San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), Limited Tax General Obligation Bond, 2020,” shall be dated as of the date of its original issuance, shall be issued as a single instrument, fully registered form in the denomination of \$780,000; provided that the principal amount due and owing thereunder shall be measured by the total drawings made, as evidenced by the Loan Draw Record attached to the Bond; and shall be numbered N-1. The Bond 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.

(b) *Payment Details.* The Bond shall bear interest on the Outstanding Principal Balance from the date of each drawing or the most recent date to which interest has been paid at the Interest Rate, and the Reset Rate after the Interest Rate Conversion Date. Interest shall be calculated on the basis of actual number of days elapsed over a year of 360 days. Interest shall be payable semiannually on each June 1 and December 1, commencing on December 1, 2020. Combined payments of principal and interest shall be payable semiannually on each December 1, commencing on December 1, 2021, with final payment of all outstanding principal of and interest on the Bond due at final maturity of the Bond on the Final Maturity Date. Principal shall be amortized to achieve approximately equal semiannual debt service payments (combined total payments of principal and interest semiannually).

(c) *Draws.* The Bond is a non-revolving obligation. During the Draw Period, the available principal of the Bond shall be disbursed as borrowings from time to time by the Bank upon request from the District (each such disbursement herein referred to as a “Draw”), as provided in Section 11 of this resolution, up to a maximum principal amount outstanding of \$780,000. 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. The Bank’s failure to record any Draws on the Loan Draw Record attached to the Bond shall not affect in any way the District’s obligation to pay the Bond. An initial Draw on the Bond in the amount of at least \$50,000 must be made by the District on the Closing Date. The District may make Draws on the Bond once per month until the end of the Draw Period (June 30, 2021), at which time the Outstanding Principal Balance will be set. 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 outstanding for the actual number of days the principal amount of the Draw is outstanding. A request for a Draw

on the line of credit established hereunder may be made in writing using the draw request attached as Exhibit B, as more described in Section 11 of this resolution, and shall be binding upon the District.

(d) *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 and repayments under the Bond during the Draw Period, and to determine with the Bank the Final Maturity Date.

Section 3. Registration and Payments. (a) *Bond Registrar/Bond Register.* The District hereby requests that the Treasurer adopt the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington as registrar, authenticating agent, paying agent and transfer agent (collectively, the “Bond Registrar”). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bond (the “Bond Register”), which shall be open to inspection by the District. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of such Bond and this resolution and to carry out all of the Bond Registrar’s powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bond.

(b) *Registered Ownership.* The District and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner for all purposes, and neither the District nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in Section 3 hereof, but such registration may be transferred as

herein provided. All such payments made as described in Section 3 shall be valid and shall satisfy the liability of the District upon the Bond to the extent of the amount or amounts so paid.

(c) *Transfer or Exchange of Registered Ownership.* The Bond is transferable only in whole to: (i) an affiliate of the Bank; (ii) a “Bank” as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the “Securities Act”); (iii) an “Accredited Investor” as defined in Regulation D under the Securities Act; or (iv) a “Qualified Institutional Buyer” as defined in Rule 144A under the Securities Act. In the event that the Bond is transferred, then following such transfer, the duties and options ascribed to the Bank in this resolution shall be transferred to such qualified institutional buyer.

(d) *Registration Covenant.* The District covenants that, until the Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code.

(e) *Place and Medium of Payment.* Principal of the Bond shall be payable in lawful money of the United States of America. Upon payment of the final installment of principal of the Bond, the Bond shall be presented and surrendered by the Registered Owner at the principal office of the Bond Registrar for cancellation.

Section 4. Prepayment. The District reserves the right to prepay principal of the Bond in advance of the scheduled payments, in whole or in part, at any time, with no following prepayment penalty. The District shall provide the Bank with 10 days prior notice of any such prepayment. A partial prepayment with respect to the Bond shall not result in a change to its amortization schedule, and the Bond shall not be re-amortized but will result in an adjustment to the principal and interest portions of subsequent debt service payments and earlier retirement of the Bond.



be prepared and attached to this bond (copies of which shall also be provided to the District, the San Juan County Treasurer, as *ex officio* treasurer of the District and to the hereinafter defined Bond Registrar).

This bond shall bear interest on the Outstanding Principal Balance from the date of each drawing or the most recent date to which interest has been paid at the Interest Rate, and the Reset Rate after the Interest Rate Conversion Date. Interest shall be calculated on the basis of actual number of days elapsed over a year of 360 days. Interest shall be payable semiannually on each June 1 and December 1, commencing on December 1, 2020. Combined payments of principal and interest on the Bond shall be payable semiannually on each June 1 and December 1, commencing December 1, 2021, with final payment of all outstanding principal of and interest on this bond due at final maturity of this bond on the Final Maturity Date. Principal shall be amortized to achieve approximately equal semiannual debt service payments (combined total payments of principal and interest semiannually).

This bond is issued pursuant to Resolution No. 2020-07 of the District (the "Bond Resolution") to finance the costs of purchasing property for District use, acquiring two command rigs (in anticipation of receipt of grant funds) and paying the costs of issuance of the Bond. Capitalized terms appearing on this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Resolution.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of the principal of and interest on this bond shall be paid by check or draft of the bond registrar, initially the fiscal agent of the State of Washington, currently U.S. Bank National Association (the "Bond Registrar") mailed on the date such interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. Upon final payment of all principal and interest thereon, this bond shall be submitted to the Bond Registrar for cancellation and surrender.

The District reserves the right to prepay principal of this bond in advance of the scheduled payments set forth above, in whole or in part, on any payment date, with no prepayment penalty. The District shall provide the Bank with 10 days prior notice.

This bond is transferable only in whole to: (i) an affiliate of the Registered Owner; (ii) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the "Securities Act"); (iii) an "Accredited Investor" as defined in Regulation D under the Securities Act; or (iv) a "Qualified Institutional Buyer" as defined in Rule 144A under the Securities Act. In the event that this bond is transferred, then following such transfer, the duties and options ascribed to the Registered Owner in the Bond Resolution shall be transferred to such qualified institutional buyer.

This bond is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The District has designated this bond as a "qualified tax-exempt obligation" under Section 265(b) of the Code for investment by financial institutions.

To pay principal of and interest on this bond as the same shall become due, the District hereby irrevocably covenants that it will deposit money in the District's Bond Fund in amounts sufficient to pay the principal of and interest on this bond. The District hereby further irrevocably covenants that, unless the principal of and interest on this bond are paid from other sources, it will make annual levies of taxes upon all of the property within the District subject to taxation within and as a part of the tax levy permitted to the District without a vote of the electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and taxing power of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

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 bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), has caused this bond to be executed by the manual or facsimile signatures of the Chair of its Board of Fire Commissioners and Secretary of the District as of this 25day of September, 2020.

SAN JUAN COUNTY FIRE PROTECTION  
DISTRICT NO. 4, SAN JUAN COUNTY,  
WASHINGTON (LOPEZ ISLAND FIRE & EMS)

By Rebecca Smith  
Chair, Board of Fire Commissioners

ATTEST:

Saula Chas  
District Secretary

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This is the Limited Tax General Obligation Bond, 2020, of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), dated \_\_\_\_\_, 2020 as described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_  
Authorized Signatory

The Loan Draw Record shall be substantially in the following form:

SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 4  
SAN JUAN COUNTY, WASHINGTON  
(LOPEZ ISLAND FIRE & EMS)  
LIMITED TAX GENERAL OBLIGATION BOND, 2020

LOAN DRAW RECORD

	Draw Date	Draw Amount	Draw Total
Draw No. 1	_____	_____	_____
Draw No. 2	_____	_____	_____
Draw No. 3	_____	_____	_____
Draw No. 4	_____	_____	_____
Draw No. 5	_____	_____	_____
Draw No. 6	_____	_____	_____
Draw No. 7	_____	_____	_____

Section 6.     Execution of Bond. The Bond shall be executed on behalf of the District with the manual or facsimile signatures of the Chair of the Board and Secretary of the District. Only such Bond as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by or on behalf of the Bond Registrar or its duly designated agent, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution.

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, such 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. Application of Bond Proceeds. The money derived from draws on the Bond shall be deposited in the Expense Fund of the District and shall be used, together with other moneys on deposit therein and available therefore, for the undertaking of the Projects and for paying all expenses incidental thereto (including but not limited to costs of issuance of the Bond, financing, legal or any other incidental costs) and for repaying any advances heretofore or hereafter made on account of such costs or for redeeming the Bond.

Section 8. 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 deposit money in the Bond Fund in amounts sufficient to pay the principal of and interest on the Bond. The District also covenants that it will deposit Grant funds received as reimbursement for the cost of the command fire rigs (part of the Projects) in the Bond. The District hereby further irrevocably covenants that, unless the principal of and interest on the Bond are paid from other sources, it will make annual levies of taxes upon all of the property within the District subject to taxation within and as a part of the tax levy permitted to the District without a vote of the

electors in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and taxing power of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

Section 9. Tax Covenants; Special Designation. The District covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bond and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bond.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the District covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the District which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the date of delivery of the Bond to the Bank, would have caused the Bond as an “arbitrage bond” within the meaning of such term as used in Section 148 of the Code.

The District represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The District will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bond.

(b) *Designation under Section 265(b) of the Code.* The District hereby designates the Bond as a “qualified tax-exempt obligation” for investment by financial institutions under Section 265(b)(3) of the Code. The District does not anticipate that it will issue more than

\$10,000,000 in qualified tax-exempt obligations during 2020 (excluding obligations permitted by the Code to be excluded for purposes of the District's qualification as a qualified small issuer).

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the District's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bond.

Section 10. Sale of the Bond. The District hereby ratifies and confirms its acceptance of the Purchase Offer attached as Exhibit A, 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 the proceeds of drawings thereunder. In accordance with the Purchase Offer, the District will pay the Bank a fee of \$1,000 on the Closing Date.

Section 11. Procedures for Draws on the Bond. A request for a Draw on the Bond established hereunder may be made in writing by the Designated District Representative, in the form attached hereto as Exhibit B, must be delivered to the Bank, with a copy to the Treasurer, for disbursement of Bond proceeds as a Draw. The Bank will then notify the Treasurer of its intent to wire transfer a Draw (including the dollar amount of the Draw and the date on which the Draw amount will be wired to the Treasurer for deposit into the Expense Fund of the District). The District hereby delegates to the Designated District Representative the authority to make a written request for Draws in accordance with the terms and provisions of this resolution in the amounts, in the amounts and at the times necessary to accomplish each component of the Projects. No further drawings shall be permitted after the end of the Draw Period, in order that

the Bond amortization schedule be completed prior to the first principal and interest payment date on the Bond.

Section 12. No Undertaking to Provide Ongoing Disclosure. The Bond is not subject to the Rule, and the District makes no undertaking regarding ongoing disclosure with respect to the Bond.

For as long as the Bond is outstanding and held by the Bank, the District shall provide to the Bank financial information as requested by the Bank, including the District's annual financial statements (including audited statements when received), as soon as they become available.

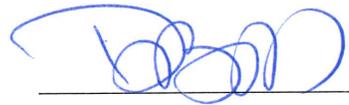
Section 13. Resolution and Laws a Contract with the Bank. This resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the loan when made by a Bank, evidenced by the Bond, the provisions of this resolution and 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 passage and approval.

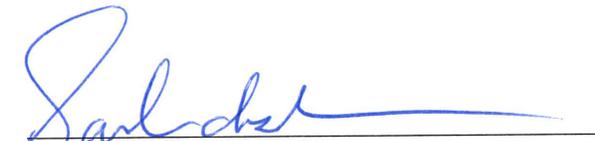
APPROVED by the Board of Fire Commissioners of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS), at a special meeting thereof held this 25 day of September, 2020.

SAN JUAN COUNTY FIRE PROTECTION  
DISTRICT NO. 4, SAN JUAN COUNTY,  
WASHINGTON (LOPEZ ISLAND FIRE & EMS)

  
\_\_\_\_\_  
  
\_\_\_\_\_

\_\_\_\_\_  
Fire Commissioners

ATTEST:

  
\_\_\_\_\_  
District Secretary

**EXHIBIT A**  
**PURCHASE OFFER**



September 17, 2020

Rebecca Smith, Commissioner San Juan County Fire District 4  
Duane Bordvick, Commissioner San Juan County Fire District 4  
Phil Paige, Commissioner San Juan County Fire District 4  
PO Box 1  
Lopez Island, WA 98261

Honorable Commissioners, San Juan County Fire District 4 (Lopez):

Islanders Bank (“Bank”) is pleased to present this commitment letter to San Juan County Fire District 4 (SJC4 or “District”) Lopez, San Juan County, Washington) to provide tax-exempt bank qualified financing to fund the Districts acquisition of real property, repairs, additions, improvements and other equipment or capital projects that may be 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 twenty (20)-year, tax-exempt bank qualified Limited Tax General Obligation (“LTGO”) Bond (“Bond”) with a principal amount of up to \$780,000. The Bank’s purchase of the Districts’ 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 upon information provided to the Bank. These terms and conditions are not all-inclusive, but substantially describe the Bank’s commitment to the District.

- Issuer:** San Juan County Fire District 4 (SJC4 or “District”), Lopez Island, San Juan County, Washington.
- Amount:** Amount of the Bond is up to \$780,000.
- Proposed Form:** Bond shall be tax-exempt bank qualified Limited Tax General Obligation (“LTGO”) Bond (“Bond”).
- Term:** Approximately twenty (20) years.

225 Blair Avenue / P.O. Box 909  
Friday Harbor, WA 98250  
(360)378-2265  
(800)843-5441

475 Fern Street / P.O. Box 699  
Eastsound, WA 98245  
(360) 376-2265

[www.islandersbank.com](http://www.islandersbank.com)

45 Weeks Road / P.O. Box 157  
Lopez Island, WA 98261  
(360)468-2295





San Juan County Fire District 4  
September 17, 2020

Page 2

**Amortization:** Over about twenty (20) years with final payment of principal and interest on or before the final Maturity Date.

**Bank Fees:** The Bank origination fee for the Bond is \$1,000 payable at closing. No other bank fees or bank expenses to be charged to the District. SJCFD4 is responsible for its bond counsel fees and financial advisor fees.

**Bond Rate:** Tax-exempt bank qualified interest rate of 2.98% per annum on the Bond, fixed for the first ten years (10-years), then repriced utilizing an index of the 10-year Treasury Bond on the anniversary date plus a margin of +2.75 percentage points (ppt) for Bond's remaining ten-year life or term.

The Bond will have an initial disbursement of at least \$50,000 at closing, with remaining funds available for disbursement until 4:00pm, Pacific Time, June 30<sup>th</sup>, 2021. Draws of additional funds shall be made on a once-per month basis. Interest will be calculated on the basis of the actual number of days elapsed over a year of 360 days.

**Additional Terms and Conditions for the Bond**

**Maturity Date:** December 1, 2040 Maturity Date for the Bond.

225 Blair Avenue / P.O. Box 909  
Friday Harbor, WA 98250  
(360)378-2265  
(800)843-5441

475 Fern Street / P.O. Box 699  
Eastsound, WA 98245  
(360) 376-2265

45 Weeks Road / P.O. Box 157  
Lopez Island, WA 98261  
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San Juan County Fire District 4  
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**Market Rates:** The fixed tax-exempt bank qualified interest rates described above are based upon today's market interest rates and are subject to change, at the sole discretion of the Bank. If market interest rates change after October 30, 2020 and (1) if the District's board of commissioners have not yet formally adopted the bond resolution authorizing the issuance of the Bonds and/or (2) if the closing on these Bonds does not occur within thirty-five (35) days following the formal adoption of bond resolution by the board of commissioners.

**Repayment:** Principal shall be amortized to achieve approximately equal annual debt service payments (combined total payments of principal and interest semi annually each June and December). Interest shall be paid semiannually on each June 1 and December 1, commencing December 1, 2020. Principal shall be paid semi annually on June 1<sup>st</sup> and December 1 commencing December 1, 2021, with the final payment of all outstanding principal, together with the interest thereon, on the Maturity Date.

**Prepayment:** The District may prepay the obligation, in whole or in part, on any payment date with ten days prior notice to the Bank without a fee, penalty, additional interest or charges. A partial prepayment shall not result in a change to the level annual debt service payment amount (except for the final payment as necessary) but will result in an adjustment to the principal and interest portions of subsequent payments and earlier retirement of the Bond.

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San Juan County Fire District 4  
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**Security:**

The Bond will constitute a general obligation of SJCFD4. The District will irrevocably pledge, for as long as the Bond is outstanding and unpaid, that it will levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the District on all of the taxable property within the District in an amount that will be sufficient, together with other money of the District legally available and to be used for such purposes, to pay the principal of and interest on the Bond as the same shall come due.

The full faith, credit and resources of SJCFD4 will be irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of the principal of and interest on the Bond as the same shall become due.

**Legal Opinion:**

A legal opinion from the District's bond counsel, satisfactory to the Bank, (1) stating the District's indebtedness is legal, valid and in compliance with the laws of the State of Washington and of the United States of America; (2) stating the District's transaction with the Bank is a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the United States IRS Code and the interest income to the Bank is exempt from federal income tax; and (3) confirming that SJCFD4 Bond Resolution is valid and authorized.

**Tax-exempt:**

The District shall designate this 2020 Bond as "qualified tax-exempt obligations" for purchase by financial institutions pursuant to Section 265(b) of the United States IRS Code. The tax-exempt bank-qualified interest rates described above are based upon the 2020 Bond qualifying for this tax-exempt status for the life of the Bond. In the event the 2020 Bond ceases to qualify for this tax-exempt status, the fixed interest rates described above shall be converted to equivalent taxable interest rates.

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**Board Resolution:** A copy of the resolution adopted by the District's Board of Commissioners authorizing the issuance of the Bond and pledging the security for repayment of the Bond.

**Registered Bond:** The receipt of the registered Bond at closing.

**Financial Reports:** Financial information as required by the Bank, including the District's annual financial statements/reports, audit reports, audited financial statements, as available.

**Documentation:** Documentation subject to review and approval by the Bank.

Please contact us with any questions about the terms and conditions of this commitment letter or with suggestions to make Islanders Bank's commitment more responsive to the needs of the District.

We appreciate this opportunity to work with SJCFD4 in financing important capital expenditures that will benefit the Lopez Island community and San Juan County.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Taylor".

Mike Taylor  
Vice President-Senior Loan Officer

A handwritten signature in blue ink, appearing to read "Brad Williamson".

Brad Williamson  
President and Chief Executive Officer

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

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**EXHIBIT B**

**REQUEST FOR DRAW**

SAN JUAN COUNTY FIRE PROTECTION DISTRICT NO. 4  
SAN JUAN COUNTY, WASHINGTON  
(LOPEZ ISLAND FIRE & EMS)  
LIMITED TAX GENERAL OBLIGATION BOND, 2020  
REQUEST FOR DRAW NO. \_\_

TO: ISLANDERS BANK  
545 PARK STREET  
PO BOX 157  
FRIDAY HARBOR, WA 98250

On behalf of San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS) (the "District"), I hereby certify that:

1. I am the Authorized Officer of the District, and that I am authorized to request this Draw under Resolution No. 2020-07 of the District (the "Resolution") authorizing issuance of the Limited Tax General Obligation Bond, 2020 (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 \$\_\_\_\_\_.

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

4. Please disburse the Draw to the District on [insert date] by depositing funds according to instructions you have on file for the Bond.

Dated this \_\_ day of \_\_\_\_\_, 20[20][21].

SAN JUAN COUNTY FIRE PROTECTION  
DISTRICT NO. 4, SAN JUAN COUNTY,  
WASHINGTON (LOPEZ ISLAND FIRE & EMS)

By: \_\_\_\_\_  
Authorized Officer

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

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

CERTIFICATE

I, the undersigned, Secretary of the San Juan County Fire Protection District No. 4, San Juan County, Washington (Lopez Island Fire & EMS) (the "District") and keeper of the records of the Board of Fire Commissioners (the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2020-07 of the Board (the "Resolution"), duly passed at a special meeting thereof held on the 25<sup>th</sup> day of September, 2020.

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 the 25<sup>th</sup> day of September, 2020.

  
District Secretary