



SCHOOL BOARD ACTION REPORT

DATE: January 28, 2020
FROM: Denise Juneau, Superintendent
LEAD STAFF: JoLynn Berge, Chief Financial Officer, jdberge@seattleschools.org

For Introduction: February 26, 2020
For Action: March 11, 2020

1. TITLE

Refinance 2010 Limited General Obligation refunding bonds.

2. PURPOSE

This Board Action Report authorizes the refinancing of the current John Stanford Center financing bonds to reduce the amount the district will need to pay by reducing the annual interest payable.

3. RECOMMENDED MOTION

I move that the School Board approve Resolution 2019/20-25, providing for the issuance and sale of refunding bonds of the district in the aggregate principal amount of not to exceed \$20,800,000, for the purpose of refunding certain outstanding general obligations bonds; providing for the redemption of the outstanding bonds to be refunded; appointing a placement agency; and authorizing the Superintendent and/or the Chief Financial Officer of the district to approve interest rate, maturity dates and principal maturities for the bonds under the terms and conditions set forth in the resolution; provided the present value of the net savings to the District are not less than 4 percent of the bonds being refunded.

4. BACKGROUND INFORMATION

This motion will allow the District to refund the current Limited General Obligation (LGO) Refunding Bonds that the District issued May 18, 2010 for \$33,080,000 that have a current balance of \$20,200,000. The bonds have a final maturity date of December 1, 2026; however, they have an optional redemption (ability to call, or refinance) on June 1, 2020. They can be redeemed up to 90 days before the call date or in March of 2020.

- a. **Review:** Analysis was made between proposing a Public Sale or a Bank Placement refunding. Although there is a potential to obtain a slightly higher interest savings with a Public Sale, the staff workload required, combined with the market timing risks was considered insufficient compared with the potential benefits. The option being proposed is a Bank Placement or private sale. Our placement agent would work directly with a bank who provides the lowest bid to obtain our desired savings. Bank Placement refunding requires significantly less paperwork and costs less in terms of bond counsel

and bond company services than public offerings and provides the ability to lock in an interest rate.

- b. **Alternative:** Do not refinance the bonds and continue on the current payment schedule through the final maturity date of December 1, 2026.

5. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be an estimated \$1~~1024~~,000 to \$1~~5169~~,000 annual interest savings for the remaining life of the bond or a net present value savings of approximately \$1,~~168,630~~~~047,039~~ after estimated costs of \$60,000 for various processing costs. Actual savings may vary based on the bond market at the time of refunding.

The revenue source for this motion is the Capital Fund.

Expenditure: ☐ One-time ☐ Annual ☒ Multi-Year ☐ N/A

Revenue: ☐ One-time ☐ Annual ☐ Multi-Year ☐ N/A

6. COMMUNITY ENGAGEMENT

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

☒ Not applicable

☐ Tier 1: Inform

☐ Tier 2: Consult/Involve

☐ Tier 3: Collaborate

7. EQUITY ANALYSIS

A formal equity analysis was not completed for this motion.

8. STUDENT BENEFIT

A reduction in interest payment amounts would allow the district to use these savings for other Capital Fund program needs.

9. WHY BOARD ACTION IS NECESSARY

☐ Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)

☐ Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)

- ☐ Adopting, amending, or repealing a Board policy
- ☐ Formally accepting the completion of a public works project and closing out the contract
- ☒ Legal requirement for the School Board to take action on this matter
- ☐ Board Policy No. _____, [TITLE], provides the Board shall approve this item
- ☐ Other: _____

10. POLICY IMPLICATION

There is no specific board policy governing refunding of bonds.

11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Audit and Finance Committee meeting on February 10, 2020. The Committee reviewed the motion and moved the item forward with a recommendation for approval by the full Board.

12. TIMELINE FOR IMPLEMENTATION

Upon approval of this motion, processes will be put in motion to conduct a Private Placement sale of the Limited General Obligation refunding bonds from 2010.

13. ATTACHMENTS

- [Resolution 2019/20-25 Refinance 2010 Limited General Obligation refunding bonds. \(for approval\)](#)
- [Refinance 2010 Limited General Obligation Refunding Bonds \(for reference\)](#)

SEATTLE SCHOOL DISTRICT NO. 1
KING COUNTY, WASHINGTON

LIMITED GENERAL OBLIGATION REFUNDING BOND, 2020

RESOLUTION NO. 2019/20-25

- A RESOLUTION of the Board of Directors of Seattle School District No. 1, King County, Washington, providing for the issuance and sale of a refunding bond of the district in the principal amount of not to exceed \$20,800,000, for the purpose of refunding certain outstanding general obligation bonds of the district; providing for the redemption of the outstanding bonds to be refunded; appointing an escrow agent; authorizing the execution of an escrow agreement related to such refunding; and delegating to the Superintendent and/or Chief Financial Officer of the District the authority to determine 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 under the terms and conditions set forth herein.

ADOPTED ON MARCH 11, 2020

PREPARED BY:

K&L GATES LLP
Seattle, Washington

SEATTLE SCHOOL DISTRICT NO. 1
KING COUNTY, WASHINGTON

RESOLUTION NO. 2019/20-25

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* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.



Refinance 2010 Limited General Obligation refunding bonds.

February 12, 2020

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For questions and more information about this document, please contact the following:

JoLynn Berge
Chief Financial Officer
BudgetOffice@seattleschools.org

This Board Action Report authorizes the refinancing of the current John Stanford Center financing bonds to reduce the amount the district will need to pay by reducing the annual interest payable.

RESOLUTION NO. 2019/20-25

A RESOLUTION of the Board of Directors of Seattle School District No. 1, King County, Washington, providing for the issuance and sale of a refunding bond of the district in the principal amount of not to exceed \$20,800,000, for the purpose of refunding certain outstanding general obligation bonds of the district; providing for the redemption of the outstanding bonds to be refunded; appointing an escrow agent; authorizing the execution of an escrow agreement related to such refunding; and delegating to the Superintendent and/or Chief Financial Officer of the District the authority to determine 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 under the terms and conditions set forth herein.

WHEREAS, Seattle School District No. 1, King County, Washington (the "District") has outstanding its Limited General Obligation Refunding Bonds, 2010, issued under date of May 18, 2010 (the "2010 Bonds"), pursuant to Resolution No. 2009/10-8 adopted by the Board of Directors of the District (the "Board") on April 7, 2010 (the "2010 Bond Resolution"), which remain outstanding as follows:

Maturity Years (December 1)	Principal Amounts	Interest Rates
2020	\$ 2,250,000	3.00%
2021	2,455,000	3.25
2022	2,575,000	3.25
2023	2,815,000	3.50
2024	3,075,000	4.00
2025	3,365,000	4.00
2026	3,665,000	4.00

; and

WHEREAS, the 2010 Bond Resolution provides that the District may call all the remaining outstanding 2010 Bonds for redemption on or after June 1, 2020, in whole or in part on any date, at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, as a result of market conditions, it appears that debt service savings may be obtained by refunding the 2010 Bonds through the issuance of a limited general obligation refunding bond of the District in the principal amount of not to exceed \$20,800,000 (hereinafter defined as the “Bond”); and

WHEREAS, the Board wishes to delegate authority to the Superintendent and/or Chief Financial Officer of the District (hereinafter defined as the “Designated Representative”), for a limited time, to solicit proposals for the purchase of the Bond and approve a proposal deemed favorable to the District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SEATTLE SCHOOL DISTRICT NO. 1, KING COUNTY, WASHINGTON, as follows:

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

Acquired Obligations mean the Government Obligations, if any, acquired by the District under the terms of this resolution and the Escrow Agreement to effect the defeasance and refunding of the 2010 Bonds.

Approved Bid means the winning bid submitted for the Bond and approved by the Designated Representative.

Bank means the financial institution that purchases the Bond pursuant to the Approved Bid.

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

Bond means the Seattle School District No. 1, King County, Washington, Limited General Obligation Refunding Bond, 2020, to be issued in the principal amount of not to exceed \$20,800,000 pursuant to this resolution.

Bond Register means the registration books 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 as permitted by law.

Bond Year means each one-year period that ends on the date selected by the District. The first and last Bond Years may be short periods. If no day is selected by the District before the final maturity date of the Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

Call Date means June 1, 2020, the date of redemption of the 2010 Bonds.

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

Costs of Issuance Agreement means the agreement of that name, to be entered into by the District and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Bond, substantially in the form attached hereto as Exhibit B.

Debt Service Fund means the special fund of the District of that name created in the office of the Treasurer pursuant to RCW 28A.320.330.

Designated Representative means either the Superintendent or Chief Financial Officer of the District.

District means Seattle School District No. 1, King County, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

Escrow Agent means U.S. Bank National Association, Seattle, Washington.

Escrow Agreement means the Escrow Deposit Agreement to be dated as of the date of closing and delivery of the Bond substantially in the form attached hereto as Exhibit A.

Final Maturity Date means that final maturity date of the amortization schedule for the Bond, determined in accordance with the Approved Bid as approved by the Designated Representative pursuant to Section 11 of this resolution.

First Interest Payment Date means the date of the first interest payment on the Bond, determined in accordance with the Approved Bid as approved by the Designated Representative pursuant to Section 11 of this resolution.

Fiscal Year means September 1st through August 31st unless changed pursuant to applicable law.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be hereafter amended or restated.

Interest Payment Date means the First Interest Payment Date and each date thereafter on which interest on the Bond shall be paid in accordance with the Approved Bid as approved by the Designated Representative pursuant to Section 11 of this resolution.

Interest Rate means interest rate(s) for the Bond, determined in accordance with the Approved Bid as approved by the Designated Representative pursuant to Section 11 of this resolution.

Net Proceeds, when used with reference to the Bond, means the principal amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount.

Placement Agent means D.A. Davidson & Co., Seattle, Washington.

Principal Payment Dates mean the dates on which principal of the Bond shall be paid in accordance with the Approved Bid as approved by the Designated Representative pursuant to Section 11 of this resolution.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such

use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

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

Savings Target means a dollar amount equal to at least four percent (4.0%) of the outstanding principal of the 2010 Bonds.

SEC means the United States Securities and Exchange Commission.

State Treasurer means the Treasurer of the state of Washington, or any successor to the functions thereof.

Treasurer means the King County Department of Executive Services Finance and Business Operations Division, as *ex officio* treasurer of the District, or any successor to the functions of the Treasurer.

2010 Bonds mean the Limited General Obligation Refunding Bonds, 2010 of the District, issued under date of May 18, 2010, pursuant to the 2010 Bond Resolution, and presently outstanding in the principal amount of \$20,800,000.

2010 Bond Resolution means Resolution No. 2009/10-8 adopted by the Board on April 7, 2010, authorizing the issuance of the 2010 Bonds.

Rules of Interpretation. In this resolution, unless the context otherwise requires:

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

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

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

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

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

Section 2. Authorization of the Bond. For the purpose of refunding the 2010 Bonds and thereby effecting a substantial savings to the District, the District shall issue its limited tax general obligation refunding bond in the aggregate principal amount of not to exceed \$20,800,000 (the “Bond”). The Bond shall be designated as the “Seattle School District No. 1, King County, Washington, Limited General Obligation Refunding Bond, 2020”; shall be dated as of the date of its delivery to the Bank, 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 Board hereby authorizes the Designated Representative to approve the final principal amount, not to exceed \$20,800,000, the amortization schedule, First Interest Payment Date, Final

Maturity Date and Interest Rate in accordance with the Approved Bid approved by the Designated Representative.

The principal and interest amounts of the Bond shall be paid in installments with interest payable commencing on the First Interest Payment Date and thereafter on each Interest Payment Date and principal payable on Principal Payment Dates, with the final payments due on the Final Maturity Date.

Section 3. Registration. 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. 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.

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, wire, or electronic transfer on the date due to the Bank; *provided, however*, the final installment of principal on the Bond shall be payable only upon presentation and surrender of the Bond by the Bank at the principal office of the Bond Registrar.

The Bond shall not be transferable except as provided in the Approved Bid.

Section 4. Redemption and Prepayment. The Bond may be subject to prepayment prior to its scheduled maturity as provided in the Approved Bid.

Section 5. Form of Bond. The Bond shall be in substantially the following form,
subject to amendment to reflect the final terms of the Approved Bid:

UNITED STATES OF AMERICA

NO. R-1 [\$20,800,000]

STATE OF WASHINGTON

SEATTLE SCHOOL DISTRICT NO. 1
KING COUNTY

LIMITED GENERAL OBLIGATION REFUNDING BOND, 2020

INTEREST RATE: []%

MATURITY DATE: []

REGISTERED OWNER: []

PRINCIPAL AMOUNT: [TWENTY MILLION EIGHT HUNDRED THOUSAND AND
NO/100 DOLLARS]

SEATTLE SCHOOL DISTRICT NO. 1, KING 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, together with interest thereon, at the Interest Rate. Principal and interest shall be repaid in [semiannual] installments as provided on Exhibit A attached hereto.

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 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 and surrender.

This bond is issued pursuant to Resolution No. _____ (the “Bond Resolution”) adopted by the Board of Directors of the District on [March 11, 2020] to provide funds for the purpose of refunding certain outstanding limited general obligation bonds of the District. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

This bond is [not] subject to prepayment prior to its scheduled maturity [as provided in the Approved Bid].

This bond is not transferable, except [in whole to another financial institution].

This bond is not a “private activity bond” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). This bond is a qualified tax-exempt obligation under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

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, 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. The full faith, credit and resources 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.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and resolutions duly adopted by the Board of Directors, including the Bond Resolution.

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

IN WITNESS WHEREOF, Seattle School District No. 1, King County, Washington has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of its Board of Directors reproduced hereon as of this ____ day of _____, 2020.

SEATTLE SCHOOL DISTRICT NO. 1, KING
COUNTY, WASHINGTON

[SEAL]

By _____/s/ manual or facsimile
President, Board of Directors

ATTEST:

_____/s/ manual or facsimile
Secretary, Board of Directors

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is the Limited General Obligation Refunding Bond, 2020 of Seattle School District No. 1, King County, Washington dated _____, 2020 as described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____
Authorized Signer

Section 6. Execution of Bond. The Bond shall be executed on behalf of the District with the manual or facsimile signatures of the President and Secretary of its Board, and the seal of the District shall be affixed, impressed or otherwise reproduced thereon.

The Bond shall be valid only if the Certificate of Authentication in the form hereinbefore recited has been manually executed by or on behalf of the Bond Registrar. Such Certificate of Authentication shall be conclusive evidence that the Bond as authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

In case either of the officers of the District who shall have executed the Bond shall cease to be 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 such Bond the proper officers of the

District although at the original date of such Bond any such person shall not have been such officer of the District.

Section 7. Application of Bond Proceeds; Refunding Procedures.

(a) *Application of Bond Proceeds.* The net proceeds of sale of the Bond shall be remitted to the Escrow Agent and shall be used immediately upon receipt thereof to defease the 2010 Bonds and to pay related costs of issuance. The Escrow Agent may hold the proceeds in cash uninvested or may purchase certain Government Obligations (which obligations so purchased, are herein called “Acquired Obligations”), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- (1) Interest on the 2010 Bonds as such become due on the Call Date; and
- (2) The redemption price (100% of par) of the 2010 Bonds on the Call Date.

(b) *Escrow Agent and Escrow Agreement.* The District hereby appoints U.S. Bank National Association as the Escrow Agent for the 2010 Bonds (the “Escrow Agent”). A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the 2010 Bonds. The proceeds of the Bond remaining after acquisition of the Acquired Obligations, if any, and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Bond.

In order to carry out the purposes of this Section 7, the President or the Secretary of the Board are authorized and directed to execute and deliver to the Escrow Agent, an Escrow Deposit Agreement and a Costs of Issuance Agreement, each substantially in the form attached hereto as Exhibit A and Exhibit B.

(c) *Redemption.* The District hereby irrevocably sets aside sufficient funds out of the proceeds of the Bond or the purchase of Acquired Obligations from proceeds of the Bond to make the payments described in subsection (a) of this section.

The District hereby irrevocably calls the 2010 Bonds for redemption on their Call Date in accordance with the provisions of the 2010 Bond Resolution authorizing the redemption and retirement of the 2010 Bonds prior to their fixed maturities. Said defeasance and call for redemption of the 2010 Bonds shall be irrevocable after the issuance of the Bond and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the defeasance and the redemption of the 2010 Bonds in accordance with the applicable provisions of the 2010 Bond Resolution. The Treasurer is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notices therefore. The costs of publication of such notices shall be an expense of the District.

The District will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the 2010 Bonds shall be paid when due.

The District hereby irrevocably sets aside for and pledges to the payment of the 2010 Bonds the money and obligations to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the 2010 Bonds set forth herein and in the Escrow Agreement. When all of the 2010 Bonds shall have been redeemed and retired, the District may cause any remaining money to be transferred to the Debt Service Fund.

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 use money in

the Capital Projects Fund, General Fund, or other funds legally available therefor. 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. The full faith, credit and resources of the District are hereby irrevocably pledged for the prompt payment of such principal and interest.

Section 9. Defeasance. In the event that money and/or Government Obligations, which are direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bond in accordance with its terms, are set aside in a special account of the District to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on the Bond so provided for, and such portion of the Bond shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the money so set aside and pledged, and such Bond shall be deemed not to be outstanding hereunder.

Section 10. Tax Covenants.

(a) *Arbitrage Covenant.* 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 which may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code which will cause the Bond to be an “arbitrage bond” within the meaning of the Code. 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.

(b) *Private Person Use Limitation for Bond.* The District covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bond to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the District) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The District further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bond is allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the District) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use as described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects refinanced with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the projects to

which the Private Person Use of such portion of such projects relates. The District further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond.

(c) *No Designation under Section 265(b).* The Bond is not a “qualified tax-exempt obligation” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 11. Sale of the Bond. The Board has determined that it would be in the best interest of the District to delegate to the Designated Representative for a limited time the authority, working with the District’s Placement Agent, to solicit proposals from financial institutions and review and select a financial institution as the Bank. The actions of the Designated Representative in reviewing and approving a term sheet distributed to financial institutions is hereby ratified and approved. The Board has determined that it would be in the best interest of the District to delegate to the Designated Representative for a limited time the authority to approve the Interest Date, the First Interest Payment Date, the Interest Payment Dates, the Principal Payment Dates, the Final Maturity Date (not later than the final maturity of the 2010 Bonds), (within the parameters required to achieve the Savings Target), the redemption rights and other terms and conditions of the Bond. The Designated Representative is hereby authorized to approve the Interest Date, the First Interest Payment Date, the Interest Payment Dates, the Principal Payment Dates, the Final Maturity Date (not later than the final maturity of the 2010 Bonds), and redemption rights for the Bond in the manner provided hereafter so long as (i) the principal amount of the Bond does not exceed \$20,800,000 and (ii) the Savings Target is

met (as described in Section 1 of this resolution). The approval shall be evidenced by acceptance of an offer of the selected financial institution (the “Approved Bid”). The authority granted to the Designated Representative by this section shall expire on March 11, 2021. If an Approved Bid for the Bond has not been approved and accepted by March 11, 2021, the authorization for the issuance of such Bond shall be rescinded, and such Bond shall not be issued nor its sale approved unless such Bond shall have been re-authorized by resolution of the Board. The resolution reauthorizing the issuance and sale of the Bond may be in the form of a new resolution repealing this resolution in whole or in part or may be in the form of an amendatory resolution accepting an Approved Bid or establishing terms and conditions for the authority delegated under this section.

Upon the adoption of this resolution, the proper officials of the District including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Bond to the Bank and further to execute all closing certificates and documents required to effect the closing and delivery of the Bond in accordance with the terms of the Approved Bid.

The Designated Representative and other District officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bond to the Bank and for the proper application and use of the proceeds of sale of the Bond. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including fees of the Placement Agent and its counsel and other retained services, including Bond Counsel, rating agencies, if any, fiscal agent, if any, escrow agent and other expenses customarily incurred in connection with issuance and sale of bonds. The disbursement of Bond proceeds to pay certain

costs of issuance shall be made by the Escrow Agent under the terms set forth in the Costs of Issuance Agreement.

Section 12. Undertakings to Provide Information. The District is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(1) of that Rule with respect to the issuance of securities in authorized denominations of \$100,000 or more. If approved in the Approved Bid, the District may undertake to provide certain District operational or financial information to the Bank during the term of the Bond.

Section 13. Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond of like date and tenor to the Bank thereof upon the Bank's paying the expenses and charges of the District and the Bond Registrar in connection therewith and upon his filing with the District evidence satisfactory to the District and the Bond Registrar that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the District and Bond Registrar with indemnity satisfactory to the District.

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 Seattle School District No. 1, King County, Washington, at a regular meeting thereof held this 11th day of March, 2020.

SEATTLE SCHOOL DISTRICT NO. 1,
KING COUNTY, WASHINGTON

Zachary DeWolf, President and Director

Chandra N. Hampson, Vice President and
Director

Liza Rankin, Director

Lisa Rivera-Smith, Director

Eden Mack, Director

Leslie Harris, Director

Brandon K. Hersey, Director

ATTEST:

Denise Juneau,
Secretary of the Board

EXHIBIT A

ESCROW DEPOSIT AGREEMENT

SEATTLE SCHOOL DISTRICT NO. 1 KING COUNTY, WASHINGTON LIMITED GENERAL OBLIGATION REFUNDING BOND, 2020

THIS ESCROW AGREEMENT, dated _____, 2020 (herein, together with any amendments or supplements hereto, called the “Agreement”), is entered into by and between the SEATTLE SCHOOL DISTRICT NO. 1, King County, Washington, (herein called the “District”) and U.S. BANK NATIONAL ASSOCIATION, Seattle, Washington, as Escrow Agent (herein, together with any successor in such capacity, called the “Escrow Agent”). The notice addresses of the District, the District Treasurer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the District has issued and there presently remain outstanding the obligations described in Exhibit B (the “2010 Bonds”); and

WHEREAS, pursuant to Resolution No. 2019/20-25 adopted on [March 11, 2020] (the “Bond Resolution”), the District authorized the issuance of its Limited General Obligation Refunding Bond, 2020 (the “Bond”) for the purpose of providing funds to pay the costs of refunding the 2010 Bonds; and

WHEREAS, the Escrow Agent has reviewed this Agreement and the Bond Resolution, and is willing to serve as Escrow Agent; and

WHEREAS, the Bond has been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the redemption price of the 2010 Bonds as shown on Exhibit C; and

WHEREAS, pursuant to the Bond Resolution, the 2010 Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the 2010 Bonds will come due in the amount and at the time set forth in Exhibit C; and

WHEREAS, the District desires that, concurrently with the delivery of the Bond to the purchaser, the proceeds of the Bond, together with certain other available funds of the District, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as (the “Escrowed Securities”) for deposit to the credit of the Refunding Account and to establish a beginning cash balance (if needed) in the Refunding Account; and

WHEREAS, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the 2010 Bonds when due, then the 2010 Bonds shall

no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, [D.A. Davidson & Co.] has prepared an escrow sufficiency certificate dated _____, 2020 (the “Escrow Certification”) relating to the sources and uses of funds available to accomplish the refunding of the 2010 Bonds and the adequacy of such funds and investments, if any, to provide for the payment of the debt service due on the 2010 Bonds; and

WHEREAS, simultaneously herewith, the District is entering into a Costs of Issuance Agreement with the Escrow Agent to provide for the payment of costs of issuance relating to the Bond;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the 2010 Bonds, the District and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Article 1. Definitions

Section 1.1. Definitions.

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

District Treasurer means the King County Department of Executive Services, Finance and Business Operations Division, as *ex officio* treasurer of the District, or any successor to the functions of the Treasurer.

[Escrowed Securities] means the noncallable Government Obligations described in Exhibit D, or cash or other noncallable obligations substituted therefor pursuant to Section 4.2 of this Agreement.]

Government Obligations means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

Paying Agent means the fiscal agent of the state of Washington, as the paying agent for the 2010 Bonds.

Refunding Account means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.2. Other Definitions.

The terms “Agreement,” “Bond,” “District,” “Escrow Agent,” “Bond Resolution,” “Escrow Certification”, and “2010 Bonds” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the 2010 Bonds in accordance with applicable law.

Article 2. Deposit of Funds and Escrowed Securities

Section 2.1. Deposits in the Refunding Account.

Concurrently with the sale and delivery of the Bond, the District shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Refunding Account, the funds sufficient to [purchase the Escrowed Securities described in Exhibit D], and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the District in writing.

Article 3. Creation and Operation of Refunding Account

Section 3.1. Refunding Account.

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Refunding Account. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Refunding Account the funds and the Escrowed Securities described in Exhibit D. Such deposit, all proceeds therefrom, and all cash balances on deposit therein (a) shall be the property of the Refunding Account, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the 2010 Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2. When the final transfers have been made for the payment of such principal of and interest on the 2010 Bonds, any balance then remaining in the Refunding Account shall be transferred to the District, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances on deposit in the Refunding Account, the amounts required to pay the redemption price of the 2010 Bonds on the Call Date as shown in Exhibit C.

Section 3.3. Sufficiency of Refunding Account.

The District represents that, based upon the information provided in the Verification Report, [the receipts of the principal of and interest on the Escrowed Securities] will assure that the cash balance on deposit from in the Refunding Account will be at all times sufficient to provide money for transfer to the Paying Agent at the time and in the amount required to pay the interest on the 2010 Bonds and the principal of the 2010 Bonds on the redemption date, all as more fully set forth in Exhibit E. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Refunding Account shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2, the District shall timely deposit in the Refunding Account, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Refunding Account or the District's failure to make additional deposits.

Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Refunding Account,[the Escrowed Securities] and all other assets of the Refunding Account, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow [the Escrowed Securities] or any other assets of the Refunding Account to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Refunding Account only as set forth herein. The [Escrowed Securities and other] assets of the Refunding Account shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the 2010 Bonds; and a special account shall at all times be maintained on the books of the Escrow Agent. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the District, and the Escrow Agent shall have no right to title with respect thereto except as an agent and Escrow Agent under the terms of this Agreement.

Article 4. Limitation on Investments

Section 4.1. Investments.

Except [for the initial investment in the Escrowed Securities, and except] as provided in Section 4.2, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, [or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities].

[Section 4.2. Substitution of Securities.

At the written request of the District, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase 2010 Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected

by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining 2010 Bonds as they become due, taking into account any optional redemption thereof exercised by the District in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause either the Bond or 2010 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.]

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Sections 2.1, 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Refunding Account. Cash balances shall be held by the Escrow Agent in United States currency as cash balances as shown on the books and records of the Escrow Agent and, except as provided herein, shall not be reinvested by the Escrow Agent.

Article 6. Redemption of the 2010 Bonds

Section 6.1. Call for Redemption.

The District hereby irrevocably calls the 2010 Bonds for redemption on the Call Date.

Section 6.2. Notice of Redemption/Notice of Defeasance.

The Escrow Agent agrees to give a notice of defeasance and a notice of the redemption of the 2010 Bonds to the Paying Agent for dissemination in accordance with the terms of Resolution No. 2009/10-8 of the Board of Directors of the District and in substantially the forms attached hereto as Appendices A and B to the Paying Agent for distribution as described therein. The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with the ordinance or resolution authorizing the 2010 Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the 2010 Bonds.

Article 7. Records and Reports

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money [and Escrowed Securities] deposited to the Refunding Account and all

proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the District a written report summarizing all transactions relating to the Refunding Account during the preceding year, including, without limitation, credits to the Refunding Account as a result of [interest payments on or maturities of the Escrowed Securities and] transfers from the Refunding Account for payments on the 2010 Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Refunding Account as of the end of such period.

Article 8. Concerning the Escrow Agent

Section 8.1. Representations.

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the 2010 Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account [or any failure of the obligors of the Escrowed Securities] to make timely payment thereon, except for the obligation to notify the District promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bond shall be taken as the statements of the District and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

It is the intention of the parties that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the District with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Refunding Account, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the District or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the District at any time.

Section 8.3 Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the District, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent is appointed by the District within 60 days, a successor may be appointed by the owners of a majority in principal amount of the 2010 Bonds then outstanding by an instrument or instruments in writing filed with the District, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent is made pursuant to the foregoing provisions of this Section within three months after a vacancy shall have occurred, the owner of any 2010 Bonds may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent must be a corporation organized and doing business under the laws of the United States or any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the District and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the District shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this

Section 8.3 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

Article 9. Miscellaneous

Section 9.1. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder must be in writing and will be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the District, the District Treasurer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the District, the owners of the 2010 Bonds or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement shall be binding upon the District and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the 2010 Bonds, the District, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 9.5. Washington Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the state of Washington.

Section 9.6. Time of the Essence.

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 9.7. Notice to Moody's.

In the event that this Agreement or any provision thereof is severed, amended or revoked, the District shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 7 World Trade Center at 250 Greenwich Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds.

Section 9.8. Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the 2010 Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the 2010 Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the 2010 Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the 2010 Bonds.

EXECUTED as of the date first written above.

**SEATTLE SCHOOL DISTRICT NO. 1,
KING COUNTY, WASHINGTON**

Secretary, Board of Directors

U.S. BANK NATIONAL ASSOCIATION

Authorized Signer

Exhibit A	-	Addresses of the District, the District Treasurer and the Escrow Agent
Exhibit B	-	Description of the 2010 Bonds
Exhibit C	-	Schedule of Debt Service on 2010 Bonds
Exhibit D	-	Escrow Deposit
Exhibit E	-	Refunding Account Cash Flow
Appendix A	-	Notice of Redemption for the 2010 Bonds
Appendix B	-	Notice of Defeasance for the 2010 Bonds

EXHIBIT A
Addresses of the District, the District Treasurer and Escrow Agent

District: Seattle School District No. 1
2445 3rd Ave. S.
Seattle, WA 98134
Attention: JoLynn Berge, Chief Financial Officer

District Treasurer: King County Department of Executive Services Finance and
Business Operations Division
ADM-ES-0611
500 Fifth Avenue
Seattle, WA 98104-2337
Attention: Deputy Treasurer

Escrow Agent: U.S. Bank National Association
Global Corporate Trust Services PD-WA-T7CT
1420 Fifth Avenue, 7th Floor
Seattle, WA 98101
Attention: Assistant Vice President

EXHIBIT B
Description of the 2010 Bonds

Seattle School District No. 1
King County, Washington
Limited General Obligation Refunding Bonds, 2010

Maturity Years (December 1)	Principal Amounts	Interest Rates
2020	\$ 2,250,000	3.00%
2021	2,455,000	3.25
2022	2,575,000	3.25
2023	2,815,000	3.50
2024	3,075,000	4.00
2025	3,365,000	4.00
2026	3,665,000	4.00

EXHIBIT C
Schedule of Debt Service on 2010 Bonds

Date	Interest	Principal/ Redemption Price	Total
	\$		\$
		\$	
Total	\$	\$	\$

EXHIBIT D

Escrow Deposit

I. Cash \$_____

II. Other Obligations

Description	Maturity Date	Principal Amount	Interest Rate	Total Cost
		\$	%	\$
TOTAL		\$		\$

EXHIBIT E
Refunding Account Cash Flow

[illegible]

APPENDIX A
Notice of Redemption*
Seattle School District No. 1
King County, Washington
Limited General Obligation Refunding Bonds, 2010

NOTICE IS HEREBY GIVEN that Seattle School District No. 1, King County, Washington has called for redemption on June 1, 2020, its then outstanding Limited General Obligation Refunding Bonds, 2010 (the “Bonds”).

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to June 1, 2020. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

U.S. Bank National Association
Global Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on June 1, 2020.

The following Bonds are being redeemed:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>	<u>CUSIP Nos.</u>
2020	\$ 2,250,000	3.00%	494836HL6
2021	2,455,000	3.25	494836HM4
2022	2,575,000	3.25	494836HN2
2023	2,815,000	3.50	494836HP7
2024	3,075,000	4.00	494836HQ5
2025	3,365,000	4.00	494836HR3
2026	3,665,000	4.00	494836HS1

* This notice shall be given not more than 60 nor less than 20 days prior to June 1, 2020 by first-class mail to each registered owner of the 2010 Bonds. In addition notice shall be mailed at least 35 days prior to June 1, 2020 to The Depository Trust Company of New York, New York; U.S. Bank National Association, as Fiscal Agent; Morgan Stanley & Co., Incorporated; Moody’s Investors Service; S&P Global Ratings, and to the Municipal Securities Rulemaking Board.

By Order of Seattle School District No. 1, King County, Washington

U.S. Bank National Association, as Paying Agent

Dated: _____.

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”) unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bonds.

APPENDIX B*
Notice of Defeasance
Seattle School District No. 1
King County, Washington
Limited General Obligation Bonds, 2010

NOTICE IS HEREBY GIVEN to the owners of that portion of the above captioned bonds with respect to which, pursuant to an Escrow Agreement dated _____, 2020, by and between Seattle School District No. 1, King County, Washington (the “District”) and U.S. Bank National Association (the “Escrow Agent”), the District has deposited into an escrow account, held by the Escrow Agent, cash[and non-callable direct obligations of the United States of America,]the principal of and interest on which, when due, will provide money to pay on the redemption date of such bonds so provided for, the principal thereof and interest thereon (the “Defeased Bonds”). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to Resolution No. 2009/10-8 of the District authorizing the Defeased Bonds, but will be paid by application of the assets in such escrow.

The Defeased Bonds are described as follows:

Seattle School District No. 1, King County, Washington Limited General Obligation Refunding Bonds, 2010.

(Dated May 18, 2010)

Maturity Years (December 1)	Principal Amounts	Call Date (At 100%)	Interest Rates	CUSIP Nos.
2020	\$ 2,250,000	06/01/2020	3.00%	494836HL6
2021	2,455,000	06/01/2020	3.25	494836HM4
2022	2,575,000	06/01/2020	3.25	494836HN2
2023	2,815,000	06/01/2020	3.50	494836HP7
2024	3,075,000	06/01/2020	4.00	494836HQ5
2025	3,365,000	06/01/2020	4.00	494836HR3
2026	3,665,000	06/01/2020	4.00	494836HS1

* This notice shall be given immediately by first-class mail to each registered owner of the Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; U.S. Bank National Association, as Fiscal Agent; Morgan Stanley & Co., Incorporated; Moody’s Investors Service; S&P Global Ratings, and to the Municipal Securities Rulemaking Board.

EXHIBIT B

COSTS OF ISSUANCE AGREEMENT

SEATTLE SCHOOL DISTRICT NO. 1 KING COUNTY, WASHINGTON LIMITED GENERAL OBLIGATION REFUNDING BOND, 2020

THIS COSTS OF ISSUANCE AGREEMENT, dated as of _____, 2020 (herein, together with any amendments or supplements hereto, called the “Agreement”), is entered into by and between the SEATTLE SCHOOL DISTRICT NO. 1, King County, Washington (herein called the “District”) and U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent (herein together with any successor in such capacity, the “Escrow Agent”).

WITNESSETH:

WHEREAS, pursuant to Resolution No. 2019/20-25 of the District, adopted on [March 11, 2020] (the “Resolution”), the District has determined to issue its Limited General Obligation Refunding Bond, 2020 (the “Bond”) for the purpose of providing funds to pay the costs of refunding certain outstanding bonds of the District; and

WHEREAS, simultaneously herewith, the District is entering into an Escrow Deposit Agreement, dated _____, 2020 under which the Escrow Agent will hold invested proceeds of the Bond in order to pay and redeem the 2010 Bonds under the terms set forth therein; and

WHEREAS, certain proceeds of the Bond will be delivered to the Escrow Agent on the date of issuance of the Bond that are required to be disbursed to pay costs of issuance of the Bond; and

WHEREAS, the Escrow Agent has agreed, without additional compensation to disburse the Bond proceeds received to pay costs of issuance under the terms of this Agreement;

Section 1. Deposit in the Costs of Issuance Fund.

The Escrow Agent has created on its books a special trust fund and escrow fund to be known as the Costs of Issuance Fund. The Escrow Agent agrees that upon receipt it will deposit to the credit of the Costs of Issuance Fund Account the sum of \$_____ to pay those costs of issuance set forth on Exhibit A. Such deposit, all proceeds therefrom, and all cash balances on deposit therein shall be the property of the Costs of Issuance Fund to pay those costs of issuance set forth on Exhibit A upon receipt of invoices. If any of the \$_____ deposit allocated for costs of issuance for the Bond remains unspent on _____, 2020, the Escrow Agent shall transfer such unspent amount to the District, and this Agreement shall be deemed fully performed and terminated.

Section 2. Investments.

The Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder.

Section 3. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the costs of issuance identified herein shall be limited to the proceeds of the Bond delivered to the Escrow Agent.

Section 4. Compensation.

The District shall pay to the Escrow Agent fees for performing the services hereunder and under the Escrow Agreement for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement and the Escrow Agreement pursuant to the terms of the Fee Schedule attached as Exhibit B. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against funds held under the Escrow Agreement for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

Section 5. Notice.

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the District, the District Treasurer or the Escrow Agent at the address shown on Exhibit A to the Escrow Agreement.

Section 6. Washington Law Governs.

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the state of Washington.

EXECUTED as of the date first written above.

**SEATTLE SCHOOL DISTRICT NO. 1, KING
COUNTY, WASHINGTON,**

Secretary, Board of Directors

U.S. BANK NATIONAL ASSOCIATION

Authorized Signatory

Exhibit A - Costs of Issuance Schedule
Exhibit B - Fee Schedule

EXHIBIT A

Costs of Issuance

Bond Counsel Fee (K&L Gates LLP)

Escrow Agent Fee (U.S. Bank)

Total: \$

EXHIBIT B

FEE SCHEDULE

See Attached

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Seattle School District No. 1, King 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. 2019/20-25 of the Board (the “Resolution”), duly adopted at a regular meeting thereof held on the 11th day of March, 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 11th day of March, 2020.

Secretary, Board of Directors

Refinance 2010 Limited General Obligation Refunding Bonds

	Total Principal and Interest Due	Net Present value of Savings
Current Bonds	\$ 23,521,038	None
Minimum savings 4%	\$ 22,713,038	\$ 808,000
Estimated savings 5.36%	\$ 22,352,408	\$ 1,168,630

Estimated Savings by Year with Refinance

Fiscal Year	Principal Amounts	Interest	Total	Total due with potential refinance	Annual Savings (5.36%)
FY19-20		\$ 366,850	\$ 366,850	\$ 256,333	\$ 110,517
FY20-21	\$ 2,250,000	\$ 699,950	\$ 2,949,950	\$ 2,798,890	\$ 151,060
FY21-22	\$ 2,455,000	\$ 626,306	\$ 3,081,306	\$ 2,929,741	\$ 151,565
FY22-23	\$ 2,575,000	\$ 544,569	\$ 3,119,569	\$ 2,968,423	\$ 151,146
FY23-24	\$ 2,815,000	\$ 453,463	\$ 3,268,463	\$ 3,117,655	\$ 150,808
FY24-25	\$ 3,075,000	\$ 342,700	\$ 3,417,700	\$ 3,267,104	\$ 150,596
FY25-26	\$ 3,365,000	\$ 213,900	\$ 3,578,900	\$ 3,427,536	\$ 151,364
FY26-27	\$ 3,665,000	\$ 73,300	\$ 3,738,300	\$ 3,586,726	\$ 151,574
Total	\$ 20,200,000	\$ 3,321,038	\$ 23,521,038	\$ 22,352,408	\$ 1,168,630