

BLACK LAKE SPECIAL DISTRICT,  
THURSTON COUNTY, WASHINGTON

SPECIAL ASSESSMENT BOND, 2021 (TAXABLE)

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RESOLUTION NO. 21-01

A RESOLUTION of the Governing Board of Black Lake Special District, Thurston County, Washington, providing for the issuance and sale of a special assessment bond of the District in the principal amount of not to exceed \$1,400,000 to finance costs of improving, treating and restoring Black Lake; providing the form of the bond; and approving the sale of the bond to Kitsap Bank.

APPROVED ON MARCH 15, 2021

PREPARED BY:

PACIFICA LAW GROUP LLP  
SEATTLE, WASHINGTON

RESOLUTION NO. 21-01

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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.

## RESOLUTION NO. 21-01

A RESOLUTION of the Governing Board of Black Lake Special District, Thurston County, Washington, providing for the issuance and sale of a special assessment bond of the District in the principal amount of not to exceed \$1,400,000 to finance costs of improving, treating and restoring Black Lake; providing the form of the bond; and approving the sale of the bond to Kitsap Bank.

WHEREAS, Black Lake Special District, Washington (the “District”), is a special district formed in Thurston County (the “County”) pursuant to chapter 85.38 of the Revised Code of Washington (“RCW”) for the purpose of engaging in restoration, aquatic plant control, and water quality enhancement activities at Black Lake (the “Lake”); and

WHEREAS, pursuant to RCW 85.38.230, a special district may issue special assessment bonds or notes to finance costs related to providing, improving, expanding or enlarging improvements and facilities if the county legislative authority within which all or the major part of the special district is located authorizes the issuance of such bonds or notes; and

WHEREAS, the decision of a county legislative authority authorizing an issue of special assessment bonds or notes constitutes a discretionary function, and does not give rise to a cause of action against the county, county legislative authority, or any member of the county legislative authority; and

WHEREAS, pursuant to RCW 85.38.160 and Ordinance No. 15930 adopted by the Board of County Commissioners (the “County Commissioners”) on September 29, 2020 (the “Assessment Ordinance”), the County approved and adopted a system of special assessments for the District, to remain in effect until December 31, 2040, for the purpose of paying for the construction, repair and maintenance of District facilities and for District operations; and

WHEREAS, pursuant to RCW 85.38.230 and Ordinance No. 15941 adopted by the County Commissioners on November 10, 2020 (the “Authorizing Ordinance”), the County Commissioners authorized the District to issue a special assessment bond in an original principal amount of \$1,400,000, to be paid from special assessments imposed by the District for a 20-year period; and

WHEREAS, the Governing Board (the “Board”) of the District now desires to improve, treat, and restore the Lake, including but not limited to alum treatment (the “Project”); and

WHEREAS, RCW 39.46.050 provides that a local government authorized to issue bonds may establish a line of credit with any qualified depository to be drawn upon in exchange for its bonds; and

WHEREAS, after due consideration the Board has determined that it is in the best interest of the District to authorize the issuance and sale of a special assessment bond (the “Bond”) in the principal amount of not to exceed \$1,400,000 to evidence a non-revolving line of

credit in order to provide funds necessary to pay or reimburse the District for all or a portion of the costs of the Project, and to pay costs of issuance, as set forth herein; and

WHEREAS, the District has received a proposal from Kitsap Bank (the “Lender”) to purchase the Bond in the amount of not to exceed \$1,400,000, in the form attached hereto as Exhibit A; and

WHEREAS, it is deemed necessary and advisable that the District accept the Lender’s offer as set forth herein;

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE BLACK LAKE SPECIAL DISTRICT, THURSTON COUNTY, WASHINGTON as follows:

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

*Assessment Ordinance* means Ordinance No. 15930 adopted by the County Commissioners on September 29, 2020.

*Assessments* mean the special assessments imposed by the District pursuant to the System of Assessment.

*Authorizing Ordinance* means Ordinance No. 15941 adopted by the County Commissioners on November 10, 2020.

*Banking Day* means any business day on which the Lender is open and accepting banking transactions.

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

*Bond* means the Special Assessment Bond, 2021 (Taxable) of the District, authorized to be issued by the District pursuant to this resolution and the Authorizing Ordinance.

*Bond Fund* means the special fund of the District designated as the “Black Lake Special District Bond Redemption Fund” and authorized to be created pursuant to this resolution.

*Bond Register* means the registration records for the Bond maintained by the Bond Registrar.

*Bond Registrar* means the fiscal agency of the state of Washington, currently U.S. Bank National Association, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and, if requested by the District, paying the principal of and interest on the Bond.

*Closing* means the date of delivery of the Bond to the Lender.

*County* means Thurston County, Washington.

**County Commissioners** means the Board of County Commissioners of the County, as the legislative authority of the County.

**Designated Representative** means the Chair of the Board, and his or her designee, and such other person as may be designated by the Board to act for the District for the purposes of this resolution, including for the submission of a Request for Draw. The signature of one Designated Representative shall be sufficient to bind the District.

**Draw Period** means the time period beginning on the Closing and continuing to and including May 31, 2021, or on such earlier date as the District may determine as provided herein.

**District** means the Black Lake Special District, Thurston County, Washington, duly organized and existing under and by virtue of the laws of the State.

**General Fund** means the special fund of the District of that name created in the office of the Treasurer.

**Guaranty Fund** means the special fund of the District designated as the “Black Lake Special District Guaranty Fund” created and maintained pursuant to RCW 85.38.250 and this resolution.

**Guaranty Fund Requirement** means an amount equal to \$100,000.

**Interest Rate** means a fixed rate of interest of 4.00% per annum.

**Lake** means Black Lake located in the County.

**Lender** means Kitsap Bank, as the initial Registered Owner of the Bond, and the permitted assigns thereof.

**Maturity Date** means the date that is approximately 20 years from the Closing, as set forth in the Bond.

**Project** means improving, treating, and restoring the Lake, including but not limited to alum treatment.

**Permitted Investment** means any investment permissible for the investment of public funds of a special district under State law.

**Proposal** means the proposal letter submitted by the Lender substantially in the form attached hereto as Exhibit A.

**Repayment Period** means the time period beginning on the date immediately following the final day of the Draw Period and ending on the date when the Bond is paid (or prepaid) in full. In all cases the Repayment Period shall begin no later than six months after the Closing.

**Registered Owner** means the person in whose name the Bond is registered on the Bond Register.

***Request for Draw*** means a written request signed by a Designated Representative for a draw on the Bond, in substantially the form set forth in Exhibit B attached hereto.

***State*** means the State of Washington.

***System of Assessment*** means the system of assessment set forth in the Assessment Ordinance, as the County may from time to time modify or finalize such system of assessment pursuant to RCW 85.38.160.

***Treasurer*** means the Thurston County Treasurer, as *ex officio* treasurer of the District, or any successor to the functions of such official.

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 any gender shall mean and include correlative words of all 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, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several 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 Project. The Board hereby authorizes the District to improve, treat and restore the Lake, including but not limited to alum treatment (the “Project”). The cost of all necessary appraisals, negotiation, closing, architectural, engineering, financial, legal and other consulting services, inspection and testing, administrative and relocation expenses and other costs incurred in connection with the Project shall be deemed a part of the Project.

Section 3. Authorization of Bond.

(a) *Authorization of the Bond.* For the purpose of financing costs of the Project and paying costs of issuing the Bond, the District shall establish a non-revolving line of credit. To evidence such non-revolving line of credit, the District shall issue and sell its special assessment bond in the principal amount of not to exceed \$1,400,000 (the “Bond”). The Bond shall be designated the “Black Lake Special District, Thurston County, Washington, Special Assessment

Bond, 2021 (Taxable),” with such additional designation as may be approved by the Designated Representative. The Bond shall be dated as of its date of delivery to the Lender, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on the Maturity Date.

(b) *Draws on the Bond.* The District may make draws on the Bond during the Draw Period pursuant to the terms of this resolution. Each draw must be made on a Banking Day pursuant to a Request for Draw and in a minimum amount of \$50,000. The aggregate principal amount of all draws made on the Bond shall not exceed \$1,400,000. After the Draw Period, no further Requests for Draw may be submitted. The District shall maintain, or caused to be maintained, records of amounts drawn on the Bond. The Board hereby delegates to the Designated Representative the authority to make written Requests for Draw pursuant to the terms of this resolution.

(c) *Interest Rate during Draw Period.* During the Draw Period, and except as provided herein, the outstanding principal amount of all draws made on the Bond pursuant to Requests for Draw shall bear interest at the Interest Rate. Interest shall accrue from the date the draw is made and shall be calculated on the basis of the actual number of days elapsed and a 360-day year. No payments of interest or principal shall be due during the Draw Period.

(d) *Interest Rate during Repayment Period; Payment Dates.* During the Repayment Period, the outstanding principal amount of all draws made on the Bond shall bear interest at the Interest Rate. Interest shall be calculated from the first day of the Repayment Period on the basis of a 360-day year consisting of twelve 30-day months.

Principal of and interest on the Bond shall be payable semi-annually during the Repayment Period on each June 1 and December 1, commencing June 1, 2021, until maturity or early prepayment of the Bond, in accordance with the hereinafter described amortization schedule.

No later than the seventh (7th) Banking Day after the conclusion of the Draw Period, the Lender shall provide to the District an amortization schedule showing the principal and interest payments due on the Bond during the Repayment Period. The amortization schedule shall be established to fully amortize during the Repayment Period the aggregate principal amount of all draws made on the Bond during the Draw Period in accordance with the terms of the Bond and this resolution. All unpaid interest and outstanding principal shall be due and payable on the Maturity Date.

(e) *No Acceleration.* The Bond shall not be subject to acceleration prior to maturity.

(f) *Special Limited Obligation.* The Bond shall not constitute a general obligation of the District, but shall be a special, limited obligation of the District payable only from Assessments deposited into the Bond Fund and amounts deposited into the Guaranty Fund. The Registered Owner shall not have any claim for the payment of the principal of or interest on the Bond against the District, except for payment from the Bond Fund, the Assessments covenanted to be placed into the Bond Fund, and the Guaranty Fund. The District shall not be liable to the Registered Owner for any loss occurring in the lawful operation of the Guaranty Fund.

The Bond shall not constitute an indebtedness of the State, either general or special, nor of the County, either general or special. The Registered Owner shall not have any claim against the State or the County arising from the Bond.

The full faith and credit of the District is not pledged to the repayment of the Bond.

Section 4. Registration, Exchange and Payments.

(a) *Registrar/Bond Registrar.* U.S. Bank National Association, as fiscal agency of the state of Washington, is hereby appointed to act as transfer agent, paying agent and registrar for the Bond (the “Bond Registrar”). The Bond Registrar shall keep, or cause to be kept, sufficient records for the registration and transfer of the Bond. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this resolution, to serve as the District’s paying agent for the Bond, if requested by the District, and to carry out all of the Bond Registrar’s powers and duties under this resolution.

(b) *Registered Ownership.* The District and the Bond Registrar, each in its discretion, 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 subsection (d) below. All such payments made as described in subsection (d) below shall be valid and shall satisfy the liability of the District upon the Bond to the extent of the amount so paid.

(c) *Transfer or Exchange of Registered Ownership.* The Bond shall not be transferrable without the prior written consent of the District unless (i) the Registered Owner’s corporate name is changed and the transfer is necessary to reflect such change; (ii) the transferee is a successor in interest of the Registered Owner by means of a corporate merger, an exchange of stock, or a sale of assets; or (iii) the transferee is a “qualified institutional buyer” as defined under Rule 144A promulgated under the Securities Act of 1933, and such transferee executes a purchaser’s letter in the form acceptable to Bond Counsel of the District. Any Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer. Any transfer of the Bond which fails to comply with this provision shall be null and void.

(d) *Place and Medium of Payment.* Both principal of and interest on the Bond shall be payable to the Registered Owner in lawful money of the United States of America. Principal on the Bond shall be payable by check or warrant or by other means mutually acceptable to the Registered Owner and the District. Interest on the Bond shall be payable as provided in this resolution. Upon final payment of principal of and interest on the Bond, the Registered Owner shall surrender such Bond for cancellation at the office of the Bond Registrar.

Section 5. Form of Bond. The Bond shall be in substantially the form set forth in Exhibit C, which is incorporated herein by this reference.

Section 6. Execution of Bond. The Bond shall be executed on behalf of the District with the facsimile or manual signatures of the Chair and Secretary of the Board.



In case either or both of the officers who 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 authorization, 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 at the date of actual execution of the Bond are proper officers of the District, although at the original date of such Bond any such person shall not have been officer of the District.

Only such Bond as shall bear thereon a Certificate of Authentication in the form set forth in Exhibit C, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution.

Section 7. Establishment of Bond Fund and Guaranty Fund; Security for the Bond.

(a) *Bond Fund.* The Treasurer is hereby authorized and directed to establish a special fund of the District to be known and designated as the “Black Lake Special District Bond Redemption Fund” (the “Bond Fund”). The Bond Fund shall be a trust fund and shall be drawn upon only for the payment of the principal of and interest on the Bond. The District may invest funds in the Bond Fund in any Permitted Investment, and the investment earnings shall be retained therein and applied to the purposes of the Bond Fund.

(b) *Guaranty Fund.* The Treasurer is hereby authorized and directed to establish a special fund of the District to be known and designated as the “Black Lake Special District Special Assessment Guaranty Fund” (the “Guaranty Fund”) for the purpose of guaranteeing, to the extent of such fund, the payment of the principal of and interest on the Bond. The Guaranty Fund shall be funded and maintained as provided in this paragraph and in Section 8 of this resolution. At Closing, the District shall deposit \$20,000 available funds of the District into the Guaranty Fund. On or prior to each one year anniversary of Closing, the District shall deposit no less than \$20,000 into the Guaranty Fund so that the balance therein is equal to the Guaranty Fund Requirement by the fourth anniversary date of Closing. The District may invest funds in the Guaranty Fund in any Permitted Investment, and the investment earnings shall be retained therein and applied to the purposes of the Guaranty Fund.

(c) *Security and Source of Repayment.* The Bond is a special, limited obligation of the District payable solely from and secured by Assessments deposited into the Bond Fund and amounts deposited into the Guaranty Fund. The District represents and covenants that it will collect Assessments and apply such Assessments to the repayment of the Bond as provided in Section 8 hereof.

The Registered Owner shall not have any claim for the payment of the principal of or interest on the Bond against the District, except for payment from the Bond Fund, the Assessments covenanted to be placed into the Bond Fund, and the Guaranty Fund. The Bond shall not constitute an indebtedness of the State, either general or special, nor of the County,

either general or special. The Registered Owner shall not have any claim against the State or the County arising from the Bond. The full faith and credit of the District is not pledged to the repayment of the Bond. The District has no taxing power.

Section 8. Representations and Covenants. So long as the Bond is outstanding, the District hereby covenants and agrees as follows:

(a) To impose, maintain, budget for and cause to be collected the Assessments and to adjust such Assessments from time to time in accordance with the System of Assessment and the Assessment Ordinance, so that in each year the revenue from the Assessments (net of any collection fees that will be imposed by the County) will be sufficient, together with other funds available in the Bond Fund, to pay when due the principal of and interest on the Bond;

(b) To apply Assessment revenues (net of any collection fees) in the following order of priority:

(1) First, the District shall deposit all Assessment revenues into the Bond Fund, until the amount so deposited during a calendar year equals the sum of the principal of and interest on the Bond coming due in such calendar year; and

(2) Second, the District shall deposit any remaining Assessment revenues received during such calendar year into the Bond Fund or Guaranty Fund to pay or guarantee, respectively, the payment of debt service on the Bond, or into the General Fund to pay costs of the Project or for other lawful purposes of the District, as the Board shall by resolution designate;

(c) To maintain in the Guaranty Fund, from and after the fifth anniversary of the Closing, a balance that is at least equal to the Guaranty Fund Requirement; provided, that the District may draw from the Guaranty Fund to pay debt service on the Bond, in which event the District shall replenish the balance of the Guaranty Fund to the Guaranty Fund Requirement within 12 months of such draw. The District hereby covenants to collect Assessments as necessary and to use such funds, together with other funds of the District legally available for such purpose, to replenish any such deficiency;

(d) To pay all installments of principal of and interest on the Bond when due from amounts available on deposit in the Bond Fund or the Guaranty Fund;

(e) To take, or cause to be taken, all actions necessary to foreclose on any delinquent Assessments at the earliest opportunity available under State law and County ordinances, to pursue such foreclosure actions diligently, and to deposit promptly into the Bond Fund or the Guaranty Fund, as applicable, the sale proceeds and all other payments received as a result of such foreclosure actions;

(f) To provide the Registered Owner a copy of its annual statement of financial condition; and

(g) To provide the Registered Owner such other financial or other information as may be reasonably requested from time to time.

Section 9. Right of Prepayment. The District may prepay the Bond, in whole or in part, and without premium or fee, on any Banking Day. In the event of a partial prepayment of the Bond, the Registered Owner shall promptly provide to the District a new amortization schedule setting forth the amounts of each remaining debt service payment on the Bond to its maturity.

Section 10. Sale of the Bond. The Bond shall be sold to the Lender pursuant to the terms of the Proposal and this resolution. The Proposal is hereby in all respects accepted and approved, and by reference is incorporated herein. The Designated Representative is authorized and directed to execute the Proposal on behalf of the District.

In connection with the issuance of the Bond, the District shall pay (from proceeds of the Bond or available funds of the District) a fee to the Lender of \$750, costs of the Lender's legal counsel (if any), costs of bond counsel to the District, and other costs of issuance.

The District officials, their agents, and representatives are hereby authorized and directed to do everything necessary for the prompt issuance and delivery of the Bond and for the proper use and application of the proceeds of such sale.

Section 11. Application of Bond Proceeds. Amounts drawn on the Bond shall be deposited into the General Fund and shall be expended solely to finance, refinance, and/or reimburse the District for costs of the Project, to fund the Guaranty Fund, and to pay costs of issuance of the Bond. Proceeds of the Bond may be invested by the Treasurer at the direction of the District in any Permitted Investments.

Section 12. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like amount, maturity and tenor to the Registered Owner upon the Registered Owner's paying the expenses and charges of the Bond Registrar and the District in connection with preparation and authentication of the replacement Bond and upon his or her filing with the Bond Registrar and the District evidence satisfactory to both that the Bond was actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the District and the Bond Registrar with indemnity satisfactory to both.

Section 13. General Authorization and Ratification. The appropriate District officials, including but not limited to the Designated Representative, the Board Vice-Chair, the Board Secretary and the Treasurer, are hereby authorized to take any actions and to execute documents as in his or her judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date are hereby ratified.

Section 14. Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision 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 Governing Board of Black Lake Special District, Washington, at an open public meeting thereof, held this 15th day of March, 2021.

BLACK LAKE SPECIAL DISTRICT,  
THURSTON COUNTY, WASHINGTON

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Member

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Member

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Member

**Exhibit A**

Copy of Lender's Proposal

(Attached)

**Exhibit B**

Form of Request for Draw

DRAW CERTIFICATE NO. \_\_\_\_

TO: Kitsap Bank  
619 Bay Street  
Port Orchard, WA 98366  
KB-Finance@kitsapbank.com  
Fax: 360-876-7801

On behalf of Black Lake Special District, Thurston County, Washington (the "District"), I hereby certify that:

1. I am the Designated Representative of the District, and I am authorized to execute and deliver this Request for Draw on the District's Special Assessment Bond, 2021 (Taxable) (the "Bond") and to make the representations on behalf of the District set forth herein.
2. The amount of this draw is \$\_\_\_\_\_ (minimum draw of \$50,000) (this "Draw"). Proceeds of this Draw shall be deposited into the General Fund of the District on \_\_\_\_\_, 20\_\_\_\_, account number \_\_\_\_\_.
3. Proceeds of this Draw shall be used to pay costs of the Project or to pay costs of issuance for the Bond.
4. The aggregate amount of all draws on the Bond, including this Draw, does not exceed \$1,400,000.00.
5. The District is not in breach of any promise or covenant in the Bond or Resolution No. 21-01 authorizing the issuance of the Bond.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BLACK LAKE SPECIAL DISTRICT,  
THURSTON COUNTY, WASHINGTON

By: \_\_\_\_\_  
Designated Representative

**Exhibit C**

Form of Bond

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS BOND IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN THE BOND RESOLUTION DESCRIBED BELOW AND MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO THE TERMS THEREOF.

UNITED STATES OF AMERICA

NO. R-1

Not to exceed \$1,400,000.00

STATE OF WASHINGTON  
BLACK LAKE SPECIAL DISTRICT, THURSTON COUNTY, WASHINGTON  
SPECIAL ASSESSMENT BOND, 2021 (TAXABLE)

INTEREST RATE: 4.00%  
DATED DATE: MARCH \_\_, 2021  
MATURITY DATE: \_\_\_\_\_, 2041  
REGISTERED OWNER: KITSAP BANK  
PRINCIPAL AMOUNT: NOT TO EXCEED ONE MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS

BLACK LAKE SPECIAL DISTRICT, THURSTON 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 sum of all Requests for Draw, together with interest thereon at the Interest Rate specified above, on or before the Maturity Date set forth above, in accordance with the terms of this bond and Resolution No. 21-01 adopted by the Governing Board of the District on March 15,, 2021 (the "Bond Resolution"). Capitalized terms used but not defined herein shall have the meanings set forth in the Bond Resolution.

Interest on the outstanding principal amount of this bond shall be payable semiannually on each June 1 and December 1, commencing June 1, 2021, calculated on the basis set forth in the Bond Resolution. Principal payments will be due semiannually on each June 1 and December 1, commencing June 1, 2021, in amounts as described in the principal amortization schedule provided by the Lender in accordance with the Bond Resolution and by this reference incorporated herein.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal of and interest on this bond shall be payable by check or warrant or by other means mutually acceptable to the Registered Owner and the District. Upon final

payment of principal and interest of this bond, the Registered Owner shall surrender this bond for cancellation at the office of the Bond Registrar in accordance with the Bond Resolution.

This bond is issued pursuant to the Bond Resolution and Ordinance No. 15941 adopted by the Board of County Commissioners of Thurston County, Washington on November 10, 2020, to provide the funds necessary for the improvement, treatment and restoration of Black Lake, including but not limited to alum treatment, and to pay costs of issuance for this bond.

The District may prepay this bond as provided in the Bond Resolution.

The bond is issued as a single, fully registered bond under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington (the "State"), the duly adopted and resolutions duly adopted by the Governing Board of the District.

In accordance with RCW 85.38.240, the District provides the following notice: This bond does not constitute a general obligation of the District, but is a special obligation of the District payable only from Assessments deposited into the Bond Fund and amounts, if any, available on deposit in the Guaranty Fund. The owner of this bond does not have any claim for the payment of the principal of or interest on the bond against the District, except for payment from the Bond Fund, the Assessments covenanted to be placed into the Bond Fund, and the Guaranty Fund. The District will not be liable to the owner of this bond for any loss occurring in the lawful operation of the Guaranty Fund. This bond does not constitute an indebtedness of the State, either general or special, nor of Thurston County, Washington (the "County"), either general or special. The owner of this bond will not have any claim against the State or the County arising from this bond. This bond is not subject to acceleration prior to its maturity. The District has no taxing power.

The District hereby covenants to impose, maintain, budget for and cause to be collected the Assessments and to adjust such Assessments from time to time in accordance with the System of Assessment, so that in each year the revenue from the Assessments (net of any collection fees that will be imposed by the County) will be sufficient, together with other funds available in the Bond Fund, to pay when due the principal of and interest on the Bond. The District hereby covenants and agrees with the Registered Owner that it will keep and perform all the covenants of this bond and the Bond Resolution. The provisions of the Bond Resolution are incorporated herein by this reference.

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.

This bond is issued as a single, fully registered bond under and in accordance with the Constitution and laws of the State, the duly adopted ordinance of the County, and the duly adopted resolution of the District. The principal of this bond shall be paid only to the Registered Owner and to no other person or entity. This bond is transferable only upon compliance with the conditions set forth in the Bond Resolution.



It is hereby certified that all acts, conditions, and things required by the Constitution and statutes of the State to exist, to have happened, been done, and performed precedent to and in the issuance of this bond have happened, been done, and performed.

IN WITNESS WHEREOF, Black Lake Special District, Thurston County, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Chair and Secretary of its Board and as of this \_\_\_ day of March, 2021.

BLACK LAKE SPECIAL DISTRICT,  
THURSTON COUNTY, WASHINGTON

By \_\_\_\_\_  
Chair, Governing Board

ATTEST:

\_\_\_\_\_  
Secretary, Governing Board

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_, 2021

This bond is the Special Assessment Bond, 2021 (Taxable) described in the within-mentioned Bond Resolution of the Black Lake Special District, Thurston County, Washington.

WASHINGTON STATE FISCAL  
AGENCY, as Bond Registrar

By \_\_\_\_\_

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the District, in the office of U.S. Bank National Association, as bond registrar (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal and interest on this bond shall be made from the Bond Fund or the Guaranty Fund, made payable

to the last Registered Owner as shown hereon and on the registration books of the Bond Registrar at his/her/its address noted hereon and on the registration books of the Bond Registrar.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 2021	Kitsap Bank 619 Bay Street Port Orchard, WA 98366	_____ Bond Registrar

## CERTIFICATE

I, the undersigned, Secretary of the Governing Board of Black Lake Special District, Washington (the “District”), and keeper of the records of the Governing Board (the “Board”), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 21-01 of the Board (the “Resolution”), duly adopted at a meeting thereof held on the 15th day of March, 2021.

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), 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 15th day of March, 2021.

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Secretary, Governing Board



March 11<sup>th</sup> 2021

Commissioners  
Black Lake Special District  
Black Lake, WA 98052

Thank you for the opportunity to provide financing for the District's borrowing request. Kitsap Bank (the "Bank") has approved the borrowing facility outlined in this commitment letter under the following terms:

1. Borrower: Black Lake Special District (the "District")
2. Amount: Up to \$1,400,000.00 as needed and determined by the District to finance its algae treatment project
3. Form: Fully registered, taxable assessment bond (the "Bond") issued by the District and purchased by the Bank at private sale.
4. Purpose: Provide financing for algae treatment of the Lake's waters.
5. Draw Period: Through the period ending May 31, 2021 (the "Draw Period") the following terms will apply:
  - a. Draw term: The Draw Period will last from the date of closing through May 31, 2021 or earlier as determined necessary by the District to fund the project, during which time the District may request Draws. The District will provide reasonable notice to the Bank of the District's desire to end the Draw Period and enter into the Repayment Period, at which time Draws will no longer be authorized.
  - b. Draws: Draws may be made on the Bond on any business day in an amount of not less than \$50,000. Draw requests need to be received by 11 AM for same day funding. Draws may be requested up to the full amount of the Bond until expiration of the Draw Period
  - c. Payments: Principal and interest will be due semi-annually each June 1<sup>st</sup> and December 1<sup>st</sup> commencing June 1, 2021.
  - d. Interest rate: Interest during the Draw period will be 4.00% per annum calculated on an actual/360 basis.
6. Repayment Period: The Repayment Period will begin on June 1, 2021. The amount of the Bond then outstanding, including unpaid interest, will be repaid according to the following terms:

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- a. Terms: The Bond will mature 20 years from the date of issuance with interest and principal payments due on June 1 and December 1 of each year commencing June 1, 2021 to the maturity or earlier prepayment of the Bonds.
  - b. Interest Rate: Interest will be at a fixed rate of 4.00% per annum on a 30/360 basis
  - c. Security The Bond will be a special assessment obligation of the District. The District will establish a Guaranty Fund of \$100,000. At closing, \$20,000 of District funds will be deposited into the Guaranty Fund. Additionally, no less than \$20,000 will be deposited annually into the Guaranty Fund the following 4 years until fully funded at \$100,000. The District will establish Rates and Charges sufficient to replenish any subsequent deficiencies in the Guaranty Fund within 12 months of the balance falling below the required Minimum. The Minimum will be \$20,000 at closing, increasing by \$20,000 annually up to \$100,000.
- 7. Transferability: The Bank will hold the Bond with no intent to sell or transfer. However, the Bond will include provisions allowing transfer to another qualified purchaser.
  - 8. Prepayment: The District may prepay the Bond, in whole or in part, at any time. The Bank will not charge a prepayment fee on any amounts prepaid by the District.
  - 9. Fees: The Bank will charge a fee of \$750, due at closing. All legal costs incurred by the District for purposes of issuing the Bond will be the responsibility of the District.
  - 10. Additional Terms: The Bond documents will be in the standard forms customarily required by the Bank for municipal funding and may include additional terms and conditions not discussed above. At the date of closing the Bond, the financial condition and credit of the District and all other features of this transaction shall be as represented to the Bank without material adverse change. In the event of adverse material changes in the credit worthiness of the District, including litigation involving or claims filed against the District, any offers or commitments shall terminate upon notice by the Bank. The District will provide the Bank with annual financial statements during the period the Bond is outstanding.
  - 11. Acceptance: This commitment is not binding unless the District returns a signed copy of this commitment via mail or email prior to close of business on March 31, 2021 at which time the commitment will expire without notice. If, after acceptance, the Bond has not closed by April 30, 2021, this commitment will expire without notice.

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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If this commitment is acceptable to the District, please sign and return the enclosed copy. Thank you for the opportunity to work with you.

Sincerely,



Alan K. Crain, CPA  
EVP & Chief Financial Officer

Acknowledged and accepted this \_\_\_\_\_ day of March, 2021

Black Lake Special District

By: \_\_\_\_\_

Title: \_\_\_\_\_

District Tax Identification Number: 91- \_\_\_\_\_