

CENTRALIA SCHOOL DISTRICT NO. 401
LEWIS AND THURSTON COUNTIES, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION BONDS, 2017

RESOLUTION NO. 2017-01

A RESOLUTION of the Board of Directors of Centralia School District No. 401, Lewis and Thurston Counties, Washington, authorizing the issuance and sale of unlimited tax general obligation bonds of the District in the aggregate principal amount of not to exceed \$74,000,000 to provide funds to acquire, construct, equip, modernize and make other capital improvements to the facilities of the District, as authorized by Resolution No. 2016-22 of the Board, and approved by the qualified electors of the District at a special election held therein on February 14, 2017, providing for annual tax levies to pay the principal of and interest on the bonds; and delegating to the Superintendent and/or Executive Director of Fiscal Services of the District the authority to determine the structure of the bonds, approve the interest rates, maturity dates and principal maturities for the bonds under the terms and conditions set forth herein.

ADOPTED: MARCH 15, 2017

PREPARED BY:

K&L GATES LLP
Seattle, Washington

CENTRALIA SCHOOL DISTRICT NO. 401
RESOLUTION NO. 2017-01

Table of Contents*

	Page
Section 1. Definitions.....	2
Section 2. Purpose, Authorization and Description of Bonds	6
Section 3. Registration	7
Section 4. Redemption and Purchase of Bonds	12
Section 5. Form of Bonds	16
Section 6. Execution of Bonds.....	18
Section 7. Pledge of Taxes and Credit	19
Section 8. Defeasance	19
Section 9. Tax Covenants	20
Section 10. Sale of Bonds	22
Section 11. Official Statement	24
Section 12. Application of Bond Proceeds	24
Section 13. Undertaking to Provide Ongoing Disclosure	24
Section 14. Severability	29
Section 15. Effective Date	30

* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this resolution.

RESOLUTION NO. 2017-01

A RESOLUTION of the Board of Directors of Centralia School District No. 401, Lewis and Thurston Counties, Washington, authorizing the issuance and sale of unlimited tax general obligation bonds of the District in the aggregate principal amount of not to exceed \$74,000,000 to provide funds to acquire, construct, equip, modernize and make other capital improvements to the facilities of the District, as authorized by Resolution No. 2016-22 of the Board, and approved by the qualified electors of the District at a special election held therein on February 14, 2017, providing for annual tax levies to pay the principal of and interest on the bonds; and delegating to the Superintendent and/or Executive Director of Fiscal Services of the District the authority to determine the structure of the bonds, approve the interest rates, maturity dates and principal maturities for the bonds under the terms and conditions set forth herein.

WHEREAS, at an election held in Centralia School District No. 401, Lewis and Thurston Counties (the “District”), on February 14, 2017 the number and proportion of the qualified electors of the District required by law for the adoption thereof voted in favor of a proposition authorizing the issuance of unlimited tax general obligation bonds of the District in the aggregate principal amount of not to exceed \$74,000,000 (the “Authorized Bonds”), for the purpose of providing funds to enable the District to acquire, construct, equip, modernize and make necessary capital improvements to its facilities (the “Improvements”) as authorized by Resolution No. 2016-22 (the “Election Resolution”) of the Board of Directors (the “Board”), adopted on November 22, 2016; and

WHEREAS, it is deemed necessary and advisable that the District now issue and sell its unlimited tax general obligation bonds, in the amount of not to exceed \$74,000,000 (the “Bonds”), to provide part of the funds necessary to pay for a portion of the costs of the Improvements; and

WHEREAS, the Board wishes to delegate authority to the Superintendent and/or Executive Director of Fiscal Services of the District (hereinafter defined as the “Designated Representative”), for a limited time, to approve the structure of the Bonds, including the interest rates, maturity dates and principal maturities under such terms and conditions as are approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CENTRALIA SCHOOL DISTRICT NO. 401, LEWIS AND THURSTON COUNTIES, WASHINGTON, as follows:

Section 1. Definitions The following words and terms as used in this resolution shall have the following meanings for all purposes of this resolution, unless some other meaning is plainly intended.

Authorized Bonds means the \$74,000,000 of general obligation bonds authorized pursuant to the Election Resolution.

Board means the Board of Directors of the District, the general governing body of the District, as the same shall be duly and regularly constituted from time to time.

Bond Register means the registration books maintained by the Bond Registrar setting forth the names and addresses of owners of the Bonds in compliance with Section 149 of the Code.

Bond Registrar means the fiscal agent of the State of Washington, initially appointed by the Treasurer for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds. The term ***Bond Registrar*** shall include any successor to the functions of the fiscal agent appointed by the Treasurer pursuant to RCW 39.46.030(3)(b).

Bonds means the Centralia School District No. 401, Lewis and Thurston Counties, Washington, Unlimited Tax General Obligation Bonds, 2017, issued pursuant to this resolution.

Capital Projects Fund means the special fund of the District established pursuant to RCW 28A.320.330(2), into which fund certain proceeds of the Bonds shall be deposited.

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

Debt Service Fund means the regular debt service fund of the District designated as the “Centralia School District No. 401 Debt Service Fund” and maintained in the office of the Treasurer, pursuant to RCW 28A.320.330(3), to provide for tax proceeds, other revenues, and disbursements as authorized by RCW Ch. 39.44.

Designated Representative means the Superintendent or the Executive Director of Fiscal Services of the District.

District means Centralia School District No. 401, Lewis and Thurston Counties, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 hereof or any successor depository.

Election Resolution means Resolution No. 2016-22 of the Board, adopted on November 22, 2016.

EMMA means the MSRB’s Electronic Municipal Market Access system currently located at www.emma.msrb.org.

First Interest Payment Date means the first interest payment date for the Bonds, set forth in the Purchase Contract.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW.

Improvements means the improvements specified in the Election Resolution.

Letter of Representations means the Blanket Issuer Letter of Representations from the District to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through EMMA.

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

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.

Purchase Contract means the bond purchase agreement between the District and the Underwriter provided for in Section 10 of this resolution.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

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

SEC means the United States Securities and Exchange Commission.

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

Underwriter means D.A. Davidson & Co., Seattle, Washington.

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. Purpose, Authorization and Description of Bonds. The District shall now issue and sell its unlimited tax general obligation bonds authorized by the qualified electors of the District at a special election held on February 14, 2017 for the purpose of providing the funds required to undertake the Improvements as authorized by the Election Resolution in the aggregate principal amount not to exceed \$74,000,000. The Bonds shall be designated the “Centralia School District No. 401, Unlimited Tax General Obligation Bonds, 2017” (the “Bonds”), shall be dated as of the date of original issuance and delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable semiannually on the first

days of June and December, commencing on the First Interest Payment Date at rates set forth in the Purchase Contract; and shall mature in the years and in the principal amounts set forth in the Purchase Contract and as approved by the Designated Representative pursuant to Section 10.

Section 3. Registration.

(a) *Bond Registrar/Bond Register.* The District hereby requests that the Treasurer specify and adopt the system of registration and transfer for the Bonds approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The District shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration of transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Treasurer upon prior notice to the Bond Registrar, DTC, each entity entitled to receive notice pursuant to Section 13, and a successor Bond Registrar appointed by the Treasurer. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The District and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 13 of this resolution), and neither the District nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall

be made only as described in Section 3(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the District upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the District has executed and delivered to DTC a Letter of Representations.

Neither the District nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the District to the Bond Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder (except as provided in Section 13), and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the District on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “CEDE & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Designated Representative pursuant to subsection (2) below or such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request from the Designated Representative, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Board to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless such Bond is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to

the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The District covenants that, until all Bonds have been surrendered and cancelled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar;

provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 4. Redemption and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds may be subject to optional redemption prior to their stated maturities as set forth in the Purchase Contract approved by the Designated Representative pursuant to Section 10, provided that the Bonds shall be subject to optional redemption not later than 10 ½ years from date of issuance.

(b) *Mandatory Redemption.* The Bonds may be subject to mandatory redemption prior to their stated maturities as set forth in the Purchase Contract approved by the Designated Representative pursuant to Section 10.

(c) *Selection of Bonds for Redemption.* As long as the Bonds are held in book-entry only form, the selection of Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds within a maturity to be redeemed shall be made as provided in this subsection (c). If the District redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the District and Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of the such Bond at the principal office of the Bond Registrar there

shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized. If Bonds are called for optional redemption, portions of the principal amount of such Bonds, in installments of \$5,000 or any integral multiple of \$5,000, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, of like maturity and interest rate in any denomination authorized by this resolution.

(d) *Purchase of Bonds.* The District also reserves the right to purchase any of the Bonds offered to the District at any time at a price deemed reasonable by the District.

(e) *Notice of Redemption*

(1) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which may be conditional) shall be given by the Bond Registrar on behalf of the District by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds of a series to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,

(C) any condition to an optional redemption,

(D) if fewer than all outstanding Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(E) that (unless the notice of redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the redemption date if and to the extent that any condition has been satisfied and funds have been provided to the Bond Registrar for the redemption of Bonds) on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date (if all conditions to an optional redemption have been met), the District shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(2) Effect of Notice; Bonds Due. Unless the District has revoked a notice of redemption (or unless the District provided a conditional notice and the conditions for redemption set forth therein are not satisfied), official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption

price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same series and maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the District as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive notice pursuant to Section 13, and to the Underwriter or to its business successor, if any, and to such persons and with such additional information as the Designated Representative shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) CUSIP Number. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this

Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
CENTRALIA SCHOOL DISTRICT NO. 401
LEWIS AND THURSTON COUNTIES, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION BOND, 2017

INTEREST RATE:

CUSIP NO.:

MATURITY DATE: DECEMBER 1, ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

CENTRALIA SCHOOL DISTRICT NO. 401, LEWIS AND THURSTON COUNTIES, WASHINGTON (the "District"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2017, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first days of each June and December, commencing on _____ 1, 201_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the District to DTC. Initially, the Lewis County Treasurer, as *ex officio* treasurer of the District (the "Treasurer") has specified and adopted the registration system for the bonds of this issue specified by the State Finance Committee, and the fiscal agent of the State will act as registrar, paying agent and authenticating agent (the "Bond Registrar").

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest, redemption provisions and date of maturity, in the aggregate principal amount of [\$74,000,000], and is issued pursuant to Resolution No. 2017-01 (the “Bond Resolution”) passed by the Board on _____, 2017 to provide funds to acquire, construct, equip, modernize and make other capital improvements to the facilities of the District as authorized by resolution of the Board of Directors and approved by the qualified electors of the District at a special election held on February 14, 2017. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

The bonds of this issue are subject to redemption prior to their scheduled maturities as provided in the Purchase Contract.

The bonds of this issue are 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, including the Bond Resolution.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The District has not designated the bonds of this issue as “qualified tax-exempt obligations” under Section 265(b) of the Code.

The District hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the District without limitation as to rate or amount and in amounts sufficient, with other money legally available therefor, to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Resolution.

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.

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 and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the District may incur.

IN WITNESS WHEREOF, Centralia School District No. 401 has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Board of Directors, and the seal of the District to be impressed, imprinted or otherwise reproduced hereon as of this __15th day of March, 2017.

CENTRALIA SCHOOL DISTRICT
NO. 401, LEWIS AND THURSTON
COUNTIES, WASHINGTON

[SEAL]

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

ATTEST:

By _____ /s/ facsimile _____
Secretary, Board of Directors

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is one of the Unlimited Tax General Obligation Bonds, 2017, of Centralia School
District No. 401, Lewis and Thurston Counties, Washington, dated as of _____, 2017,
as described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT,
Bond Registrar

By _____
Authorized Signer

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

Only such Bonds as shall bear thereon a Certificate of Authentication in the form
hereinbefore recited, 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 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Bonds shall cease to be officer or officers of the District before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the District, such Bonds 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. Any Bond also may 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. Pledge of Taxes and Credit. The District hereby irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the District subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the District are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 8. Defeasance. In the event that money and/or noncallable Government Obligations, which are direct or indirect 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 Bonds in accordance with their 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 of the District for the payment of the principal of and interest on the Bonds so provided for, and such Bonds 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 Bonds shall be deemed not to be outstanding hereunder.

The District shall provide notice of defeasance of Bonds to each party entitled to receive notice if any, in accordance with Section 13 of this resolution.

Section 9. Tax Covenants.

(a) *Arbitrage Covenant.* The District hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the District which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds to be “arbitrage bonds” within the meaning of said section and said Regulations. The District will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

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

(1) More than 10% of the Net Proceeds of the Bonds to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds 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 Bonds are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds 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 of the improvements 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 improvements financed with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use portion of the improvements to which the Private Person Use of such portion of such improvements relates. The District further covenants that it will comply with any limitations on the use of the improvements 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 Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds.

(c) *No Designation under Section 265(b) of the Code.* The bonds of this issue have not been designated by the District as “qualified tax exempt obligations” under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

Section 10. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to the terms of the Purchase Contract. The Designated Representative is authorized to negotiate terms for the purchase of the Bonds and execute the Purchase Contract, with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. This Board has been advised that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Board. 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 final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights. The Designated Representative is hereby authorized to approve the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights (provided that the Bonds shall be subject to optional redemption not earlier than five years from date of issue) for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds in the amount does not exceed \$74,000,000; and (ii) the aggregate true interest cost for the Bonds does not exceed 5.5%.

In determining whether or not to proceed with bond insurance and determining the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with District staff, shall take into account those factors that, in his or her judgment, will result in the overall

lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this Section 10, the Designated Representative is hereby authorized to execute the final form of the Purchase Contract, upon the Designated Representative approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, set forth therein. Following the execution of the Purchase Contract, the Designated Representative shall provide a report to the Board, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 10 shall expire December 31, 2017. If a Purchase Contract for the Bonds has not been executed by December 31, 2017, the authorization for the issuance the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the Board. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds not issued) or may be in the form of an amendatory resolution approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 10.

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 Bonds to the Underwriter and for the proper application and use of the proceeds of sale of the Bonds. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter's discount, the fees and expenses specified in the Purchase Contract, including fees

and expenses of Underwriter and other retained services, including Bond Counsel, rating agencies, fiscal agent, financial advisory services and other expenses customarily incurred in connection with issuance and sale of bonds.

Section 11. Official Statement. The Designated Representative is hereby authorized to review and approve on behalf of the District the preliminary and final Official Statements relative to the Bonds with such additions and changes as may be deemed necessary or advisable to him/her. The Designated Representative is hereby further authorized to deem final the preliminary Official Statement for purposes of the SEC's Rule 15c2-12.

Section 12. Application of Bond Proceeds. From the money derived from the sale of the Bonds:

(a) All or a portion of the original issue premium, if any, designated by the Designated Representative, shall be deposited in the District's Debt Service Fund and shall be used to pay a portion of the interest on the Bonds coming due on the First Interest Payment Date; and

(b) The balance of the net proceeds derived from the Bonds shall be deposited in the Capital Projects Fund and shall be expended solely to pay the cost of issuing and selling the Bonds and the costs of the Improvements authorized by the Election Resolution. None of the proceeds of the Bonds shall be used for the replacement of equipment or for any other than a capital purpose. Proceeds of the Bonds may be invested by the Treasurer at the direction of the District in any legal investment for funds of Districts in the State of Washington.

Section 13. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the District's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The District agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing in 2018 for the fiscal year ended August 31, 2017):

1. Annual financial statements, which statements maybe or may not be audited, showing ending fund balances for the District’s general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Superintendent of Public Instruction and the Washington State Auditor under RCW 28A.505.020, RCW 28A.505.090, RCW 28A.505.140 and RCW 43.09.200 (or any successor statutes) and generally of the type included in the official statement for the Bonds under the heading “Historical and Budgeted General Fund and Debt Service Fund Operating Results”;

2. The assessed valuation of taxable property in the District;

3. Ad valorem taxes due;

4. Property tax levy rates per \$1,000 of assessed valuation; and

5. Outstanding general obligation debt of the District.

The information and data described above shall be provided on or before nine months after the end of the District’s fiscal year. The District may adjust such date if the District changes its fiscal year by providing written notice of the change of fiscal year and the new reporting date to the MSRB. In lieu of providing such annual financial information and operating data, the District may cross-reference to other documents available to the public on the MSRB’s internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the District shall provide the District's audited annual financial statement prepared in accordance with regulations prescribed by the State Auditor pursuant to chapter 43.09.200 RCW (or any successor statutes), when and if available, to the MSRB.

(c) *Listed Events.* The District agrees to provide notice of the following events not in excess of ten business days after the occurrence of the event:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the District;
- The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this undertaking, the District advises that there is no property securing repayment of the Bonds, and there is no debt service reserve fund or account for the Bonds, as the District lacks legal authority for either measure. If further changes in the law permit such measures, and if the District subsequently chooses to establish such reserves or provide such property as security for the Bonds, the District will provide notice of such establishment or provision and undertake to provide notices of material events relating thereto, should such events occur.

(d) *Notification Upon Failure to Provide Financial Data.* The District agrees to provide or cause to be provided, in a timely manner to the MSRB, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The District's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the District (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies the MSRB of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the District may amend this Section 13 and any provision of this Section 13 may be waived with an approving opinion of nationally recognized bond counsel.

In the event of any amendment of or waiver of a provision of this Section 13, the District shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (I) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (II) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if practical, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* A Bond owner's right to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the District's obligations hereunder, and any failure by the District to comply with the provisions of

this undertaking shall not be an event of default with respect to the Bonds under this resolution. For purposes of this section, “beneficial owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding the Bonds through nominees or depositories.

Section 14. Severability. If any one or more of the covenants and 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 Bonds.

Section 15. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Centralia School District No. 401, Lewis and Thurston Counties, Washington, at a regular meeting thereof held this 15th day of March, 2017.

CENTRALIA SCHOOL DISTRICT NO. 401 LEWIS
AND THURSTON COUNTIES, WASHINGTON

President and Director

Director

Director

Director

Director

ATTEST:

Secretary, Board of Directors

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors (the “Board”) of Centralia School District No. 401, Lewis and Thurston Counties, Washington and keeper of the records of the District, DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2017-01 of the District (the “Resolution”), as finally adopted at a regular meeting of the Board held on March 15, 2017, and duly recorded in my office.

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 quorum of the Board was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption or passage of said 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, 2017.

Secretary of the Board