

EPHRATA SCHOOL DISTRICT NO. 165/55J
GRANT AND DOUGLAS COUNTIES, WASHINGTON

RESOLUTION NO. 2023-2024-3

A RESOLUTION of the Board of Directors of Ephrata School District No. 165/55J, Grant and Douglas Counties, Washington, finding, declaring and directing that certain state and local circumstances should cause alterations to the specific expenditures from the District's State of Washington financing assistance originally authorized in Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10; and providing for related matters.

ADOPTED: DECEMBER 18, 2023

This document prepared by:

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BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EPHRATA SCHOOL DISTRICT NO. 165/55J, GRANT AND DOUGLAS COUNTIES, WASHINGTON, as follows:

Section 1. Findings and Determinations. The Board of Directors (the "Board") of Ephrata School District No. 165/55J, Grant and Douglas Counties, Washington (the "District") takes note of the following facts and makes the following findings and determinations:

(a) On November 5, 2018, the Board adopted Resolution No. 2018-19-3, providing for the submission to the District's voters at a special election on February 12, 2019 (the "2019 Election"), of a ballot proposition authorizing the District to issue its general obligation bonds in the principal amount of no more than \$27,893,000 (the "Bonds") to pay costs to "construct a classroom addition at Columbia Ridge; make District-wide safety and security improvements; replace roofs at Columbia Ridge, Grant, Middle and High Schools; construct 3 new multipurpose gymnasiums (Columbia Ridge, Grant and Middle School); renovate the Performing Arts Center and gymnasium" (collectively, the "Projects"). Resolution No. 2018-19-3, which was incorporated by reference in the ballot proposition, further defined the Projects in Section 2.

(b) Section 7 of Resolution No. 2018-19-3 provided that the District may receive money from the State of Washington as state financing assistance under chapter 28A.525 RCW with respect to the Projects (the "State Financing Assistance") and that the State Financing Assistance must be used, when and in such amounts as it may become available, to carry out and accomplish the Projects.

(c) In addition to the statutory authority to alter expenditures described in RCW 28A.530.020(2), Section 8 of Resolution No. 2018-19-3 also provided: "If the Board shall subsequently determine that state or local circumstances, including, but not limited to, changed conditions or needs, regulatory considerations or incompatible development, should cause any alteration to the *specific expenditures from the Bond Proceeds or the State Financing Assistance* for the Projects, the District shall not be required to accomplish the Projects and may apply the Bond Proceeds or State Financing Assistance (or both or any portion of each) to: (a) other portions of the Projects; (b) acquire, construct, install, equip and make other capital improvements to the District's facilities; *or (c) retire and/or defease a portion of the Bonds or other outstanding bonds of the District*, all as the Board may determine by resolution after holding a public hearing thereon pursuant to RCW 28A.530.020." (Emphasis added.)

(d) At the 2019 Election, the District's voters approved the Bonds.

(e) Prior to the issuance of the Bonds, it was determined that the District would be eligible for significantly more State Financing Assistance than originally anticipated. As a result, the District

anticipated that Bond Proceeds and State Financing Assistance would be available to pay costs of other substantial capital improvements to the District's facilities. On April 29, 2019, after notice and public hearing in accordance with Resolution No. 2018-19-3, and RCW 28A.530.020(2), the Board adopted Resolution No. 2018-19-10, which amended Resolution No. 2018-19-3 and authorized the District to use Bond Proceeds and the State Financing Assistance "to pay costs of fully modernizing existing school buildings at Columbia Ridge Elementary, Grant Elementary and Ephrata Middle Schools in addition to and in conjunction with the other capital improvements originally authorized in Resolution No. 2018-19-3 for these schools." Accordingly, the term "Projects" as used in this resolution includes the capital improvements authorized in Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10.

(f) On June 25, 2019, the District issued, sold and delivered the Bonds using the entire voter authorization of \$27,893,000.

(g) Based on review and analysis, District Administration has provided a recommendation to the Board as to whether state and local circumstances should cause alterations to the specific expenditures from State Financing Assistance, which is on file with the District and incorporated by this reference (the "Recommendation").

(h) As detailed in the Recommendation, since the adoption of Resolution No. 2018-19-3, the 2019 Election, Resolution No. 2018-19-10 and the issuance of the Bonds, the following state and local circumstances have occurred related to the specific expenditures from State Financing Assistance (collectively, "State and Local Circumstances"):

(i) Due to significantly higher costs than originally budgeted and the lack of additional available money, it is impractical for the District to modernize Grant Elementary School and renovate the Performing Arts Center and gymnasium, thereby resulting in approximately \$6,200,000 of unspent State Financing Assistance (the "Unspent State Financing Assistance").

(ii) Debt service on the outstanding Bonds may be reduced through a legal defeasance of a portion of such Bonds, thereby achieving a savings to the District and a corresponding reduction of future excess property taxes for District taxpayers.

(i) In view of the foregoing and after research and analysis, the Recommendation proposes, after satisfaction of the public hearing requirements contained in Resolution No. 2018-19-3 and RCW 28A.530.020, that the District:

(i) *Alter* the specific expenditures from State Financing Assistance for the Projects, all as originally authorized by Resolution Nos. 2018-19-3 and 2018-19-10, to permit the District to use Unspent State Financing Assistance to pay principal of and interest on (*i.e.*, legally defease) a portion of the outstanding Bonds (the "Defeasance"); and

(ii) *Adopt a new resolution* that amends Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10, to incorporate the Defeasance.

(j) Pursuant to Resolution No. 2018-19-3 and RCW 28A.530.020(2), the Board determined by Resolution No. 2023-2024-1, adopted by the Board on November 13, 2023, to: (i) after providing adequate public notice, conduct a public hearing on November 27, 2023 (the "Public

Hearing”) to consider whether the State and Local Circumstances should cause the District to carry out the Defeasance; and (ii) take under advisement any such testimony concerning whether the Board should, at a future public meeting of the Board, adopt a new resolution that amends Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10, to incorporate the Defeasance, in such manner as shall be found appropriate, taking into account the State and Local Circumstances and any public testimony presented at the Public Hearing.

(k) Notice of the Public Hearing was given by advance publication in *The Columbia Basin Herald*, a newspaper of general circulation within the District.

(l) The Public Hearing was held on November 27, 2023, wherein the District’s Superintendent (i) described the State and Local Circumstances and the Defeasance and (ii) introduced into the record the Recommendation and certain exhibits. Further, the public was given the opportunity to speak, and all who wished to speak were heard.

(m) In addition to the Recommendation, the exhibits and other evidence received at the Public Hearing, the Board has also considered the following objectives with respect to the Defeasance: (i) promoting the best interest of the District, its students and taxpayers, and the community; and (ii) such other criteria as the Board may determine appropriate.

Section 2. Alterations Approved and Ordered. After due consideration, and being fully informed and advised, the Board finds and declares that it is in the best interest of the District, its students and taxpayers, and the community, that the specific expenditures from the State Financing Assistance originally authorized by Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10, should be and they are hereby altered to permit the District to use the Unspent State Financing Assistance to carry out and accomplish the Defeasance as defined herein.

It is hereby ORDERED that Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10, is amended to incorporate the Defeasance. Except as so amended, Resolution No. 2018-19-3, as amended by Resolution No. 2018-19-10, shall remain in full force and effect.

Section 3. Execution; General Authorization and Ratification. This resolution may be executed by the Directors being present and voting in favor of the resolution, or only the President of the Board (the “President”), and attested by the Secretary to the Board (the “Secretary”), in tangible medium, manual, facsimile or electronic form under any security procedure or platform, and notwithstanding any other District resolution, rule, policy or procedure, or in any other manner evidencing its adoption. The Secretary, the President, the District’s Executive Director of Finance and Operations, other appropriate officers of the District and the District’s special counsel, Foster Garvey P.C., are severally authorized and directed to take such actions and to create, accept, execute, send, use and rely upon such tangible medium, manual, facsimile or electronic documents, records and signatures under any security procedure or platform, and notwithstanding any other District resolution, rule, policy or procedure, as in their judgment may be necessary or desirable to effectuate the provisions of this resolution. All actions taken prior to the effective date of this resolution in furtherance thereof and not inconsistent with the provisions of this resolution are ratified and confirmed in all respects.

Section 4. Effective Date. This resolution takes effect from and after its adoption.

ADOPTED by the Board of Directors of Ephrata School District No. 165/55J, Grant and Douglas Counties, Washington, at a regular open public meeting held this 18th day of December, 2023.

EPHRATA SCHOOL DISTRICT NO. 165/55J
GRANT AND DOUGLAS COUNTIES,
WASHINGTON

President and Director

Vice President and Director

Director

Director

Director

ATTEST:

TIMOTHY A. PAYNE
Secretary to the Board of Directors

CERTIFICATION

I, TIMOTHY A. PAYNE, Secretary to the Board of Directors (the “Board”) of Ephrata School District No. 165/55J, Grant and Douglas Counties, Washington (the “District”), hereby certify as follows:

1. The foregoing Resolution No. 2023-2024-3 (the “Resolution”) is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Board of Directors of the District (the “Board”) held at the regular meeting place on December 18, 2023 (the “Meeting”), as that Resolution appears in the records of the District, and the Resolution is now in full force and effect; and

2. The Meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law, a quorum of the members of the Board was present throughout the Meeting, and a sufficient number of members of the Board present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of December, 2023.

EPHRATA SCHOOL DISTRICT NO. 165/55J
GRANT AND DOUGLAS COUNTIES,
WASHINGTON

TIMOTHY A. PAYNE
Secretary to the Board of Director