

# FOSTER PEPPER P.L.L.C.

August 7, 2017

Honorable Board of Directors  
Sequim School District No. 323  
503 N. Sequim Ave.,  
Sequim, WA 98382-3161

**Re: Bond Counsel Engagement Letter Regarding the Issuance of Limited General  
Obligation Bond, 2017**

Honorable Board of Directors:

We greatly appreciate the opportunity to continue to serve as bond counsel to Sequim School District No. 323, Clallam and Jefferson Counties, Washington (the "District"). The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the District in connection with the issuance of the above-referenced bond (the "Bond"). We understand that the Bond will be issued to finance costs of renovating and expanding the District's Central Kitchen Facility, and carrying out other purposes authorized by RCW 28A.530.080. We also understand that the Bond will likely be sold to Zions Bank, N.A (the "Purchaser") through a private placement.

## SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties: (i) subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion") regarding the validity and binding effect of the Bond, the source of payment and security for the Bond, and the federal income tax treatment of interest on the Bond; (ii) prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bond, and coordinate the authorization and execution of such documents; and (iii) review legal issues relating to the structure of the Bond.

Our Bond Opinion will be addressed to the District and will be delivered by us on the date the Bond is exchanged for their purchase price (the "Closing"). The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the District after the Bond is issued with applicable laws relating to the Bond. During the course of this engagement, we will rely on the District to provide us with complete and timely information on all developments pertaining to any aspect of the Bond and its security. We understand that officials and employees of the District will cooperate with us in this regard.

### **ATTORNEY-CLIENT RELATIONSHIP**

Upon execution of this engagement letter, the District will be our client and an attorney-client relationship will exist between us. In this transaction we represent only the District, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel regarding the Bond are limited to those contracted for in this letter. The District's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the District regarding the Bond will be concluded upon issuance of the Bond. Nevertheless, subsequent to Closing, we will prepare mail the applicable Internal Revenue Service Form 8038, and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bond.

### **CONFLICTS**

We represent many political subdivisions, companies and individuals. It is possible that during the time that we are representing the District, one or more of our present or future clients will have transactions with the District. It is also possible that we may be asked to represent, in an *unrelated* matter, one or more of those types of clients. For example, from time to time we represent bond purchasers, neighboring governments, or we assist developers in land use or environmental matters. We do not foresee, however, that any such prior or future representation will adversely affect our ability to represent the District as provided in this letter, either because such matters were or will be sufficiently different from the issuance of the Bond so as to make such representations not adverse to our representation of the District, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bond. Execution of this letter will signify the District's consent to our representation of others consistent with the circumstances described in this paragraph. To the extent we believe such future representation may adversely affect our representation of the District, we will disclose such representation to the District and, if required by ethical rules, seek the appropriate District consent. However, the District's consent to our representation of other clients as described in this paragraph does not extend to our Firm's lawyers representing a client in any litigation or similar dispute adverse to the District before any court or similar forum. A separate waiver would need to be sought, based on the facts of the relevant dispute.

### **FEES**

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bond; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee (including out-of-pocket costs) will be \$14,100. Our fee may increase: (i) if the principal amount of the Bond is significantly greater than the current estimate of \$3,500,000; (ii) if material changes in the structure or schedule of the financing occur; or (iii) if unusual or unforeseen circumstances arise that require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimate, we will advise the District. Our fees will be paid at the time of Closing of the Bond. The Board hereby authorizes the Purchaser to deduct our fee from the price paid to the District for the Bond and to pay the fee directly to us *via* wire transfer. The Board consents to payment of our fee in

this manner. ***Payment of our fee is contingent on a successful Closing of the Bond.*** If for any reason, however, the financing represented by the Bond is completed without the delivery of our Bond Opinion as bond counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates for time actually spent on the District's behalf; provided that, (i) we submit a billing statement to the District that describes the time, legal services and expenses incurred on the District's behalf, and (ii) such compensation shall not exceed the amount of the fee that would have been paid had the Bond closed with our Bond Opinion.

### **RECORDS**

Upon request, papers and property furnished by the District will be returned promptly. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable to the Board, please approve this letter at an open public meeting, have two duplicate copies of this letter executed by the Secretary to the Board, and return one original to me. The other original should be retained for the District's files. We look forward to working with you again. Thank you.

Sincerely,

FOSTER PEPPER PLLC



James P. McNeill III

The terms of engagement set forth herein are accepted and approved this 7<sup>th</sup> day of August, 2017.

SEQUIM SCHOOL DISTRICT NO. 323  
CLALLAM AND JEFFERSON COUNTIES, WASHINGTON

By: \_\_\_\_\_  
Gary Neal, Superintendent and  
Secretary to the Board