

EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2007

RESOLUTION NO. 886

A RESOLUTION of the Board of Directors of Everett School District No. 2, Snohomish County, Washington, providing for the issuance and sale of unlimited tax general obligation and refunding bonds of the District in the aggregate principal amount of \$99,520,000 for the purpose of providing funds required to construct, equip, acquire and make 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 therein on February 7, 2006, and for the purpose of refunding certain outstanding unlimited tax general obligation bonds of the District; providing and authorizing the purchase of certain acquired obligations with the proceeds of the sale of a portion of such bonds and for the use and application of the money derived from such investments; providing for the redemption of the outstanding bonds to be refunded; providing the date, form, terms and maturities of the bonds to be issued and for annual tax levies to pay the principal thereof and interest thereon; and approving the sale of such bonds.

APPROVED ON JULY 10, 2007

PREPARED BY:

K&L PRESTON GATES ELLIS LLP

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RESOLUTION NO. 886

A RESOLUTION of the Board of Directors of Everett School District No. 2, Snohomish County, Washington, providing for the issuance and sale of unlimited tax general obligation and refunding bonds of the District in the aggregate principal amount of \$99,520,000 for the purpose of providing funds required to construct, equip and, acquire 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 therein on February 7, 2006, and for the purpose of refunding certain outstanding unlimited tax general obligation bonds of the District; providing and authorizing the purchase of certain acquired obligations with the proceeds of the sale of a portion of such bonds and for the use and application of the money derived from such investments; providing for the redemption of the outstanding bonds to be refunded; providing the date, form, terms and maturities of the bonds to be issued and for annual tax levies to pay the principal thereof and interest thereon; and approving the sale of such bonds.

WHEREAS, at an election held in Everett School District No. 2, Snohomish County, Washington (the "District") on February 7, 2006, 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 bonds of the District in the aggregate principal amount of \$198,900,000 ("Bond Authorization") to provide funds to pay part of the cost of constructing, equipping, acquiring and making other capital improvements to the facilities of the District as authorized by Resolution No. 842, adopted on November 22, 2005 (the "Election Resolution") by the Board of Directors of the District (the "Board"); and

WHEREAS, a first series of such authorized bonds, in the aggregate principal amount of \$75,000,000 was issued under date of July 6, 2006, pursuant to Resolution No. 853 of the Board adopted on June 20, 2006; and

WHEREAS, it is deemed necessary and advisable that the District now issue and sell the second series of such authorized bonds, in the amount of \$75,000,000, to provide part of the

funds necessary to construct, equip, acquire and make other capital improvements approved by the Election Resolution (the "Improvement Bonds"); and

WHEREAS, the District now has outstanding \$39,875,000 aggregate principal amount of its Unlimited Tax General Obligation Bonds, Series 2002, issued under date of July 1, 2002, pursuant to Resolution No. 750 approved by the Board on June 20, 2002 (the "2002 Bond Resolution"), in the original aggregate principal amount of \$50,000,000 (the "2002 Bonds"), which remain outstanding as follows:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2009	\$ 3,100,000	4.000%
2010	6,000,000	4.000
2011	2,600,000	4.000
2012	3,175,000	4.100
2013	1,000,000	4.125
2014	4,000,000	5.750
2015	10,000,000	5.500
2016	10,000,000	5.500

; and

WHEREAS, the 2002 Bond Resolution authorizes the redemption of the outstanding 2002 Bonds maturing on and after December 1, 2013 (the "Refunded Bonds"), in advance of their scheduled maturity in whole or in part on any date on and after June 1, 2012, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, after due consideration it appears to this Board that the Refunded Bonds may be defeased and refunded by the proceeds of a series of refunding bonds in the principal amount of \$24,520,000 authorized herein (the "Refunding Bonds") at a substantial savings to the District and its taxpayers; and

WHEREAS, it appears to the Board that it is in the best interest of the District that the Improvement Bonds and the Refunding Bonds be combined into a single issue of unlimited tax general obligation and refunding bonds in the aggregate principal amount of \$99,520,000 (the "Bonds"); and

WHEREAS, the District has received the offer to purchase the Bonds from UBS Securities LLC, Seattle, Washington on behalf of itself and Citigroup Global Markets Inc., Seattle, Washington, which offer this Board finds acceptable;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, as follows:

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

Acquired Obligations means the Government Obligations acquired by the District under the terms of this resolution and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds.

Beneficial Owner means the beneficial owner of all or a portion of a Bond while such Bond is in fully immobilized form.

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

Bond Insurance Policy means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

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

Bond Registrar means the registrar appointed from time to time by the Treasurer, initially, the fiscal agency of the state of Washington, 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.

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

Bonds means the \$99,520,000 of Everett School District No. 2, Snohomish County, Washington Unlimited Tax General Obligation and Refunding Bonds, 2007, dated as of the date of delivery, issued pursuant to this resolution, consisting of the Improvement Bonds and the Refunding Bonds.

Call Date means June 1, 2012, with respect to the Refunded Bonds.

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 Improvement Bonds shall be deposited.

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

Commission means the Securities and Exchange Commission.

Credit Enhancement Program means the program for guaranteeing voter-approved school district general obligation bonds established by Senate Joint Resolution 8206 of the 1999 State Legislature, codified as chapter 39.98 RCW.

Debt Service Fund means the fund of the District designated as the “Everett School District No. 2 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 chapter 39.44 RCW.

Designated Representative means the Superintendent or the Associate Superintendent of Finance and Operations of the District.

District means Everett School District No. 2, Snohomish County, 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.

Election Resolution means Resolution No. 842, adopted by the Board on November 22, 2005.

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

Escrow Agent means Wells Fargo Bank, National Association, Portland, Oregon.

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

Improvement Bonds means the \$75,000,000 new money portion of the Bonds issued pursuant to this resolution for purposes authorized by the Election Resolution.

Insurer means Financial Guaranty Insurance Company, a New York stock insurance company, as issuer of a Bond Insurance Policy for the Bonds.

Letter of Representations means a blanket issuer letter of representations from the District to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

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.

NRMSIR means a nationally recognized municipal securities information repository.

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.

Refunded Bonds means the 2002 Bonds maturing on and after December 1, 2014.

Refunding Bonds means the \$24,520,000 portion of the Bonds issued pursuant to this resolution for the purpose of refunding the Refunded Bonds.

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.

Registrar means the registrar, paying agent and authenticating agent appointed from time to time by the Treasurer, initially, the fiscal agency of the state of Washington, 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.

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

SID means a state information depository, if any, for the state of Washington.

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

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

2002 Bond Resolution means Resolution No. 750 adopted by the Board on June 20, 2002.

2002 Bonds means the Unlimited Tax General Obligation Bonds, Series 2002, of the District dated July 1, 2002 and presently outstanding in the aggregate principal amount of \$39,875,000.

Underwriters means UBS Securities LLC, Seattle, Washington and Citigroup Global Markets Inc.

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

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

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

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

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

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

Section 2. Authorization of Bonds. The District shall now issue and sell \$75,000,000 (the “Improvement Bonds”), being a second series of the unlimited tax general obligation bonds authorized by the qualified electors of the District held at a special election on February 7, 2006 for the purpose of providing funds to pay the cost of constructing, equipping, acquiring and

making other capital improvements to the facilities of the District as authorized by the Election Resolution.

For the purpose of refunding the Refunded Bonds and thereby effecting a substantial savings to the District and its taxpayers, the District shall issue and sell its unlimited tax general obligation refunding bonds in the aggregate principal amount of \$24,520,000 (the "Refunding Bonds").

The Improvement Bonds and the Refunding Bonds shall be combined and sold as a single issue and shall be designated as the "Everett School District No. 2, Snohomish County, Washington Unlimited Tax General Obligation and Refunding Bonds, 2007" (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 shall bear interest from their date payable on the first days of each June and December, commencing on December 1, 2007, at the following per annum interest rates and mature on the following dates in the following principal amounts:

<u>Maturity Dates</u>	<u>Principal Amounts¹</u>	<u>Interest Rates</u>
12/01/2007	\$ 2,585,000	4.250 %
12/01/2007	245,000-R	4.250
12/01/2008	1,950,000	4.250
12/01/2008	150,000-R	4.250
12/01/2009	6,000,000	5.000
12/01/2009	160,000-R	5.000
12/01/2014	3,955,000-R	5.000
06/01/2015	5,015,000-R	4.250
12/01/2015	5,015,000-R	5.625
06/01/2016	4,990,000-R	4.375
12/01/2016	1,360,000	5.000
12/01/2016	4,990,000-R	5.000
12/01/2017	3,000,000	4.500
12/01/2017	5,040,000	5.000
12/01/2018	5,895,000	5.000
12/01/2019	14,230,000	5.000
12/01/2020	11,195,000	5.000
12/01/2021	23,745,000	5.250

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 state fiscal agency. 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 14 of this resolution, 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

¹ Principal amounts designated with an “-R” represent Refunding Bonds. The remaining principal amounts represent Improvement Bonds.

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 14 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 14), 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, redemption provisions 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, redemption provisions 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 each 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 maturing on or after December 1, 2018, are subject to redemption at the option of the District on or after December 1, 2017, in whole or in part at any time (maturities to be selected by the District) at a price of par plus accrued interest to the date of redemption.

(b) *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 book-entry form, the selection of such Bonds within a maturity to be redeemed shall be made as

provided in this subsection (b). 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, redemption provisions 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, redemption provisions and interest rate in any denomination authorized by this resolution.

(c) *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.

(d) *Notice of Redemption*

(1) Official Notice. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any such redemption 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, postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds 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) if fewer than all outstanding Bonds 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,
- (D) that 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
- (E) 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, 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. If an unconditional notice of redemption has been given, 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 maturity, redemption provisions and interest rates 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 may 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 35 days before the redemption date to the Insurer, each party entitled to receive notice pursuant to Section 14 of this resolution, and to the Underwriters or to their 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) 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:

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

Payment of principal of and interest on this bond, when due, is guaranteed by the full faith, credit and taxing power of the STATE OF WASHINGTON under the provisions of the Washington State School District Credit Enhancement Program.

STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2007 (the "Bonds"), such policy being on file at the principal office of the Bond Registrar, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal or accreted value (if applicable) of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to principal or accreted value (if applicable), the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal or accreted value (if applicable) of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal, accreted value or interest (as applicable) has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the borrower(s) of bond proceeds who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

FINANCIAL GUARANTY INSURANCE COMPANY

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BOND, 2007

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH 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, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from July 24, 2007 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 December 1, 2007. 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. The fiscal agency of the state of Washington is acting as the registrar, authenticating agent and paying agent for the bonds of this issue (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 \$99,520,000 (the "Bonds"), and is issued pursuant to Resolution No. 886 (the "Bond Resolution") passed by the Board on July 10, 2007 to provide funds to construct, equip, acquire 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 7, 2006, and to refund certain outstanding unlimited tax general obligation bonds of the District. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

The bonds of this issue are subject to optional redemption as provided in the Bond Resolution.

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 of Directors, 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 bonds of this issue are not "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

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 monies 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 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.

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 an 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 may also be signed and attested on behalf of the District by such persons who are at the actual date of delivery of such Bond the proper officers of the District although at the original date of such Bond any such person shall not have been such officer of the District.

Section 7. Refunding Plan; Application of Refunding Bond Proceeds.

(a) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the taxpayers of the District, the Board proposes to issue the Refunding Bonds for the purpose of providing for the payment of the principal of and interest on and the redemption price of the Refunded Bonds.

(b) *Accrued Interest.* Interest accrued on the Refunding Bonds, if any, from their date to the date of issuance shall be deposited in the Debt Service Fund and shall be used to pay interest on the Bonds coming due on December 1, 2007.

(c) *Refunding Proceeds.* The net proceeds of sale of the Refunding Bonds in the dollar amount certified by the District to the Escrow Agent shall be delivered to the Escrow Agent for the purpose of defeasing the Refunded Bonds and paying related costs of issuance.

Money received by the Escrow Agent from the Refunding Bond proceeds and other money provided by the District shall be used immediately by the Escrow Agent upon receipt thereof in accordance with the terms of the Escrow Agreement to defease the Refunded Bonds as authorized by the 2002 Bond Resolution , and to pay costs of issuance of the Refunding Bonds. The District shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent to purchase certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment:

(1) interest on the Refunded Bonds coming due on each date on which interest is due and payable, to and including the Call Date; and

(2) the redemption price of the Refunded Bonds (100% of the principal amount thereof) on the Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(d) *Appointment of Escrow Agent.* Wells Fargo Bank, National Association, Portland, Oregon, is hereby appointed to act as the escrow agent (the "Escrow Agent"). The net Refunding Bond proceeds designated in the foregoing subsection shall be transferred to the Escrow Agent in order to implement the refunding plan. A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of the Refunding Bonds remaining after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance

shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Refunding Bonds and/or returned to the District for the payment of such expenses.

Section 8. Call For Redemption of Refunded Bonds and Escrow Agreement.

(a) *Call For Redemption of the Refunded Bonds.* The District hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Refunding Bonds to make the payments described in Section 7 of this resolution.

The District hereby irrevocably calls the Refunded Bonds for redemption on the Call Date, in accordance with terms of the 2002 Bond Resolution.

Said defeasance and call for redemption of the Refunded Bonds shall be effective and irrevocable after the final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of the 2002 Bond Resolution. The Designated Representative is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notices shall be an expense of the District.

The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 7 of this resolution. All such sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this resolution, and the income therefrom and proceeds thereof. All moneys and Acquired Obligations deposited with said bank and any income therefrom shall be credited to an escrow account and held,

invested (but only at the direction of the Treasurer) and applied in accordance with the provisions of this resolution and with the laws of the State of Washington for the benefit of the District and owners of the Refunded Bonds.

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

(b) *Escrow Agreement.* The Designated Representative is authorized and directed to execute and deliver to the Escrow Agent an Escrow Deposit Agreement substantially in the form attached to this resolution as Exhibit A, with such changes or modifications as the Designated Representative, with the advice of bond counsel to the District, consider necessary or advisable.

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

Section 9. 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 10. Defeasance. In the event that money and/or Government Obligations, which are direct obligations of 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.

Within 60 days of any defeasance of Bonds the Registrar shall provide notice of defeasance of Bonds to the Insurer, the Registered Owners and to each party entitled to receive notice if any, in accordance with Section 14 of this resolution.

Section 11. 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 the Regulations promulgated thereunder. 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, (A) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects financed or refinanced with Bond proceeds, and (B) 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 projects to which the Private Person Use of such portion of such projects relates. The District further covenants that it will comply with any limitations on the use of the projects being financed or refinanced with the proceeds of the Bonds 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).* The Bonds are not “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 12. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriters, under the terms and conditions thereof as provided in the purchase contract presented to this Board and in this resolution. Said purchase contract is hereby in all respects accepted and approved, and the Secretary of the Board is authorized and directed to execute the purchase contract on behalf of the District.

The President and Secretary of the Board of Directors are 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 them. The Preliminary Official Statement dated June 29, 2007 is hereby approved and deemed final for purposes of Securities and Exchange Commission Rule 15c2-12. The proper District officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to said purchaser and for the proper application and use of the proceeds of sale thereof.

Section 13. Application of Bond Proceeds. From the money derived from the sale of the Bonds;

(a) Any net premium on the Bonds shall be used to pay all or a portion of the costs of issuing and selling the Bonds; the remainder of the net premium allocable to the Improvement Bonds to be deposited in the Debt Service Fund and used to pay a portion of the interest on the Improvement Bonds coming due on the interest payment date occurring in December 2007; the remainder of the net premium allocable to the Refunding Bonds shall be deposited with the Escrow Agent to provide part of the funds required to implement the refunding plan described in Section 7 of this resolution;

(b) the balance of the proceeds of the Improvement Bonds shall be deposited in the Capital Projects Fund and shall be expended solely to pay the allocable cost of issuing and selling the Improvement Bonds and providing funds to construct, equip and acquire other capital improvements to the facilities of the District as authorized by resolution of the Board of Directors as authorized by the Election Resolution; and

(c) the balance of the proceeds of the Refunding Bonds shall be delivered to the Escrow Agent as provided in Sections 7 and 8 of this resolution.

At the option of the District, the proceeds of the Bonds required to pay all costs of issuance may be deposited with the Escrow Agent for purposes of disbursing costs of issuance.

None of the proceeds of the Improvement Bonds shall be used for the replacement of equipment or for any other than a capital purpose.

Proceeds of the Improvement Bonds may be invested by the Treasurer at the direction of the District in any legal investment for funds of school districts in the state of Washington.

Section 14. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the District's written undertaking for the benefit of the owners (including Beneficial 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 each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2008 for the fiscal year ended August 31, 2007):

1. Annual financial statements showing ending fund balances prepared in accordance with regulations prescribed by the Superintendent of Public Instruction and the State Auditor pursuant to RCW 28A.505.020, RCW 28A.505.090, RCW 28A.505.140 and RCW 43.09.200 (or any successor statutes) from time to time and generally of the type included in the official statement for the Bonds under the headings "Comparative Statement of General Fund Revenues and Expenditures"

2. The assessed valuation of taxable property in the District;
3. Property taxes due and property taxes collected;
4. Property tax levy rates per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the District.

Such annual information and operating data described above shall be so provided on or before the expiration of 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 each then existing NRMSIR and the SID, if any. In lieu

of providing such annual financial information and operating data, the District may cross-reference to other documents provided to the NRMSIR's, the SID or to the Commission 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 Superintendent of Public Instruction and the State Auditor pursuant to RCW 28A.505.020, RCW 28A.505.090, RCW 28A.505.140 and RCW 43.09.200 (or any successor statutes), when and if available, to each then existing NRMSIR and the SID, if any.

(c) *Material Events.* The District agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR notice of the occurrence of any of the following events with respect to the Bonds, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults;
- 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 or events affecting the tax-exempt status of the Bonds;
- Modifications to rights of owners;

- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds; and
- Rating changes.

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 each NRMSIR and to the SID, if any, 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) *Termination/Modification.* The District's obligations to provide annual financial information and notices of material events shall terminate upon the 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 each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the District may amend this Section 14 and any provision of this Section 14 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 14, 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 material 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.

(f) *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.

(g) *No Default.* The District is not and has not been in default in the performance of its obligations of any prior undertaking for ongoing disclosure with respect to its bond obligations.

(h) DisclosureUSA. The District may elect to submit the information required by this Section 14 to be filed with the NRMSIRs and the SID, if any, directly to DisclosureUSA.org unless or until the Commission withdraws its approval of this submission process.

Section 15. Credit Enhancement Program. The Board by Resolution No. 884 and the Election Resolution has requested that the State Treasurer issue a certificate of eligibility in favor of the District for participation by the District in the Credit Enhancement Program with respect to the Bonds, and has authorized and directed the Superintendent to submit such applications, resolutions and certifications as shall be required by the State Treasurer in review of the District's request for participation. The State Treasurer has issued a certificate of eligibility in favor of the District for participation by the District in the Credit Enhancement Program with respect to the Bonds.

Section 16. Bond Insurance. In accordance with the offer of the Underwriters to purchase the Bonds, the Board hereby approves the commitment of the Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds (the "Bond Insurance Policy"). The Board further authorizes and directs all proper officers, agents, attorneys and employees of the District to execute a commitment letter with the Insurer and to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the District as shall be necessary or advisable in providing for the Bond Insurance Policy.


Section 17. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants

and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 18. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED by the Board of Directors of Everett School District No. 2, Snohomish County, Washington, at a regular meeting thereof held this 10th day of July, 2007.

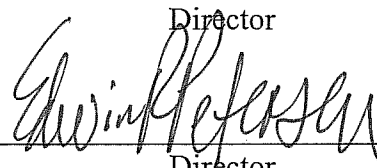
EVERETT SCHOOL DISTRICT NO. 2,
SNOHOMISH COUNTY, WASHINGTON



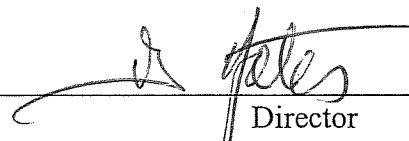
Vice President and Director



Director

Director


Director



Director

ATTEST:



Secretary of the Board of Directors

EXHIBIT A

ESCROW DEPOSIT AGREEMENT

**EVERETT SCHOOL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 2007**

THIS ESCROW DEPOSIT AGREEMENT, dated as of July 24, 2007 (herein together with any amendments or supplements hereto, called the "Agreement") is entered into between and among EVERETT SCHOOL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON (herein called the "District") and WELLS FARGO BANK, NATIONAL ASSOCIATION, PORTLAND, OREGON, as escrow agent (herein, together with any successor in such capacity, the "Escrow Agent"). The notice addresses of the District, the District Treasurer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the District has issued and there presently remain outstanding the obligations described in Exhibit B attached hereto (the "Refunded Bonds"); and

WHEREAS, pursuant to Resolution No. 886 adopted on July 10, 2007 (the "Bond Resolution"), the District has determined to issue its Unlimited Tax General Obligation and Refunding Bonds, 2007 (the "Bonds"), a portion of the Bonds are being used for the purpose of providing funds to pay the costs of refunding the Refunded Bonds (the "Refunding Bonds"); and

WHEREAS, the Escrow Agent has reviewed the Bond Resolution and this Agreement, and is willing to serve as Escrow Agent hereunder on behalf of the District and with respect to the timely payment of the Refunded Bonds; and

WHEREAS, Grant Thornton LLP, Minneapolis, Minnesota, has prepared a verification report which is dated July 24, 2007 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

WHEREAS, pursuant to the Bond Resolution, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, the Refunding Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on and redemption premium (if any) on the Refunding Bonds when due as shown on Exhibit C attached hereto; and

WHEREAS, the District desires that, concurrently with the delivery of the Refunding Bonds to the purchasers, the proceeds of the Refunding Bonds shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Refunding Account created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Refunding Account;

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

Article 1. Definitions

Section 1.1. Definitions.

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

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

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

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

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

Refunding Account means the account authorized to be created pursuant to Section 7 of the Bond Resolution, and to be held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

Section 1.2. Other Definitions.

The terms "Agreement," "Bond Resolution," "District," "Escrow Agent," "Refunded Bonds," "Refunding Bonds," and "Verification Report" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.3. Interpretations.

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

Article 2. Deposit of Funds and Escrowed Securities

Section 2.1. Deposits in the Refunding Account.

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

Article 3. Creation and Operation of Refunding Account

Section 3.1. Refunding Account.

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

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the investments and cash balances on deposit in the Refunding Account, the amounts required to pay the principal of the Refunded Bonds at their respective redemption dates and interest thereon to such redemption dates in the amounts and at the times shown in Exhibit C attached hereto.

Section 3.3. Sufficiency of Refunding Account.

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

Section 3.4. Trust Fund.

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

Article 4. Limitation on Investments

Section 4.1. Investments.

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or

reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.2. Substitution of Securities.

At the written request of the District, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Refunding Account, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Refunding Account to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the District in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Section 2.1, 3.2 and 4.2, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent in United States currency as cash balances as shown on the books and records of the Escrow Agent and, except as provided herein, shall not be reinvested by the Escrow Agent; provided, however, a conversion to currency shall not be required (i) for so long as the Escrow Agent's internal rate of return does not exceed 20%, or (ii) if the Escrow Agent's internal rate of return exceeds 20%, the Escrow Agent receives a letter of instructions, accompanied by the opinion of nationally recognized bond counsel, approving the assumed reinvestment of such proceeds at such higher yield.

Article 6. Redemption of Refunded Bonds

Section 6.1. Call for Redemption.

The District hereby irrevocably calls the Refunded Bonds for redemption on their earliest redemption date, as shown in the Verification Report and on Appendix A attached hereto.

Section 6.2. Notice of Redemption/Notice of Defeasance.

The Escrow Agent agrees to give a notice of defeasance and a notice of the redemption of the Refunded Bonds to the Paying Agent for dissemination in accordance with the terms of Resolution No. 750 of the Board of Directors of the District and in substantially the forms attached and as described in Appendices A and B to the Paying Agent for distribution as described therein. The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with the resolution authorizing the Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

Article 7. Records and Reports

Section 7.1. Records.

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Refunding Account and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

Section 7.2. Reports.

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

Article 8. Concerning the Paying Agent and Escrow Agent

Section 8.1 Escrow Agent Representations.

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

Section 8.2 Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Refunding Account. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Refunding Account or

any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the District promptly of any such occurrence.

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

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

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

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

Section 8.3 Compensation.

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

Section 8.4 Successor Escrow Agents.

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

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

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

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

Article 9. Miscellaneous

Section 9.1. Notice.

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

Section 9.2. Termination of Responsibilities.

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

Section 9.3. Binding Agreement.

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

Section 9.4. Severability.

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

Section 9.5. Washington Law Governs.

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

Section 9.6. Time of the Essence.

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

Section 9.7. Notice to Moody's and Standard & Poor's.

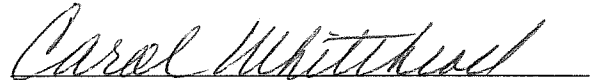
In the event that this agreement or any provision thereof is severed, amended or revoked, the District shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 99 Church Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds and to Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Public Finance Rating Desk/Refunded Bonds.

Section 9.8. Amendments.

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

EXECUTED as of the date first written above.

**EVERETT SCHOOL DISTRICT NO. 2,
SNOHOMISH COUNTY,
WASHINGTON**



Secretary, Board of Directors

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

Authorized Signer

Exhibit A	-	Addresses of the District, the District Treasurer and the Escrow Agent
Exhibit B	-	Description of the Refunded Bonds
Exhibit C	-	Schedule of Debt Service on Refunded Bonds
Exhibit D	-	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit E	-	Refunding Account Cash Flow
Appendix A	-	Notice of Redemption for the 2002 Bonds
Appendix B	-	Notice of Redemption for the 2002 Bonds
Appendix C	-	Fee Schedule

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

District: Everett School District No. 2
4730 Colby Ave.
Everett, WA 98203
Attention: Associate Superintendent of Finance and Operations

District Treasurer: Snohomish County Treasurer's Office
3000 Rockefeller Avenue
MS: 501
Everett, WA 98201-4046
Attention: Treasurer

Escrow Agent: Wells Fargo Bank, National Association
1300 S.W. 5th Avenue – 11th Floor
Portland, Oregon 97201
Attention: Doreen K. Rowe

EXHIBIT B
Description of the Refunded Bonds

Everett School District No. 2
Snohomish County, Washington
Unlimited Tax General Obligation Bonds, Series 2002
Refunded Bonds

<u>Maturity Years</u> <u>(December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2014	\$ 4,000,000	5.75 %
2015	10,000,000	5.50
2016	10,000,000	5.50

EXHIBIT C
Schedule of Debt Service on Refunded Bonds

Date	Principal Redeemed	Interest	Total
12/01/2007	--	\$ 665,000.00	\$ 665,000.00
06/01/2008	--	665,000.00	665,000.00
12/01/2008	--	665,000.00	665,000.00
06/01/2009	--	665,000.00	665,000.00
12/01/2009	--	665,000.00	665,000.00
06/01/2010	--	665,000.00	665,000.00
12/01/2010	--	665,000.00	665,000.00
06/01/2011	--	665,000.00	665,000.00
12/01/2011	--	665,000.00	665,000.00
06/01/2012	\$ 24,000,000.00	<u>665,000.00</u>	<u>24,665,000.00</u>
Totals:	\$ 24,000,000.00	\$ 6,650,000.00	\$ 30,650,000.00

EXHIBIT D
Escrow Deposit

- I. Cash \$ 0.45**
II. Other Obligations

Type of Security	Maturity Date	Principal Amount	Interest Rate	Total Cost
SLG-Cert.	12/01/2007	\$ 286,834		\$ 286,834.00
SLG-Cert.	06/01/2008	132,659		132,659.00
SLG-Note	12/01/2008	132,659		132,659.00
SLG-Note	06/01/2009	132,659		132,659.00
SLG-Note	12/01/2009	132,659		132,659.00
SLG-Note	06/01/2010	132,659		132,659.00
SLG-Note	12/01/2010	132,659		132,659.00
SLG-Note	06/01/2011	132,659		132,659.00
SLG-Note	12/01/2011	132,659		132,659.00
SLG-Note	06/01/2012	21,336,312	4.990 %	21,336,312.00
SLG-Note	06/01/2012	<u>2,796,347</u>		<u>2,796,347.00</u>
Total		\$ 25,480,765		\$ 25,480,765.00

III. Costs of Issuance

Escrow Agent Fee (Wells Fargo)	\$ 2,700.00
Bond Counsel Fee (K&L Gates)	68,000.00
Escrow Verification Fee (Grant Thornton) ..	2,500.00
Rating Agency Fee (Moody's)	17,000.00
Rating Agency Fee (Standard & Poor's)	<u>19,500.00</u>
Total:	<u>\$109,700.00</u>

EXHIBIT E
Refunding Account Cash Flow

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Cash Balance
07/24/2007	--	0.45	0.45	0.45
12/01/2007	\$ 665,000.00	664,999.73	(0.27)	0.18
06/01/2008	665,000.00	664,999.98	(0.02)	0.16
12/01/2008	665,000.00	664,999.98	(0.02)	0.14
06/01/2009	665,000.00	664,999.98	(0.02)	0.12
12/01/2009	665,000.00	664,999.98	(0.02)	0.10
06/01/2010	665,000.00	664,999.98	(0.02)	0.08
12/01/2010	665,000.00	664,999.98	(0.02)	0.06
06/01/2011	665,000.00	664,999.98	(0.02)	0.04
12/01/2011	665,000.00	664,999.98	(0.02)	0.02
06/01/2012	<u>665,000.00</u>	<u>24,664,999.98</u>	<u>(0.02)</u>	0.00
	\$30,650,000.00	30,650,000.00	0.00	

APPENDIX A
Notice of Redemption*
Everett School District No. 2
Snohomish County, Washington
Unlimited Tax General Obligation Bonds, Series 2002

NOTICE IS HEREBY GIVEN that the Everett School District No. 2, Snohomish County, Washington, has called for redemption on June 1, 2012, its then outstanding Unlimited Tax General Obligation Bonds, Series 2002 (the "2002 Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to June 1, 2012. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

The Bank of New York
Fiscal Agency Department
Ground Floor
101 Barclay Street, 7 East
New York, NY 10286

-or-

Wells Fargo Bank, National
Association
Corporate Trust Department
14th Floor
999 Third Avenue
Seattle, WA 98104

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on June 1, 2012.

The following Bonds are being redeemed:

Maturities (December 1)	Principal Amounts	Interest Rates	CUSIP Nos.
2014	\$ 4,000,000	5.75 %	833119RQ5
2015	10,000,000	5.50	833119RR3
2016	10,000,000	5.50	833119RS1

* This notice shall be given not more than 60 nor less than 30 days prior to June 1, 2012 by first class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 30 days before June 1, 2012 to The Depository Trust Company of New York, New York and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania; Financial Security Assurance Inc., New York; Banc of America Securities LLC, Seattle, Washington and Citigroup Global Markets Inc. (formerly known as Salomon Smith Barney), Seattle, Washington; Moody's Investors Service and Standard & Poor's Ratings Services; to DisclosureUSA.

By order of Everett School District No. 2, Snohomish County, Washington

The Bank of New York, as Paying Agent

Dated: _____.

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

APPENDIX B
Notice of Defeasance*
Everett School District No. 2, Snohomish County, Washington
Unlimited Tax General Obligation Bonds, Series 2002

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Deposit Agreement dated July 24, 2007, by and between the Everett School District No. 2, Snohomish County, Washington (the "District") and Wells Fargo Bank, National Association, Portland, Oregon, (the "Escrow Agent"), the District has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the respective maturity or redemption date of such bonds so provided for, the principal thereof and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Resolution No. 750 of the District, authorizing the issuance of the Defeased Bonds but will be paid by application of the assets of such escrow account.

The Defeased Bonds are described as follows:

Unlimited Tax General Obligation Bonds, Series 2002 (dated July 1, 2002); and

Maturities (December 1)	Par Amount Defeased	Call Date (At 100%)	Interest Rates	CUSIP
2014	\$ 4,000,000	June 1, 2012	5.75 %	833119RQ5
2015	10,000,000	June 1, 2012	5.50	833119RR3
2016	10,000,000	June 1, 2012	5.50	833119RS1

Information for Individual Registered Owner

The addressee of this notice is the registered owner of Bond Certificate No. _____ of the Defeased Bonds described above, which certificate is in the principal amount of \$_____.

_____, 2007

_____ as Escrow Agent

* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds. In addition notice shall be mailed to The Depository Trust Company of New York, New York; Financial Security Assurance Inc., New York; Banc of America Securities LLC, Seattle, Washington and Citigroup Global Markets Inc. (formerly known as Salomon Smith Barney), Seattle, Washington; The Bank of New York, as Fiscal Agent; Moody's Investors Service, New York, New York; and Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., New York, New York, to DisclosureUSA.

APPENDIX C
Fee Schedule

Escrow Agent Fee: \$2,700.00


CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of Everett School District No. 2, Snohomish County, Washington (the "District"), and keeper of the records of the Board of Directors (the "Board"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 886 of the Board (the "Resolution"), duly adopted at a regular meeting thereof held on July 10, 2007.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Board voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption 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 10th day of July, 2007.


Secretary of the Board of Directors

July 10, 2007

\$99,520,000
EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington
BOND PURCHASE CONTRACT

Everett School District No. 2
Honorable President and Members of the Board of Directors
4730 Colby Avenue
Everett, Washington 98203

President and Members of Board of Directors:

UBS Securities LLC, acting on its behalf and as representative (the "Representative") of Citigroup Global Markets Inc. (collectively the "Underwriters") hereby offers to enter into this Bond Purchase Contract (the "Contract") with Everett School District No. 2 (the "District"), which, upon the District's acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Contract by the District and delivery of such acceptance to us at or prior to 11:59 P.M., Pacific Time, on the date hereof. Capitalized terms used but not defined herein have the meanings set forth in the Bond Resolution (as defined herein).

1. **Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth in this Contract, the Underwriters hereby agree to purchase from the District for offering to the public and the District hereby agrees to sell to the Underwriters all, but not less than all of the \$99,520,000 aggregate principal amount of Unlimited Tax General Obligation and Refunding Bonds, 2007 (the "Bonds"). The Bonds shall be dated, shall mature, shall bear interest, shall be payable, and shall have redemption provisions, all as set forth in Exhibit A attached hereto. The Underwriters' purchase price for the Bonds also is set forth in Exhibit A.

2. **The Bonds.** The Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of Resolution No. 886 of the District adopted on July 10, 2007 (the "Bond Resolution") and also pursuant to the legal authorization of a special election duly noticed, held and conducted within the District on February 7, 2006.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Contract and the Bond Resolution. The Bonds shall be in book-entry form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds shall initially be in authorized denominations of \$5,000 each or any integral multiple thereof within a single maturity.

3. **Use of Documents.** The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Bonds, this Contract, the Official Statement (as defined herein), the Bond Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Contract.

4. **Public Offering of the Bonds.** The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Representative reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds. The Representative agrees that it will execute a certificate regarding the offering price and yields of the Bonds in order to enable bond counsel to deliver its opinion regarding the tax exemption of the interest on the Bonds.

5. **Review of Official Statement.** The Representative hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated June 29, 2007 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), bond insurance and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriters agree that prior to the time the final Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first-class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

6. Credit Enhancement.

(a) Payment when due of the regularly scheduled principal of and interest on the Bonds shall be guaranteed under the provisions of the Washington State School District Credit Enhancement Program (the "State Guarantee").

(b) Payment when due of the regularly scheduled principal of and interest on the Bonds shall be insured by an insurance policy issued by Financial Guaranty Insurance Inc. (the "Insurer").

7. **Closing.** At 8:00 A.M., Pacific Time, on July 24, 2007, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the "Closing"), the District will deliver to the Representative, at the offices of DTC in New York, New York, or at such other place as the District and the Representative mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and the other documents hereinafter mentioned;

and the Representative will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

8. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriters that:

(a) Due Organization. The District is a first-class school district and a municipal corporation duly organized and validly existing under the laws of the state of Washington (the "State"), with the power to issue the Bonds pursuant to the Bond Resolution and also pursuant to the legal authorization of a special election duly noticed, held and conducted within the District on February 7, 2006.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Contract, to adopt the Bond Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Contract and the Bond Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations of the District contained in the Bonds, the Bond Resolution and this Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Contract constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required to be obtained by the District in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied and will comply with the Internal Revenue Code of 1986, as amended, and all applicable regulations promulgated thereunder, with respect to the Bonds.

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Contract, the Bond Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy of any taxes contemplated by the Bond Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Contract or the Bond Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Bond Resolution or this Contract; or (iii) in which a final adverse decision could: (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Contract or the Bond Resolution, (b) declare this Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (v) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this paragraph.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Representative, neither the District directly, nor any other person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(i) Certificates. Any certificates signed by any officer of the District and delivered to the Representative shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

(j) Continuing Disclosure. The Bond Resolution includes a continuing disclosure undertaking (the "Continuing Disclosure Undertaking") of the District in order to assist the Underwriters in determining whether the District has provided an undertaking sufficient to qualify under subparagraph (b)(5)(i) of the Rule.

(k) The Preliminary Official Statement did not, as of its date, and the final Official Statement will not, as of its date and at the date of Closing, contain any untrue statement of material fact nor omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were

made, not misleading; *provided, however*, that no representation or warranty is made with respect to information within the Preliminary Official Statement or the final Official Statement relating to DTC, the book-entry system, Appendix B (relating to DTC and the Book-Entry System), the Underwriter, the State Guarantee, Appendix C (relating to the State and the State Guarantee), the Insurer or Appendix E (relating to the Insurer) (the "Excluded Sections").

9. **Covenants.** The District covenants and agrees with the Representative that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Representative if and as the Representative may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof; provided, however, that the Underwriters assume all responsibility for qualifying the Bonds for offer and sale under the securities laws and regulations of the states and jurisdictions in which the Underwriters sell the Bonds;

The final official statement shall be substantially in the form of the Preliminary Official Statement with only such changes permitted by the Rule as shall have been reviewed by the Representative (such final official statement, incorporating such changes, if any, shall be referred to herein as the "Official Statement"). The District shall cooperate with the Representative in the preparation of the Official Statement for delivery within seven business days after the date hereof and, in any event, for delivery in sufficient time to accompany any order confirmation from the Underwriters to their customers and in sufficient time to permit the Underwriters to comply with the provisions of the Rule and with all applicable rules of the Municipal Securities Rulemaking Board.

The District will not amend or supplement the Official Statement without the consent of the Representative. The District agrees to notify the Representative promptly if, on or prior to the end of the new issue disclosure period (as defined below), any event shall occur, or information come to the attention of the District, that would cause the Official Statement (whether or not previously supplemented or amended), as of its date, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the District, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District at its expense and with Representative's assistance, shall amend or supplement the Official Statement in a form and manner approved by the Representative and will provide such number of copies of the supplement or amendment to the Official Statement, as the Representative may reasonably request. For purposes of this Contract, the "end of the new issue disclosure period" shall occur 25 days after the Closing Date.

The Representative may have assisted the District in the compilation of certain information contained in the Preliminary Official Statement and to be contained in the

Official Statement and has reviewed the information in the Preliminary Official Statement and will review the information in the Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction. However, the Representative does not guarantee the accuracy or completeness of such information.

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Bond Resolution.

(c) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the District or otherwise necessary in order to arrange for the levy and collection of taxes, if necessary, for payment of the Bonds.

10. **Conditions to Closing.** The Representative has entered into this Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Representative's obligations under this Contract are and shall be subject at the option of the Representative, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Representative at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Contract and the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the District and the Representative; (ii) all actions under the Bond Resolution which, in the opinion of K&L Preston Gates Ellis LLP, Seattle, Washington, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Bond Resolution, this Contract or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District pending or threatened which has any of the effects described in Section 8(e) or 8(f) hereof or contesting in any material way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability of the Bonds or the ability of the Representative to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall

not have been materially adversely affected in the judgment of the Representative (evidenced by a written notice to the District terminating the obligation of the Representative to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) any outbreak or escalation or hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material adverse respect any statement or information contained in the Official Statement (other than information relating to the Underwriters), or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or

(8) the suspension by the Securities and Exchange Commission of trading in the outstanding securities of the District.

(e) Delivery of Documents. At or prior to the date of the Closing, the Representative shall receive originals of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Representative:

(1) Bond Opinion. A reliance letter stating that the approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing may be relied upon by the Underwriters;

(2) Certificates. A certificate signed by appropriate officials of the District to the effect that: (i) such officials are authorized to execute this Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Bond Resolution and this Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such officials have reviewed the Official Statement and on such basis certify that the Official Statement (except for Excluded Sections) does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Representative under this Contract substantially conform to the descriptions thereof contained in the Bond Resolution, this Contract and the Official Statement, and (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement, in light of the circumstances in which they were made, not misleading;

(3) Arbitrage. A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(4) Ratings. Evidence satisfactory to the Representative that the Bonds shall have been rated "Aaa" by Moody's Investors Service, and "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies (or such other equivalent ratings as such rating agencies may give) based upon the District' purchase of a municipal bond

insurance policy issued by the Insurer; that the Bonds carry ratings of “Aa1” by Moody’s Investors Service and “AA” by Standard & Poor’s, a division of The McGraw-Hill Companies based on the State Guarantee; that the Bonds have been assigned an underlying rating of “Aa3” by Moody’s Investors Service and “AA-” by Standard & Poor’s, a division of The McGraw-Hill Companies; and that any such rating has not been revoked or downgraded;

(5) Bond Resolution. A certificate, together with one fully executed copy of the Bond Resolution, of the Secretary to the Board of Directors of the District to the effect that:

- (i) such copy is a true and correct copy of the Bond Resolution; and
- (ii) the Bond Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of Closing;

(6) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

(7) Policy of Insurance. A policy of insurance from the Insurer satisfactory to the Representative, insuring the payment of principal of and interest on the Bonds;

(8) Continuing Disclosure Undertaking. Evidence of the Continuing Disclosure Undertaking, as set forth in the Bond Resolution;

(9) Certificate of the Insurer. A certificate of the appropriate agent of the Insurer evidencing the Insurer’s determination that the information contained in the Official Statement regarding the Insurer and its policy with respect to the Bonds is accurate;

(10) State Guarantee. Delivery of evidence of the State Guarantee;

(11) Defeasance Opinion. A defeasance opinion of Bond Counsel, dated the date of the Closing with respect to the Refunded Bonds, together with a letter addressed to the Underwriters authorizing the Underwriters to rely upon such opinion as if it were addressed to it;

(12) Escrow Verification. An escrow verification report of Grant Thornton LLP; and

(13) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative may reasonably request to evidence compliance: (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by

the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, unless otherwise agreed to in writing by the Representative, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Representative, after payment of the purchase price by the Underwriters as set forth in Exhibit A attached hereto, prior to 10:00 A.M., Pacific Time, on July 24, 2007, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Representative under Section 12 hereof.

(g) Underwriter's Closing Conditions. At the Closing, the Representative shall deliver or cause to be delivered to the District a receipt for the Bonds including therein a representation that all closing conditions set forth in this Contract have been provided to the satisfaction of the Representative or waived by it.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Contract or if the Underwriters' obligations shall be terminated for any reason permitted by this Contract, this Contract may be cancelled by the Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing (including by fax), or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

11. **Conditions to Obligations of the District.** The performance by the District of its obligations is conditioned upon: (a) the performance by the Underwriters of their obligations hereunder; and (b) receipt by the District and the Representative of opinions and certificates being delivered at the Closing by persons and entities other than the District.

12. **Expenses.** Wells Fargo Bank, National Association, as Escrow Agent, shall pay from the bond proceeds wired to it from the Underwriters: (a) the cost of the preparation and reproduction of the Bond Resolution; (b) the fees and disbursements of Bond Counsel; (c) the cost of the preparation, printing and delivery of the Bonds; (d) the fees, if any, for Bond ratings, including all necessary travel expenses; (e) the fees of the Fiscal Agent; and (f) all other fees and expenses incident to the issuance and sale of the Bonds, as set forth in the Closing Memorandum of the Underwriters. Notwithstanding any of the foregoing, the Underwriters shall pay all out-of-pocket expenses of the Underwriters, including the costs of their counsel, travel and other expenses (except those expressly provided above) without limitation. On behalf of the District, the Underwriters shall wire from the proceeds of the Bonds the bond insurance premium to the Insurer.

13. **Notices.** Any notice or other communication to be given under this Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent, Everett School District No. 2, 4730 Colby Avenue, Everett, Washington 98203, or if to the Representative, to Jack L.

Eaton, Managing Director, UBS Securities LLC, 925 Fourth Avenue, Suite 2100, Seattle, Washington 98104.

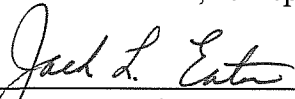
14. **Parties in Interest; Survival of Representations and Warranties.** This Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Underwriters. This Contract is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All of the representations, warranties and agreements of the District in this Contract shall survive regardless of: (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Representative for the Bonds hereunder, and (c) any termination of this Contract.

15. **Execution in Counterparts.** This Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

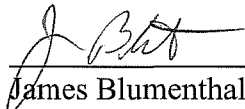
16. **Applicable Law.** This Contract shall be interpreted, governed and enforced in accordance with the law of the State applicable to contracts made and performed in the State.

Very truly yours,

UBS SECURITIES LLC, as Representative



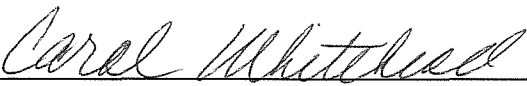
Jack L. Eaton, Managing Director



James Blumenthal, Associate Director

The foregoing is hereby agreed to and accepted as of the date first above written:

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington



Dr. Carol Whitehead, Superintendent

Date: July 10, 2007

Time: 7:25 pm PDT

EXHIBIT A

DESCRIPTION OF CERTAIN TERMS OF THE BONDS

Aggregate Principal Amount: \$99,520,000.00
Less Original Issue Discount: (0.00)
Less Underwriter's Discount: (447,840.00)
Plus Original Issue Premium: 5,207,573.00
Aggregate Purchase Price: \$104,279,733.00

Denominations: \$5,000, or integral multiples thereof.

Form: Registered; Book-entry only.

Interest Payment Dates: June 1 and December 1, commencing December 1, 2007.

Maturity Dates and Interest Rates:

<u>Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Cusip No.</u>
12/01/2007	\$ 2,830,000	4.250%	3.700%	100.183	833119TQ3
12/01/2008	2,100,000	4.250	3.780	100.610	833119TR1
12/01/2009	6,160,000	5.000	3.860	102.535	833119TS9
***	***	***	***	***	***
12/01/2014	3,955,000	5.000	4.110	105.593	833119TT7
06/01/2015	5,015,000	4.250	4.160	100.593	833119TU4
12/01/2015	5,015,000	5.625	4.160	110.242	833119TV2
06/01/2016	4,990,000	4.375	4.200	101.278	833119TW0
12/01/2016	6,350,000	5.000	4.200	106.129	833119TX8
12/01/2017	3,000,000	4.500	4.250	102.071	833119TZ3
12/01/2017	5,040,000	5.000	4.250	106.223	833119TY6
12/01/2018	5,895,000	5.000	4.320	105.622*	833119UA6
12/01/2019	14,230,000	5.000	4.360	105.281*	833119UB4
12/01/2020	11,195,000	5.000	4.380	105.110*	833119UC2
12/01/2021	23,745,000	5.250	4.340	107.518*	833119UD0

Priced to Call Date of 12/01/2017*

Dated Date: July 24, 2007.

Offer Expires: July 10, 2007, 11:59 P.M. Pacific Time.

Closing: Via conference call initiated by Bond Counsel on July 24, 2007, at 8 A.M. Pacific Time.

Delivery: To the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer.

State Guarantee: Payment of the principal of and interest on the Bonds, when due, will be enhanced by the State Guarantee to be issued by the State simultaneously with the delivery of the Bonds.

Redemption Provisions:

Optional Redemption. The Bonds maturing on or prior to December 1, 2017 are not subject to redemption prior to their stated dates of maturity. The District reserves the right to call and redeem the Bonds maturing on or after December 1, 2018, prior to their stated dates of maturity, in whole or in part (maturities to be selected by the District) at any time, on and after December 1, 2017, at the price of par plus accrued interest to the date of redemption, if any. If the District redeems at any one time fewer than all of the Bonds, the particular Bonds or portions of Bonds to be redeemed shall be selected in accordance with the Bond Resolution.